



International Association for the
Study of Insurance Economics

Études et Dossiers

Extract from

Études et Dossiers No. 348

**5th Geneva Association Health & Ageing
Conference**

**Long Term Care –
Risk Profiles, Determinants and Financing**

6-7 November 2008
London

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November 2008

**Working Paper Series of
The Geneva Association**

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Layout & Distribution: Valéria Kozakova

Funding Systems for Long Term Care Services: a UK Perspective

Jose-Luis Fernandez

Aims of the presentation

- Provide a short summary of the UK LTC policy background and in particular of the funding debate
- Provide estimates of costs to state and individuals of different funding models
- Focus on
 - Findings from the Wanless social care review (2006)
 - Older people

Current support system: social care support

- Co-funded by central state grants and local taxation
- £8.7 billion gross expenditure in 2007
 - £6.9 billion contribution by state
 - approx 0.84 million supported older people
 - 191,000 in res care
- Heavily means-tested
 - people with assets above £21,500 are excluded; if eligible, state contributions fall sharply as income increases
 - as opposed to universal free health care services (NHS)
- Housing assets assessed for residential care support but not for community services
- Managed by 150 local authorities
 - freedom to set their own eligibility criteria)
 - Significant local variability in service provision

TABLE 14: PERCENTAGE OF THE OLDER POPULATION IN LONG-TERM CARE INSTITUTIONS AND PERCENTAGE RECEIVING HOME CARE

Country	Source year	Share of population aged 65+ in institutions (% of total) ¹	Share of population aged 65+ receiving formal help at home (% of total) ²
Australia	2003	6	21
Austria	1998	5	24
Belgium	1998	6	5
Canada	1993	6	17
Denmark	2001	9	25
Finland	1997	5	14
France	1997	7	6
Germany	2000	4	7
Israel	2000	5	12
Japan	2003	3–6 ¹	8
Netherlands	2003	9	13
Norway	2001	12	16
Sweden	2001	8	8
England	2003	5	4
United States	2000	4	9

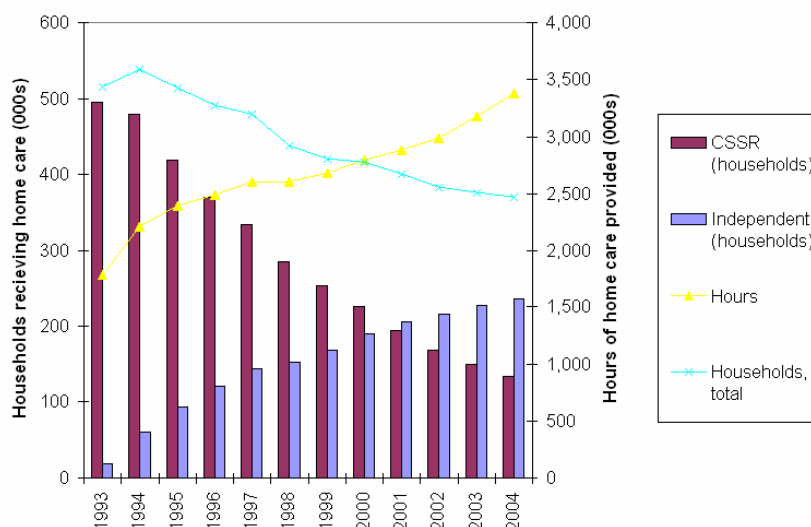
Source: Based on data from Gibson *et al* 2003

The current system: the issues

- Significant unmet need
 - Personal care: especially for moderately dependent and middle wealth individuals
 - Well-being: social participation; being in control
- Complex and unpopular funding system
- Social care not well defined, information incomplete
 - What is social care trying to achieve? What outcomes for people?
- Predicted Increase in demand for services due to demographic pressures

Recent trends in service delivery

Figure 4-3. Council supported home care: households receiving care provided by Councils with Social Care Responsibilities (CSSR) and independent sector providers, and total hours and households, 1993 to 2004



