



GENEROSITY AND EFFECTIVENESS OF SOCIAL PROTECTION FOR LONG-TERM CARE

Across OECD and EU countries

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Agenda

In this presentation, I will cover

1. **Objective** is social protection for LTC in old age effective?
2. **Methodology** analytical framework; data sources; procedures
3. **Findings** key indicators; needs, costs, support, out-of-pocket & poverty
4. **Implications** policy implications; policy simulations
5. **Future work** country coverage; long-term vision



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Work carried out with OECD colleagues Ana LLENA-NOZAL & José Carlos ORTEGA REGALADO



Objective Is social protection for old age LTC effective?

Some of the best data we have are on total public LTC spending, but

- What is the impact of that spending on individual ability to pay?
- How can adequate protection and financial sustainability be balanced?
- How do public social protection systems compare across the OECD & EU?

To answer these questions we need to

Understand what LTC **needs** older people have,
the **costs** that they would face if they sought formal care,
and the **benefits and services** they would be eligible for,
at any level of **income** and **wealth**

There are disparate views over **what constitutes a LTC need, who is/should be eligible**
for care, how much care users pay, and how to fund public support for care



Methods Typical cases of long-term care needs

	Formal home care	In/formal home care	Informal care	Institutional care	Mapping to country assessment scales					
Low needs 6 hrs of care per week	Social	ADL Washing and dressing 20 mins, six times a week Bathing and dressing 30 minutes, once a week Incontinence management 1 hour, once a week Feeding no formal care provided Going to bed no formal care provided			Belgium Federal allowance, personal care from NIHDI nurse, IADL care from home care organization, and social activity by additional home care.					
						Moderate needs 22.5 hrs of care per week	IADL Laundry 1 hour, once a week Cleaning 1 hour, once a week Shopping 1 hour, twice a week Meal preparation 1 hour 30 mins per day			England Social care and lower rate attendance allowance.



Key findings Diversity in social protection schemes

Many forms of cost-sharing in home care

User contributions	Countries/regions with stated user contributions
Fixed	Ontario (Canada), Germany, Reykjavik (Iceland), Ireland, South Tyrol (Italy), Luxembourg, Netherlands, Vienna (Austria), Flanders (Belgium), Hungary, Lithuania, Slovak Republic
Means-tested	Flanders (Belgium), Croatia, England, Tallinn (Estonia), Finland, France, South Tyrol (Italy), Reykjavik (Iceland), Japan, Latvia, Lithuania, Netherlands, Slovenia, Spain, Sweden, California and Illinois (United States)
Needs-tested	Flanders (Belgium), Croatia, France, Germany, Spain
Ceilings	Vienna (Austria), Flanders (Belgium), Japan, Spain, Sweden
Higher for IADL/social	Vienna (Austria), Flanders (Belgium), Ontario (Canada), France, Ireland, Japan, Lithuania, Luxembourg, Netherlands



Key indicators Effectiveness of social protection for LTC



Long-term care needs



Total costs of care

Disposable income & net wealth

Public support & out-of-pocket costs



Net disposable income after long-term care costs, public support and out-of-pocket costs

Many dimensions...

