

## IN-BRIEF

**CONSUMER-DIRECTED HOME CARE IN THE NETHERLANDS, ENGLAND,  
AND GERMANY**Introduction and Purpose

This In Brief summarizes the findings of the AARP Public Policy Institute (PPI) issue paper, *Consumer-Directed Home Care in the Netherlands, England, and Germany*.<sup>1</sup> A key issue in the design of home care programs is the extent to which consumers control their services. In many U.S. states, as well as in Europe, consumer-directed home care programs (CD programs) are being developed to give consumers, rather than agencies, control over who provides services and how these services are delivered. Typically, consumer-directed programs allow the consumer to hire, train, supervise, and fire home care workers. In some programs, consumers receive cash payments enabling them to purchase the services they want.

To help understand the implications of such programs abroad for the U.S. long-term care system, AARP's PPI commissioned a study to describe and analyze these programs in the Netherlands, England, and Germany. Information for this study comes from in-person interviews with key stakeholders, including government officials and representatives of consumer organizations, in each country, as well as from extensive literature searches.

Key Findings

- All long-term care services, including home care, are funded primarily through social insurance programs, which are not means-tested, in Germany and the Netherlands. In England, home care is primarily funded through means-tested programs designed and operated by local governments.
- Consumers in all three countries have a choice between agency-directed and consumer-directed home care services (CD services). In Germany, consumers electing the consumer-directed option receive cash payments, based on their level of disability, which they can spend on anything they wish. In the Netherlands and England, consumers must use the funds ("personal budgets" in the Netherlands and "direct payments" in England) for home and community services.

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<sup>1</sup> PPI Issue Paper #2003-12, Joshua Wiener, Jane Tilly, and Alison Evans Cuellar, October 2003

- CD programs in all three countries are used by older as well as younger persons with disabilities (although less so in England), by persons with severe as well as moderate levels of disability, and by some persons with cognitive impairments, who typically rely on surrogates to help make decisions.
- The three countries provide only modest assistance to help consumers cope with the administrative tasks inherent in consumer direction. Programs in the Netherlands and England provide the most help with handling social insurance and other taxes and paying workers. In Germany, few people are formally “hired,” and very little administrative assistance is provided.
- All three countries are grappling with labor force issues. CD home care workers have higher wages and far better fringe benefits than do similar workers in the U.S., reflecting the more developed social protections in European nations. Nonetheless, these countries have experienced a shortage of these long-term care workers, as is also the case in the U.S.
- The CD approach is attractive to governments because of its lower per-person costs. Payment rates for CD care are lower than for agency-directed care, partly because of lower administrative costs.
- In both Germany and the Netherlands, a very significant share of consumers chooses to use the funds to pay family members. (There are restrictions on doing so in England.)
- Despite some concerns about the quality of services, the three countries have taken minimalist approaches to monitoring quality, relying primarily upon consumers’ ability to fire unsatisfactory workers and hire satisfactory replacements. In Germany and the Netherlands, policymakers are relying on the strength of family ties and the belief that relatives are much more likely than strangers to provide high quality care.

### Conclusions

The concept of consumer-directed home care challenges the protective nature of traditional home and community services programs for older people by asserting that consumers want to manage and are capable of managing their own care. The experiences of the Netherlands, England and Germany suggest that these countries are moving ahead successfully in changing the nature of noninstitutional services in a way that gives people with disabilities more control over the services that are so important in their lives.