Current support system: social security benefits

- Social security disability related benefits (£5.3 bill, 2 million older people)
 - Attendance Allowance and Disability Living Allowance
 - Form-based eligibility criteria
 - Nationally unified criteria
 - Managed by central government
 - But problems with targeting

Recent funding-related policy developments

- Awareness for some time of future demographic pressures
- Royal Commission on LTC funding (1999)
 - Majority report advocated state funding of personal care needs (free personal care)
 - Note of dissent criticised the inefficient use of extra resources, which would be spent mostly on high income individuals
- Government rejected the conclusions of the Commission
- Recent high-profile reviews of funding systems (Joseph-Rowntree Foundation, Kings Fund)

The Wanless Social Care Review: terms of reference

- To examine the demographic, economic, social, health, and other relevant trends over the next 20 years that are likely to affect the demand for and nature of social care for older people...
- To identify the financial and other resources required to ensure that older people are able to secure comprehensive, high quality care that reflects the preferences of individuals receiving care.
- To consider how such social care might be funded bearing in mind the King's Fund's commitment to social justice

Likely future trends in need: compression of morbidity?

- The review commissioned an epidemiological study of likely trends in prevalence of disability linked to four main disease areas (Jagger 2006)
 - Dementia
 - Stroke
 - Coronary heart disease
 - Arthritis
- 40% increase in the numbers with one of the four diseases considered

Future need: how many people?

- Evidence suggests population health is improving but healthy life expectancy might be growing slower than total life expectancy
- Central assumptions in review (by 2025)
 - Older people not requiring care (5.5m) +44%
 - Older people with low needs (1.4m) +53%
 - Older people with high needs (0.9m) +54%

Estimating resources requirements

- **Outcomes are key...**
 - Personal care
 - Social Participation
 - Sense of control and empowerment
 - Nutrition
 - Safety
- **Costs of achieving these outcomes need to be taken into account**
- **Societal willingness to pay**
- **What about informal care inputs**

