Trends in long-term care in OECD countries: evidence from recent OECD studies and preliminary findings from a study of 19 countries*

AARP International Forum On Long-Term Care
October 22, 2003  Washington, DC

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*please do not cite or quote the numbers from exhibits marked as “preliminary” in this presentation
Overview

- Introduction: scope of the study
- Long-term care expenditure and trends in financing
- Consumer direction and choice, and direct payment
- Projecting the future of long-term care
Work on long-term care as part of the OECD Health Project (2001-2003)

- Part A. Performance measurement and improvement
  - (including Indicators on (technical) quality of health care)
- Part B. Explaining variation in performance
  - (I) Human resources in health care
  - (II) Private health insurance
  - (III) Emerging technologies
  - (IV) Waiting times
- Part C: Essential ameliorative care (long-term care)
  - Core study on long-term care
  - Dementia study
- Part D: Overall system assessment and country reviews
Scope and purpose of the study (1)

- Nineteen countries covering a heterogeneity of health and long-term care systems:
  - Canada
  - Mexico
  - United States
  - Austria
  - Germany
  - Hungary
  - Ireland
  - Luxembourg
  - Netherlands
  - Norway
  - Poland
  - Spain
  - Sweden
  - Switzerland
  - United Kingdom
  - Australia
  - Japan
  - Korea
  - New Zealand
Scope and purpose of the study (2)

- Learning lessons from recent long-term care reforms and structural changes, including:
  - More responsive services and consumer choice
  - Better quality services
  - How to pay for services
  - Improve the quality of comparative data; e.g. long-term care expenditure as % GDP
Expenditure on long-term care: a snap shot

- Countries spend up to two percent and a half percent of GDP on long-term care.
- Spending on care provided in institutions is still dominant in most countries, while there are attempts to shift more resources to care in a home based setting.
- Private spending is even more concentrated on institutional care, but these estimates do not show the contribution of informal care giving at home (care allowances and direct payments are part of public spending).
Public expenditure on long-term care provided in institutions and in a home based setting, 2000

Source: OECD (preliminary estimates)
Distribution of public and private spending on long-term care, 2000

United States

Switzerland

Germany

Source: OECD (preliminary estimates)
Per capita long-term care costs by age group
Average expenditure per head as share of GDP per capita (%)
The changing mix of funding for long-term care

- Change in government share
- Change in private out-of-pocket payments
- Change in private LTC insurance share
Change in the share of government

- Major growth in Germany, Japan, Luxembourg – new social insurance schemes for long-term care
- Incremental growth in UK, US – tax funded health system meeting more nursing home costs
- Restrained in Australia, Sweden – benefits targeted and private share up in response to concerns about sustainability
Share of private out-of-pocket payments

- In most OECD countries very high by comparison with acute health care
- Debate in a number of countries about the fairness of the burden of LTC costs
- High impact on local/regional social assistance budgets when user cannot pay
- Driver of reforms in Germany and elsewhere – current debates in Ireland, Korea, New Zealand, Spain, etc.
The share of private long-term care insurance (PLTCI)

- Growing in some countries but from a very low base
- PLTCI when a voluntary alternative to public funding has had limited growth due to cost to consumer, uncertainty, lack of enthusiasm from industry, etc., even when potential costs are high
PLTCI as alternative to public coverage

- Highest coverage in OECD is US – PLTCI now meets 11% of LTC costs
- How much more coverage can PLTCI provide given constraints of cost, etc.?
- What is the likely ceiling for PLTCI in the US?
Two different roles for PLTCI in Germany

- **Compulsory** for those not in new public scheme (higher income groups)
- Strong growth of *voluntary complementary* PLTCI to meet gap between public coverage and total costs – it is now affordable
- Major new public programme has resulted in major PLTCI growth rather than reduction
Growth of voluntary private complementary long-term care insurance in Germany, 1985-2001

Number of contracts as percentage of population

- Time of public debate about introduction of social long-term care insurance
- German reunification
- Introduction of social long-term care insurance

Source: PKV Verband (Association of private health insurance)
Trends in health expenditure over time

- Comparisons over time (and across) countries are limited by the absence in most countries of comprehensive, regular reporting systems on long-term care services and cost.

- Available evidence suggests that expenditure are currently more driven by policies to expand services in response to growing public expectations and social change than by trends of ageing populations alone.
Consumer direction, choice and direct payment schemes: policy issues

- Flexibility and participation: more choice and participation for users of long-term care services
- Support for home and community-based care to avoid institutional care
- Policies to sustain the efforts of informal care-givers (care-potential of healthy and capable retirees?)
Consumer direction, choice and direct payment schemes: policy issues (cont.)