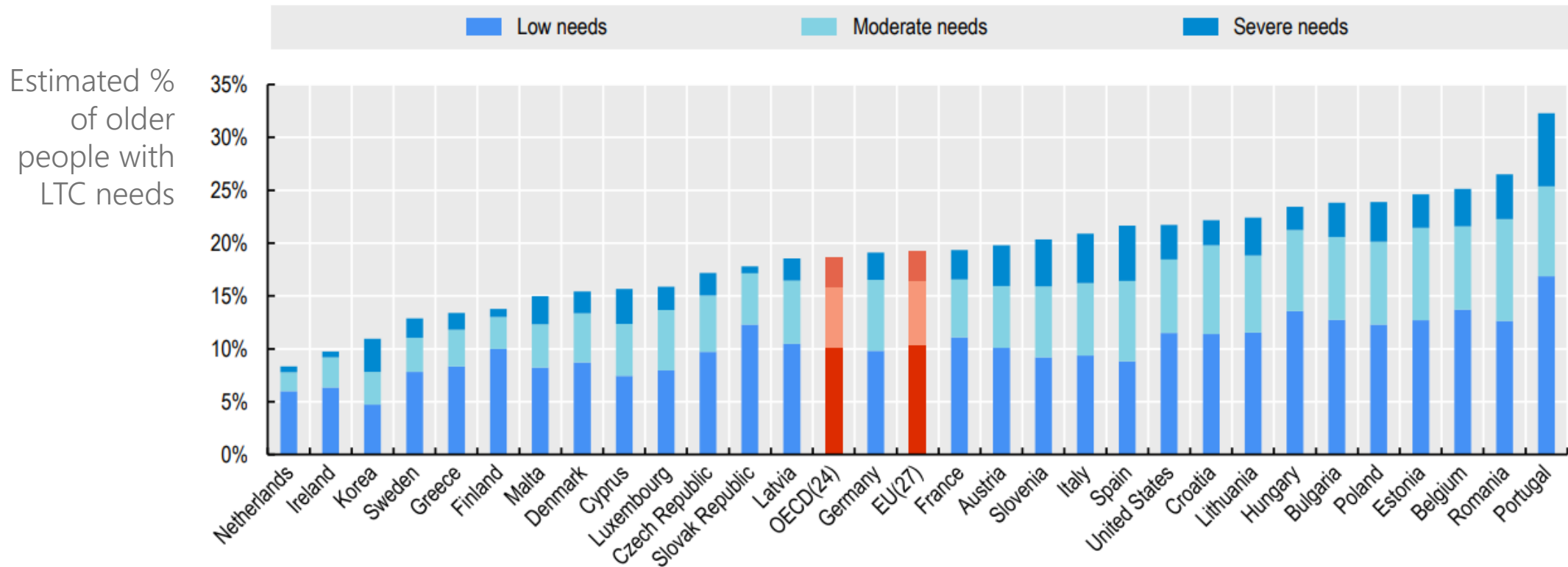
Needs
Settings
Carers
Periods
Incomes
Wealth
Types of wealth

...many ways to look at the estimates



Indicators Long-term care needs in old age

An estimated 13% to 21% of older people in 24 OECD countries have at least low needs