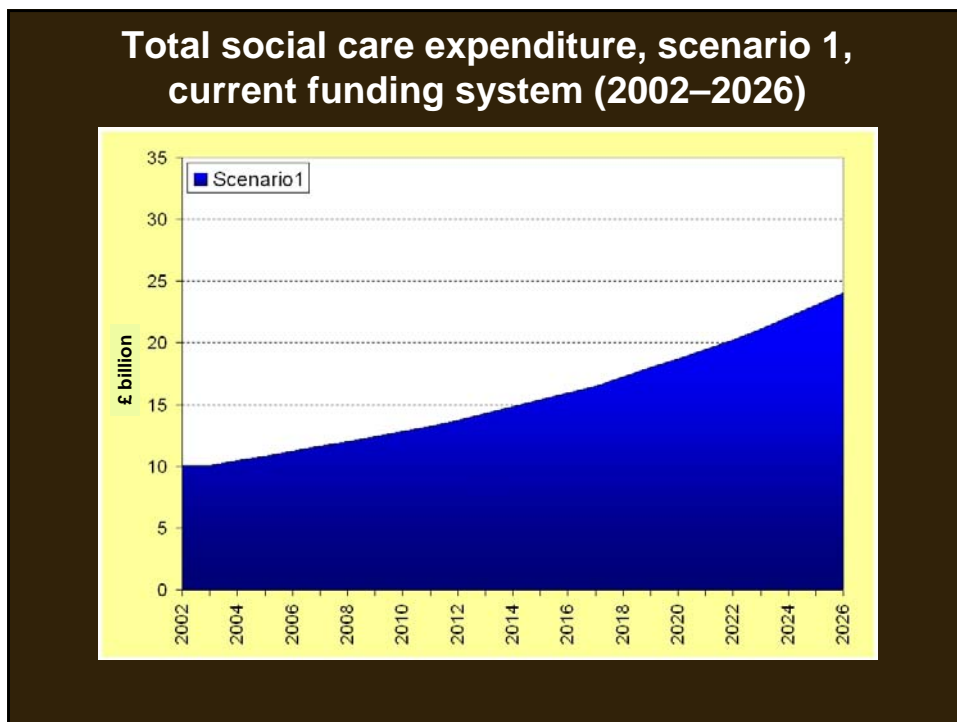
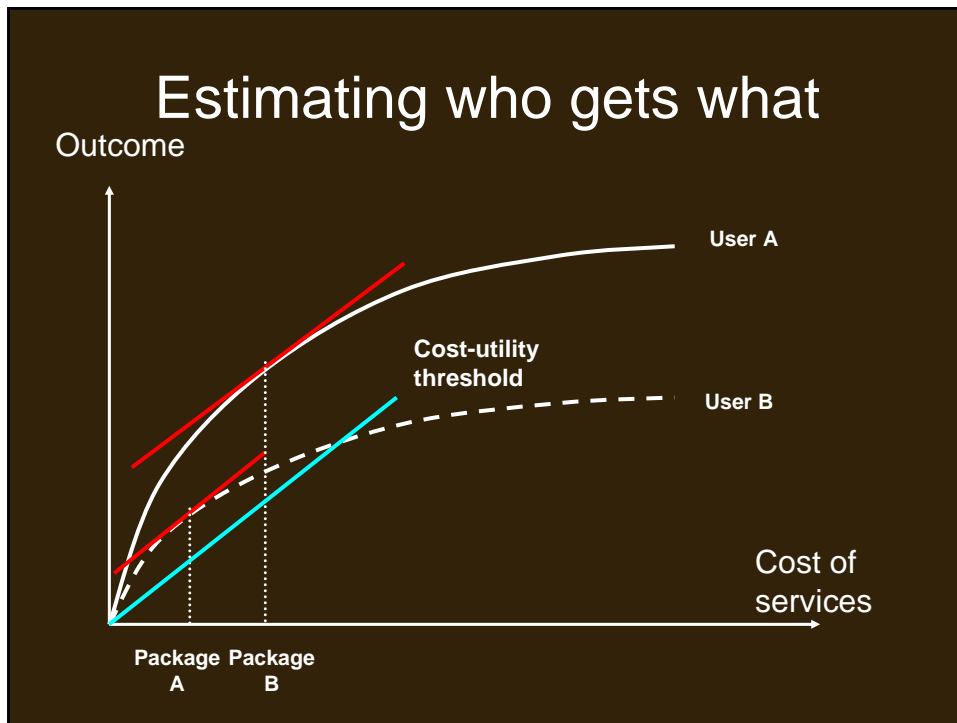
A hierarchy of objectives



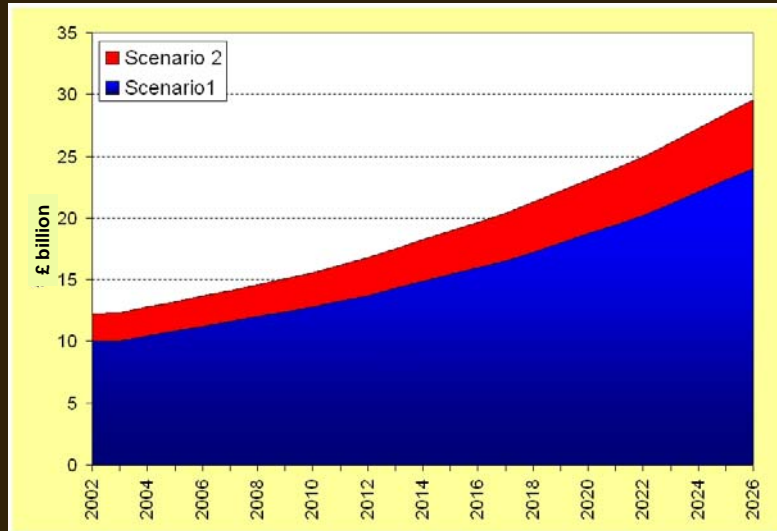
- Three service-goals scenarios
 - Scenario 1 (current service model): a base case which projects forwards the (implicit) outcomes embodied in the current system
 - Scenario 2 (core business): the achievement of highest levels of **personal care** and **safety** outcomes that can be justified given their cost.
 - Scenario 3 (well-being): as Scenario 2 but also providing improved **social inclusion** and a broader sense of well-being.