- Choice among agencies versus consumer directed employment of care assistants
- Cost containment by reducing the need for institutional care and formal care at home?
- Competition and growing local “markets” for home care: a means to improve quality, and cost-efficiency -- if appropriately regulated?
Countries differ in the way consumer directed care, choice, and direct payment are organised

- Personal budgets and consumer directed employment of care assistants (Netherlands, Norway, Sweden, UK, USA)

- Payments to persons needing care (Austria, Germany, Sweden)

- Payments to informal care-givers as income support (Australia, Japan, Sweden)
Large variation in prevalence among persons aged 65 and over

<table>
<thead>
<tr>
<th>Payments</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Personal budgets and consumer directed employment</td>
<td></td>
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<tr>
<td>Netherlands: Personal Budget for Care</td>
<td>0.8 / 0.2 %</td>
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<tr>
<td>US Medicaid: Consumer Directed Home Care</td>
<td>0.5 %</td>
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<tr>
<td>Payments to persons needing care</td>
<td></td>
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<tr>
<td>Austria: Care Allowance</td>
<td>20.5 %</td>
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<tr>
<td>Germany: Care Allowance</td>
<td>6.4 %</td>
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<tr>
<td>Payments to informal care-givers as income support</td>
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</tr>
<tr>
<td>Australia: Carer Payment</td>
<td>0.9 %</td>
</tr>
<tr>
<td>Australia: Carer Allowance</td>
<td>4.0 %</td>
</tr>
</tbody>
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Source: OECD (preliminary estimates)
Projections of long-term care expenditure, 2000-2050 (OECD study in 2001)

Underlying assumptions
- Modest growth or decline in population
- A fall in working age population
- A near doubling in the ratio of the 65+ to the working age population (20-64)
- Longer life expectancy (5 y for males, 4 years for females)
- GDP growth (1.9% on average) driven by increase in labour productivity
Growth of the share of the population in the oldest age group (80+), 1960 - 2000

Source: OECD Health Data 2003
Proportion of older persons living alone

Source: OECD (preliminary estimates)
Trends in old-age dependency ratios: faster-ageing OECD countries

Source: Dan/Antolin/Oxley (2001) Fiscal implications of ageing
Trends in old-age dependency ratios: slower-ageing OECD countries

Source: Dan/Antolin/Oxley (2001) Fiscal implications of ageing
Key results of the projections

- Proportion of GDP spent on public expenditure on long-term care to double between 2000-2050
- 3.3% GDP added to public spending on health and long-term care by 2050
- Projections are sensitive to changes in assumptions on disability trends among older persons
Projected share of long-term care spending as % of GDP, 2000-2050

Source: Dan/Antolin/Oxley (2001)
Uncertainties of long-term care spending projections

- Changes in fertility and life-expectancy are difficult to predict
- Trends of dependency in old-age are uncertain – and highly depended on life styles and future health gains - and threads
- Trends in co-residence of older people and availability of informal care are uncertain
Conclusions: challenges of co-ordination and coverage

- Home care bridges the traditional division between health, social, and employment policy
- Systems differ in the role attached to social assistance as financing fund of last resort
- Challenges persist of adequate coverage for the group of persons with the most severe disabilities...
- ...and for patients with severe dementia
Conclusions: the need for networks of support services

- Broad range of support for community care needed: respite care, training, support groups
- Networks of support services are at various stages of development
- Geographical disparities of long-term care supply remain a challenge for many countries
Conclusions: implications for women care givers

- Long-term care policies often reflect the traditional role of families and of women as informal care givers..
- ..but can also contribute to improve labour market outcome
- Marked differences persist in labour market participation, in particular of women of age 50 to 65
Health of older persons: what will the future bring?

- Is the health of older persons improving fast enough to compensate for population ageing? Uncertainties of future projections
- Will the emerging obesity epidemic endanger the health gains of the last two decades?
- What is the role for local action on health promotion and disease prevention for healthy ageing?
Obesity of the population (BMI > 30) an emerging public health issue

Source: OECD Health Data 2003
A guide to further information (1)

A guide to further information (2)

- Previous OECD studies and working papers:
  - OECD Labour Market and Social Policy Occasional Papers (various issues; on Internet)