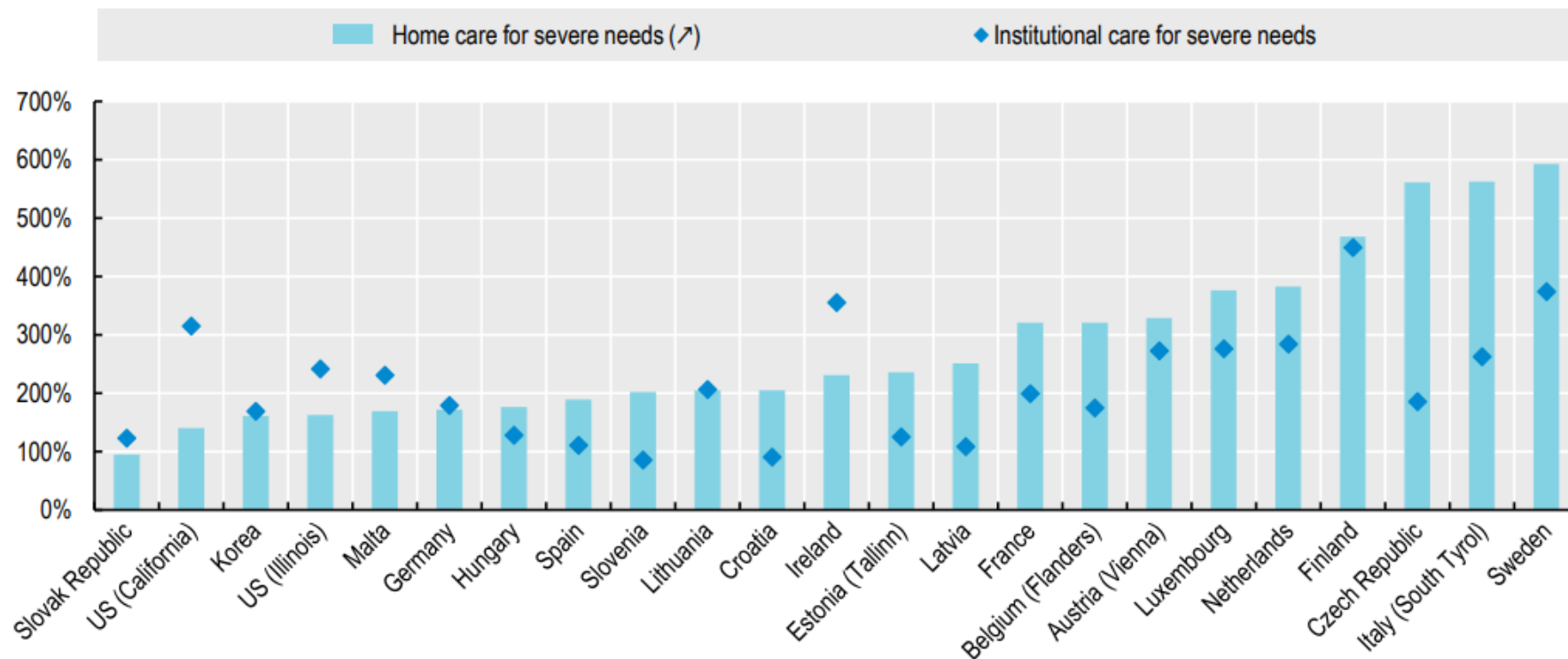
Note: Estimates are averages of three matching methods and are computed using adjusted survey weights. The OECD (24) and EU (27) averages are the unweighted average of the shares in each country. Source: OECD analysis based on responses to the SHARE survey (Wave 7, 2017), TILDA survey for Ireland (Wave 3, 2015), HRS survey for the United States (Wave 13, 2016), and the KLoSA survey for Korea (Wave 7, 2018).



Indicators Total costs of care (without social protection)

Without social protection, total costs of LTC could be six times median incomes of older people

Total costs as a % of national median disposable income for older people (without social protection)