Determining service levels...

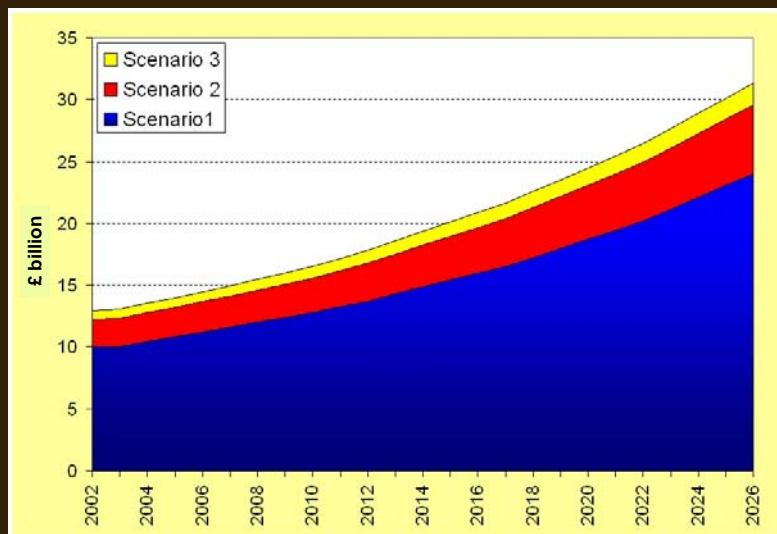
- Estimates of the association between care inputs and improvements in outcomes, and the costs of these improvements.
- Service levels at maximum economically justifiable levels (use of a cost/utility threshold similar to the one used by NICE).
- Analysis of the impact of unpaid care on the appropriate level of service provision for different dependency levels.

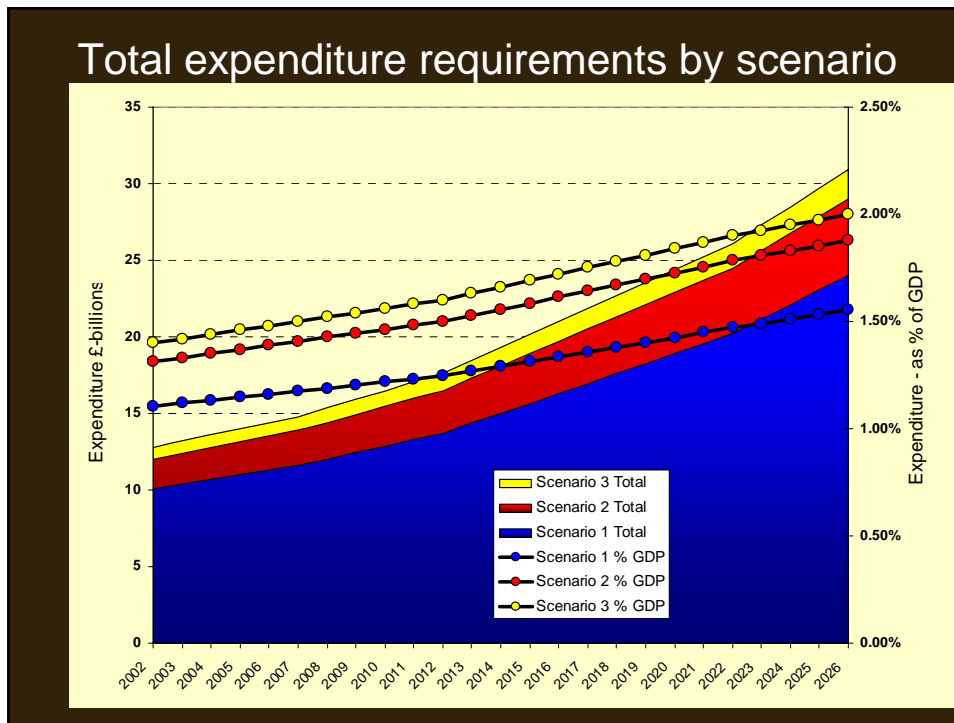


Total social care expenditure, scenarios 1 and 2, current funding system (2002–2026)



