ECONOMIC MODELS FOR AGING IN PLACE: LONG-TERM CARE

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LONG-TERM CARE POLICIES: CONVERGENCE OR DIVERGENCE?

• ACROSS NATIONAL BORDERS: 80% OF LONG-TERM CARE (LTC) IS PROVIDED BY FAMILY MEMBERS

• GOVERNMENTS ARE FACED WITH THE DILEMMA: SUPPORT THE INFORMAL CAREGIVING OF FAMILY MEMBERS OR ENCOURAGE THEM (WOMEN) TO SEEK EMPLOYMENT
LTC COSTS ARE STILL MODEST

• ACCORDING TO OECD: HEALTH CARE EXPENDITURES AVERAGE ABOUT 7.5-8% OF GDP
• LTC COSTS AVERAGE ONLY ABOUT 1-1.5% OF GDP
• LTC COSTS HAVE REMAINED STABLE OVER A DECADE IN SPITE OF DEMOGRAPHIC AGING
LTC DIFFERENCES GREATER THAN SIMILARITIES ACROSS BORDERS

• WITHIN EUROPEAN UNION: HIGHEST SPENDER IS SWEDEN (4.5% OF GDP)
• LOWEST EU SPENDERS ON LTC ARE IN EASTERN EUROPE:
  - POLAND (0.3)
  - ESTONIA (0.5)
• BUT OTHERS ARE ALSO LOW SPENDERS: SPAIN (0.3)
EUROPEANS MORE LIKELY TO RECEIVE LTC AT HOME

• IN THE EU, 7.6% OF THE 65+ RECEIVE LTC SERVICES AT HOME (3.3% IN INSTITUTIONS)

• IN US, ONLY 2.7% RECEIVE HOME CARE, BUT 4.3 % ARE IN INSTITUTIONS

• WHY? “MEDICALIZATION OF LTC”
ACCESS TO HOME CARE IN EUROPE VARIES

- In Denmark about 25% of the 65+ receive home care benefits

- Slovakia, Latvia, Hungary, Ukraine, Poland: less than 1%
CONCLUSION: DON’T JUMP TO CONCLUSIONS ABOUT LTC

• NUMBER OF BENEFICIARIES OF LTC CANNOT BE CORRELATED WITH:
  -- DEMOGRAPHIC STRUCTURE
  -- GDP OR OTHER MEASURES OF ECONOMIC DEVELOPMENT
  -- HEALTH STATUS OF ELDERLY

• EACH COUNTRY IS ON ITS OWN LTC PATH
ARE THERE MODELS?

• A FEW COUNTRIES (AUSTRIA, BELGIUM, GERMANY, ISRAEL, JAPAN, NETHERLANDS) ADOPTED NATIONAL LONG-TERM INSURANCE IN THE 1990s

• NORDIC MODEL: UNIVERSAL COVERAGE THROUGH LOCAL GOVERNMENT PROTECTION

• RELIANCE ON MEANS-TESTED STATE BENEFITS (AUSTRALIA, U.K. AND U.S.)

• HYBRIDS: MIX OF INSURANCE (PUBLIC/PRIVATE AND SOCIAL ASSISTANCE (FRANCE)
PUZZLES?

• WHY FEW COUNTRIES ADOPTED THE SOCIAL INSURANCE APPROACH?

• WHY DOES PRIVATE (FOR PROFIT) LTC INSURANCE COVER ONLY LIMITED POPULATIONS? (U.S. ONLY 3% HAVE PURCHASED PRIVATE LTC INSURANCE)

• WHY IS MEANS-TESTING OF LTC BENEFITS CONSIDERED AN OBSTACLE IN MANY COUNTRIES TO FUTURE IMPROVEMENT OF LTC?
THE FINANCIAL BURDEN OF LTC FOR INDIVIDUALS

• UNLIKE ACUTE HEALTH CARE: THERE IS MORE COST-SHARING AND HIGHER OUT-OF-POCKET EXPENDITURES FOR LTC

• PAYING FOR INSTITUTIONAL CARE: PERCENTAGE OF AVERAGE MONTHLY WAGE:
  -- 180% IN GREECE
  -- 160% IN AUSTRIA
  -- 80% IN NETHERLANDS
  -- 60% IN GERMANY* (EUROBAROMETR)
ARE WE READY FOR THE FUTURE?

• LIVING LONGER (80+) HAS RESULTED IN MORE DEMENTIA/ALZHEIMER PATIENTS IN INSTITUTIONS

• ESTIMATED THAT UNLESS SOLUTIONS ARE FOUND NUMBER OF DEMENTIA PATIENTS WILL DOUBLE EVERY 20 YEARS

• DEMENTIA AVERAGES 10 YEARS OF CARE WITH END-STAGE PATIENTS IN NEED OF 1-2 YEARS OF INSTITUTIONAL CARE
ARE WE READY? (#2)

- HOW CAN FRAGMENTATION OF SERVICES BETWEEN HEALTH CARE SYSTEM AND SOCIAL CARE SYSTEM BE BETTER INTEGRATED?
- HOW CAN MORE CONSUMER CHOICE BE INTRODUCED? (CASH OR SERVICES)
- HOW CAN A SUFFICIENT AND WELL-TRAINED WORK FORCE BE MAINTAINED?
- WHAT MEASURES CAN BE TAKEN TO PROTECT DIGNITY OF INDIVIDUAL? PARTICIPATION OF LTC RECIPIENTS?
- ARE THERE EFFICIENCY GAINS THAT WILL HELP COPE WITH RISING NUMBERS OF LTC BENEFICIARIES?
ARE WE READY? (3)

• THE CONGRESSIONAL RESEARCH SERVICE (U.S.) ESTIMATES THAT 69% OF PEOPLE WHO TURNED 65 IN 2005 WILL USE LTC BEFORE THEY DIE; 31% WILL NOT NEED IT.

• WHAT ABOUT YOUNG DISABLED?: IN U.S. 58% ARE 65+ BUT 42% ARE BETWEEN AGES 18-64.

• IN U.S. OLDER PERSONS WITH DISABILITIES ARE 2 TIMES MORE LIKELY TO HAVE INCOMES BELOW THE POVERTY LEVEL THAN THOSE WITHOUT DISABILITIES.
FINAL COMMENTS

• VAST NUMBERS OF PEOPLE LIVING IN THE ADVANCED INDUSTRIALIZED COUNTRIES CONTINUE TO EXPERIENCE UNMET NEEDS AND FINANCIAL DEVASTATION AS THEY STRUGGLE TO PAY FOR LTC.

• INADEQUATE LTC LEADS TO WORSENING HEALTH, UNNECESSARY HOSPITALIZATION AND GREATER DEMANDS ON THE HEALTH SYSTEM.

• IMPROVING LTC IS ESSENTIAL TO CONTROLLING FUTURE HEALTH CARE COSTS WHILE IMPROVING HEALTH OUTCOMES