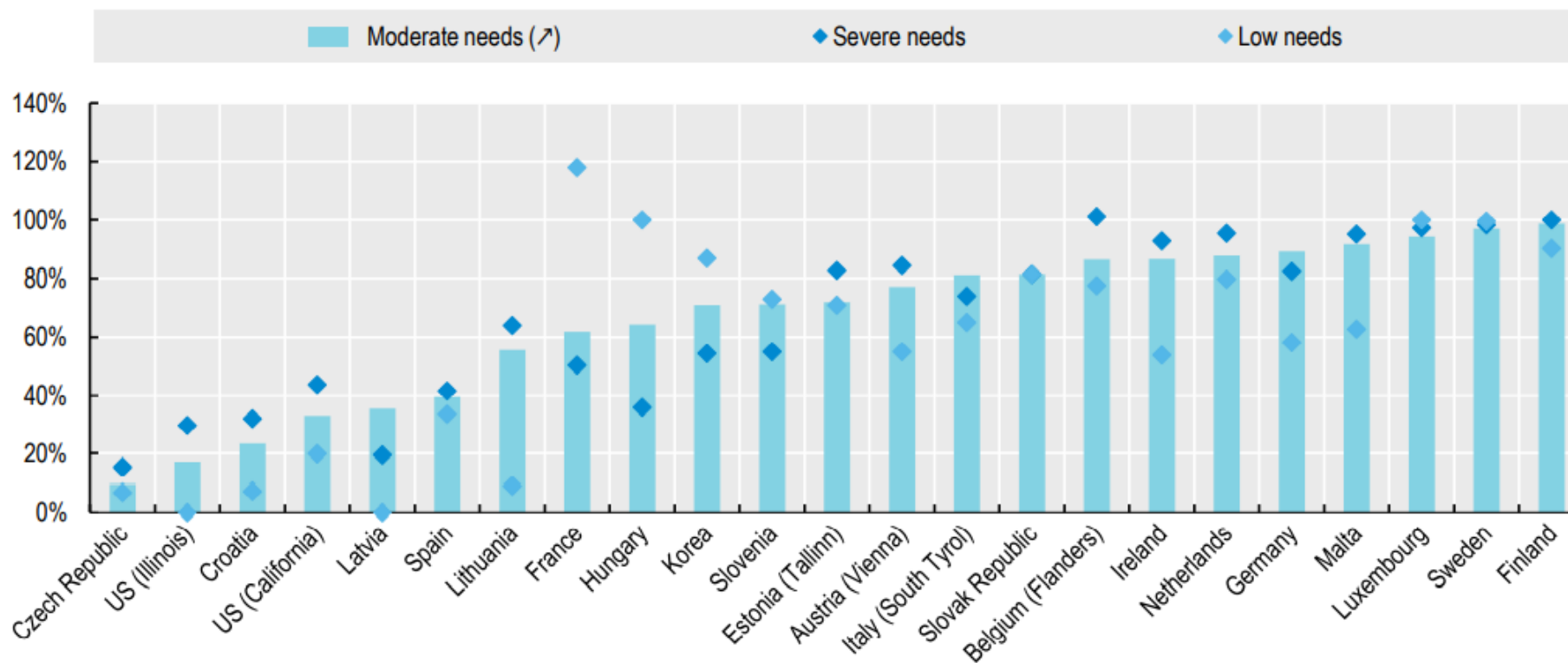
Note: National median disposable incomes are for people of retirement age or older. Severe needs correspond to 41.25 hours of care per week. Older person with severe needs receiving LTC at home is assumed to live with a spouse who can provide 24-hour supervision, help with taking medicines, and manage the finances, but cannot provide any other ADL/IADL care. Source: OECD analyses based on the OECD Long-Term Care Social Protection questionnaire and the OECD Income Distribution Database.



Indicators What is covered by public social protection

Most countries target public support to older people with more severe needs and fewer means

Average % of total home care costs that would be covered by public social protection