Total social care expenditure, scenarios 1, 2 and 3, current funding system (2002–2026)





First conclusion: more money is needed, public or private

- Has to be available at a pace the supply side can cope with
- Has to be available only after a commitment to re-configure services...

Re-configuration

- Services
 - Increasing community based packages
 - Improving carer support
 - Care-with-housing
 - to address needs of cognitively impaired
 - care homes, but also extra care, close care...
 - Technology
- Commissioning for outcomes
- Prevention?

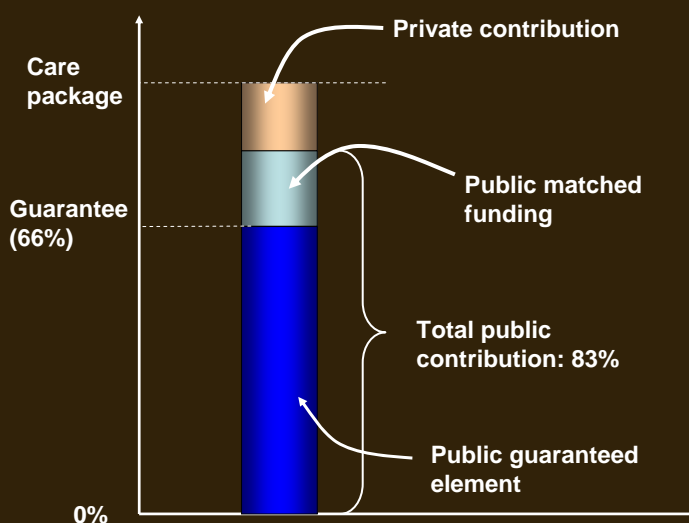
How should we pay for care?

