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
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

<table>
<thead>
<tr>
<th></th>
<th>Formal home care</th>
<th>In/formal care</th>
<th>Informal care</th>
<th>Institutional care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Low needs</strong></td>
<td>6 hrs of care per week</td>
<td></td>
<td></td>
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<tr>
<td><strong>Moderate needs</strong></td>
<td>22.5 hrs of care per week</td>
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<tr>
<td><strong>Severe needs</strong></td>
<td>41.75 hrs of care per week</td>
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<tr>
<td><strong>Social activity</strong></td>
<td>1 hour, twice a week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Washing and dressing</strong></td>
<td>20 mins, six times a week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bathing and dressing</strong></td>
<td>30 minutes, once a week</td>
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<td></td>
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<tr>
<td><strong>Incontinence management</strong></td>
<td>1 hour, once a week</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Feeding</strong></td>
<td>no formal care provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Going to bed</strong></td>
<td>no formal care provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Laundry</strong></td>
<td>1 hour, once a week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cleaning</strong></td>
<td>1 hour, once a week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shopping</strong></td>
<td>1 hour, twice a week</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Meal preparation</strong></td>
<td>1 hour 30 mins per day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social activity</strong></td>
<td>1 hour, twice a week</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>= 22 ½ hours per week</strong></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Mapping to country assessment scales

**Belgium**
Federal allowance, personal care from NIHDI nurse, IADL care from home care organization, and social activity by additional home care.

**England**
Social care and lower rate attendance allowance.

**Netherlands**
Class 3 personal care, class 2 daytime activities, and home care support from municipality.
## Key findings Diversity in social protection schemes

### Many forms of cost-sharing in home care

<table>
<thead>
<tr>
<th>User contributions</th>
<th>Countries/regions with stated user contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed</td>
<td>Ontario (Canada), Germany, Reykjavik (Iceland), Ireland, South Tyrol (Italy), Luxembourg, Netherlands, Vienna (Austria), Flanders (Belgium), Hungary, Lithuania, Slovak Republic</td>
</tr>
<tr>
<td>Means-tested</td>
<td>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)</td>
</tr>
<tr>
<td>Needs-tested</td>
<td>Flanders (Belgium), Croatia, France, Germany, Spain</td>
</tr>
<tr>
<td>Ceilings</td>
<td>Vienna (Austria), Flanders (Belgium), Japan, Spain, Sweden</td>
</tr>
<tr>
<td>Higher for IADL/social</td>
<td>Vienna (Austria), Flanders (Belgium), Ontario (Canada), France, Ireland, Japan, Lithuania, Luxembourg, Netherlands</td>
</tr>
</tbody>
</table>
Key indicators: Effectiveness of social protection for LTC

- Long-term care needs
- Disposable income & net wealth
- Total costs of care
- 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
An estimated 13% to 21% of older people in 24 OECD countries have at least low needs.
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.

Preliminary findings
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

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

Percentage point differences between baseline relative income poverty risks among older people and among those using LTC with access to public support

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

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.
Thank you for your attention & do get in touch

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