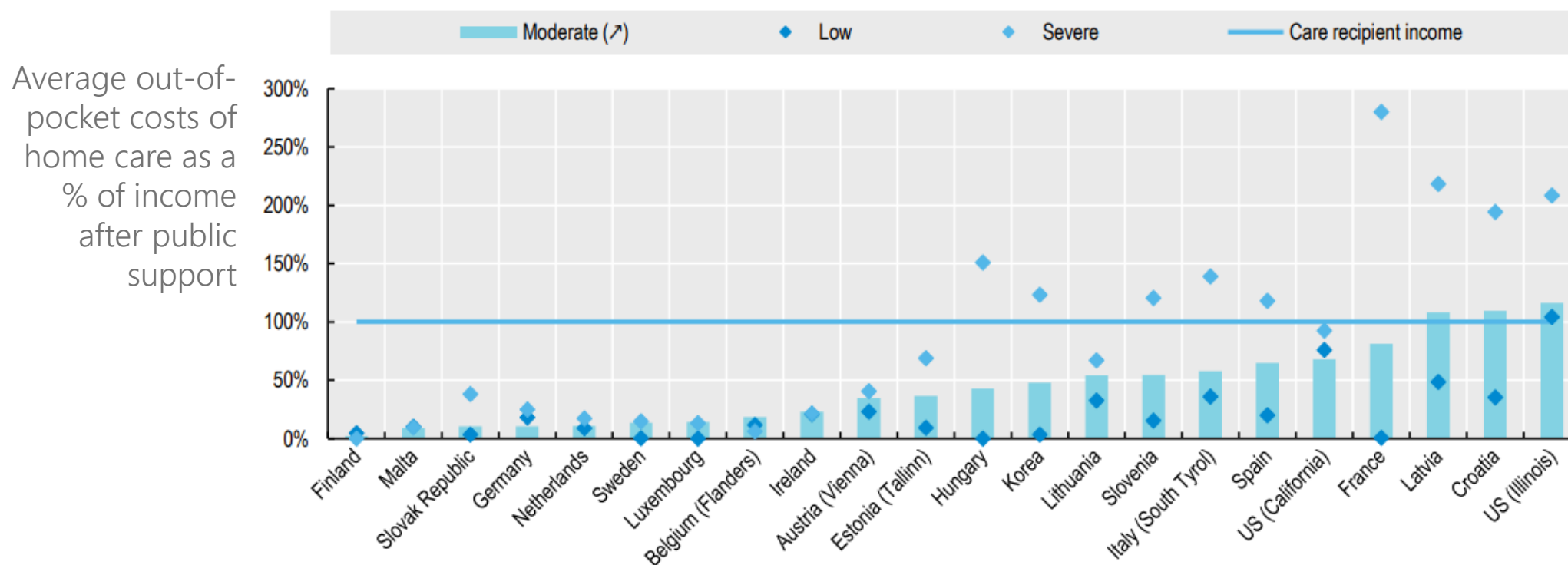


Note: Estimates computed using the averages of three matching methods and using adjusted survey weights. Low, moderate and severe needs correspond to around 6.5, 22.5 and 41.25 hours of care per week, respectively, Source: OECD analysis based on the OECD Long-Term Care Social Protection questionnaire, SHARE survey (Wave 7, 2017), TILDA survey for Ireland (Wave 3, 2015), HRS survey for the United States (Wave 13, 2016), and the KLoSA survey for Korea (Wave 7, 2018).



Indicators What is not covered by public social protection

Average out-of-pocket costs of home care for could be unaffordable from income alone