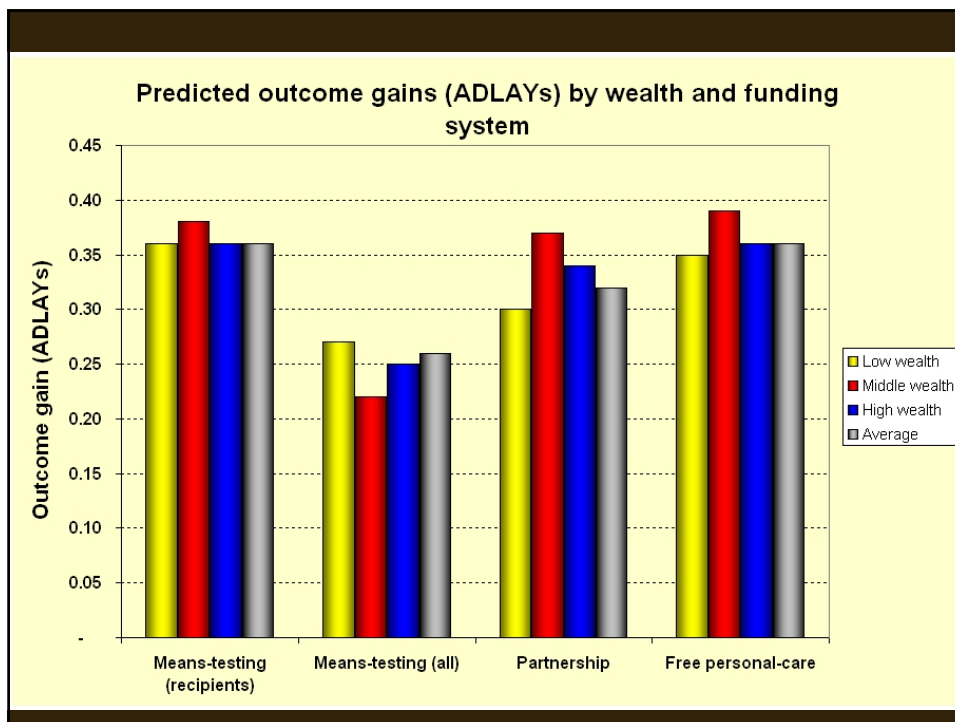
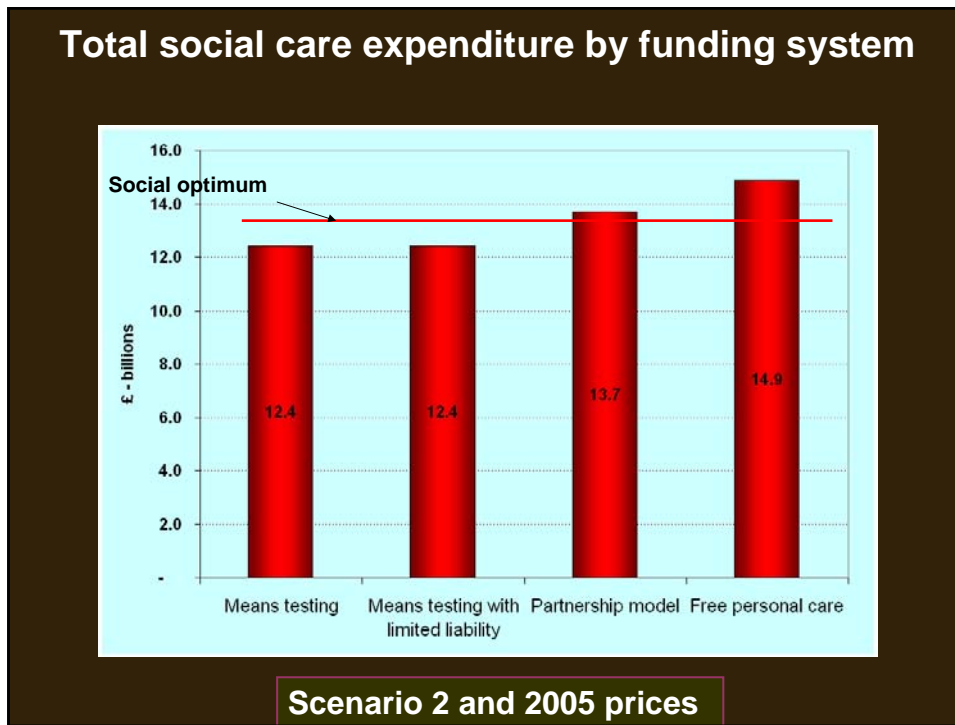
- Funding system not just about who pays for what: funding system affects 'who gets what'
- A set of criteria for judging funding systems
 - Equity / dignity
 - Efficiency
 - Transparency
 - Choice
 - Sustainability
 - ...

Frontrunners to be tested against the present system

- The front-runners
 - Free personal care
 - Means-tested system: (with or without a 'limited liability component')
 - Partnership model
- Rejected (among others...)
 - Social insurance model
 - Private insurance models

Partnership arrangements



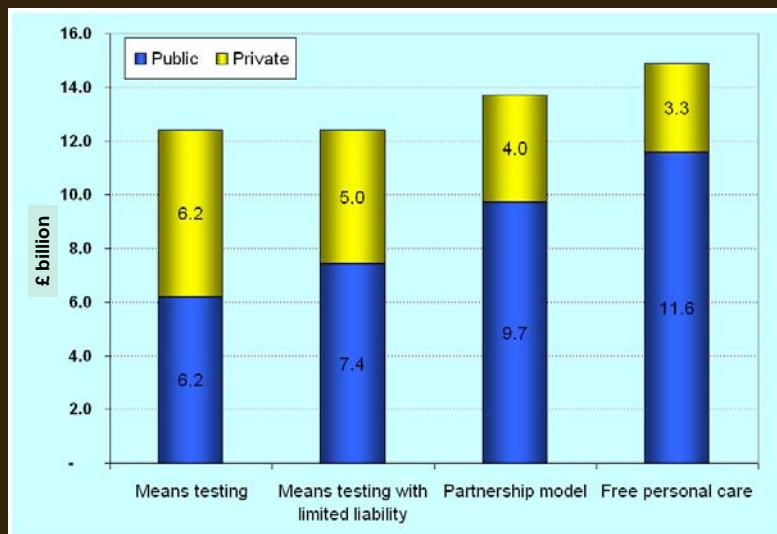


Total social care expenditure by funding system

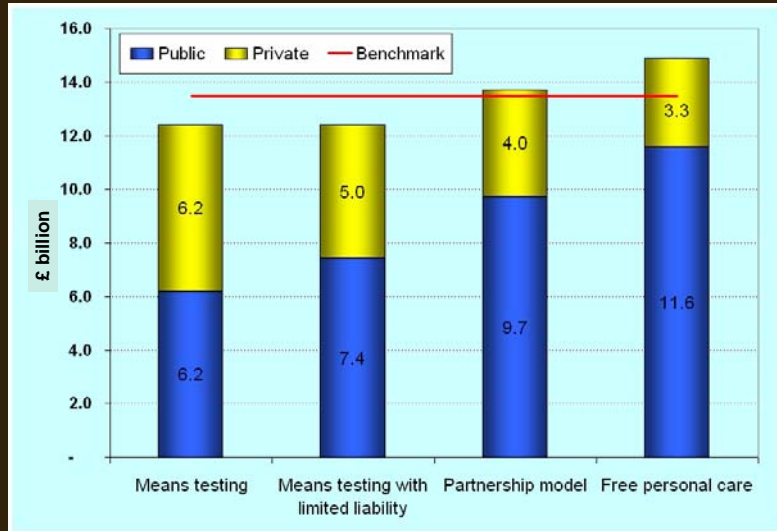


Scenario 2 and 2005 prices

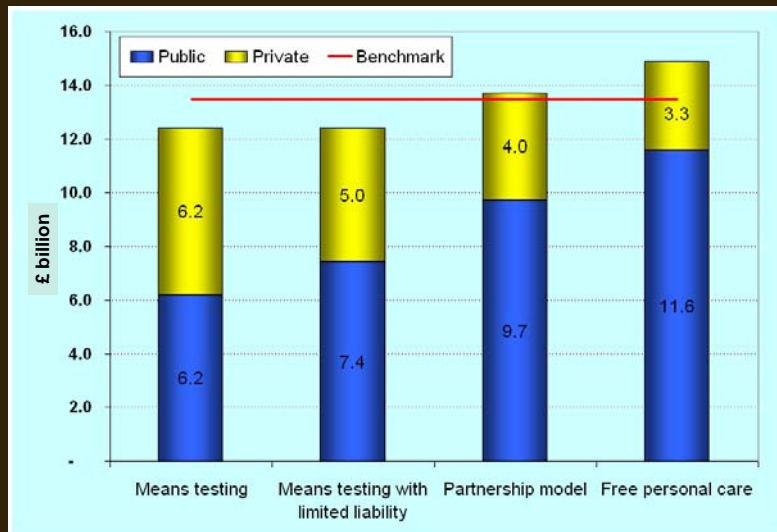
Private and public social care expenditure by funding system (2005 prices)