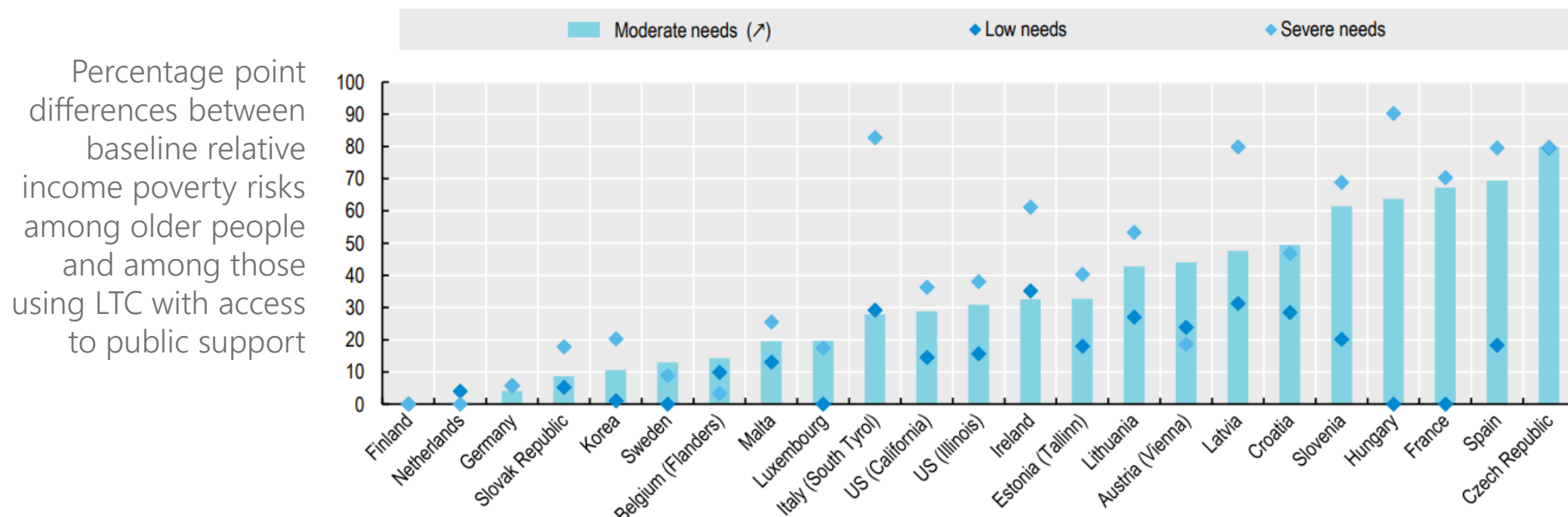


Note: Estimates are computed using the averages of three matching methodologies and are computed using adjusted survey weights. Low, moderate and severe needs correspond to around 6.5, 22.5 and 41.25 hours of care per week, respectively. Incomes reported in SHARE, TILDA, KLoSA and HRS are divided into below and above-median income. Source: OECD analysis based on the OECD Long-Term Care Social Protection questionnaire, SHARE survey (Wave 7, 2017), TILDA survey for Ireland (Wave 3, 2015), HRS survey for the United States (Wave 13, 2016), and the KLoSA survey for Korea (Wave 7, 2018).



Indicators Relative income poverty (with social protection)

The risk of poverty is still higher for those with LTC needs than in the older population in general



Note: Estimates computed using the averages of three matching methods and using adjusted survey weights. For countries with subnational models, these are applied to national-level survey data to produce the estimates shown. Low, moderate and severe needs correspond to around 6.5, 22.5 and 41.25 hours of care per week, respectively. An individual is in relative income poverty when their disposable income is lower than 50% of the median equivalised disposable income of the entire population in their respective country. Source: OECD analysis based on the OECD Long-Term Care Social Protection questionnaire, SHARE survey (Wave 7, 2017) and TILDA survey for Ireland (Wave 3, 2015), HRS survey for the United States (Wave 13, 2016), and the KLoSA survey for Korea (Wave 7, 2018).



Key findings Overview of main takeaways

Public social protection systems are essential, but there are potential gaps

- Without social protection, out-of-pocket costs push most older people into income poverty
- Even with public social protection, in many places some older people could fall into poverty
- Older people may spend down their assets to pay for shortfalls in public support
- Adult children providing care for a parent are often poorly compensated
- Safety nets for the income and asset poor are often missing or inadequate
- Asset poor older people are much more likely to face relative income poverty

Currently, we are combining models of social protection for LTC in typical cases of needs with survey responses to **quantify population-level impact**



Our vision More frequent and improved indicators

How does this project inform future work?

- The **estimates** produced highlight gaps in knowledge, understanding and data providing insights into how to move forward in research and policy.

More data, better data, more models

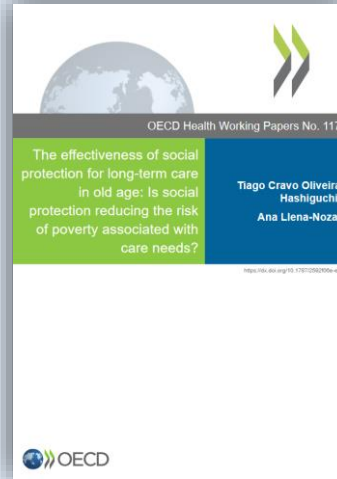
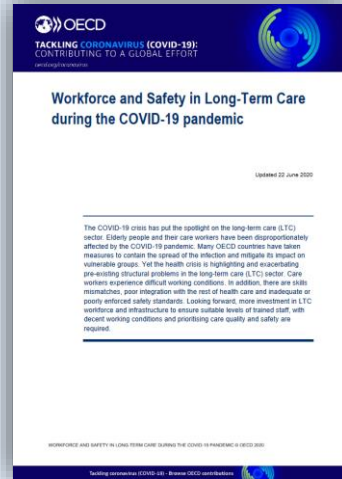
- More work needed in underlying data generation.
- Modelling likely to be needed for the foreseeable future.

Long-term, estimates can be ever improved and frequently updated
and policy scenarios and counterfactuals can be tested



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