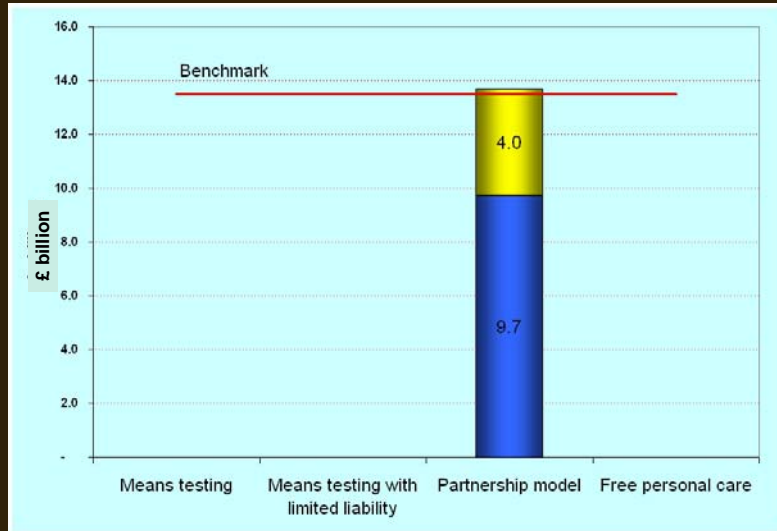
Private and public social care expenditure by funding system (2005 prices)



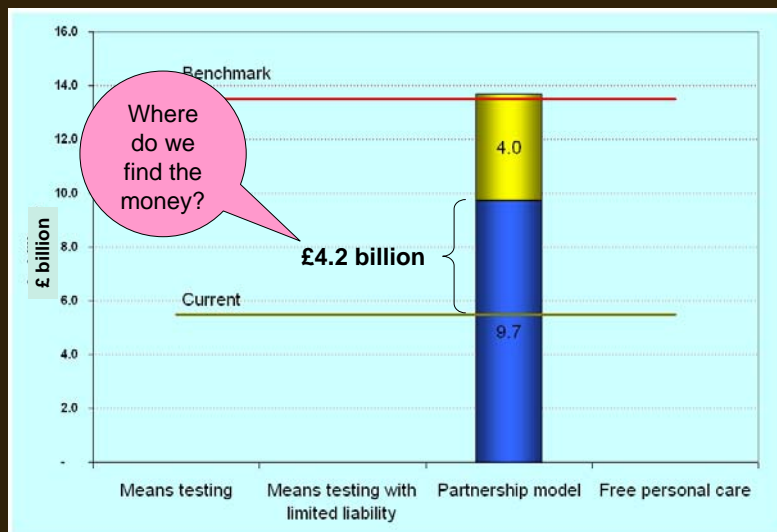
Private and public social care expenditure by funding system (2005 prices)



Private and public social care expenditure in the partnership system (2005 prices)



Private and public social care expenditure in the partnership system (2005 prices)



The partnership model

▪ Strengths

- less expensive than free personal care
- universal and inclusive, with guaranteed minimum care
- provides incentives to save
- best value for money overall; closest to economic benchmark
- much less need for individuals to dispose of assets than under means-testing
- sustainable; the charging base limits use and raises revenue
- clear
- limits means-testing to the benefit system

▪ Weaknesses

- more expensive than means-testing
- differential between public support for better-off and poor is lessened

Conclusions

- Economic case for greater resources
 - Providing more resources to social care would be justifiable from a cost-efficiency point of view.
 - BUT need re-configuration of service/system and development of supply/workforce
- Need for reforming the way care is funded
 - ... but requires careful, staged implementation
- Is this affordable?
 - Difficult fiscal environment at present
 - Where can extra resources be found: health, social security, greater individual contributions ...

What next?

- Government has noted the recommendations of the report and is evaluating them
- Government is exploring ways to reform the funding of social care system
- Announcement of a forthcoming green paper (2009) on funding **support**
- Progressive universalism: something for everyone, but more for the needier

Key questions in the current debate

- Selectivity versus universality: targeting resources on the neediest (disability and income) or giving support to more people
- Local variability: national equity vs. local autonomy
- Coordinating support systems: national social security support system and local social care system
- Very difficult fiscal environment means Government is attracted to models which increase individuals' contributions.
 - Subsidisation of private insurance products?
 - Deferral of payments until death (use of housing assets)?