International Long-Term Care: Perspectives for the United States

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Introduction

- Aging of the world
- Major role of government financing
- Wide diversity of systems
- Unlike in medical care, United States not the outlier
Introduction (cont.)

- Examining other countries provides an opportunity to:
  - Think “outside the box” and examine unspoken assumptions
  - Examine innovations under consideration in the United States that have been implemented in other countries
  - Highlight unique or important characteristics of the U.S. system in comparison to other countries
Plan of Talk

• Population aging
• Financing
• Level of government
• Delivery
• Quality of care
• Conclusions
### Population Age 80+ as Percentage of Total Population, 2000 and 2040

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2040</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>3.7</td>
<td>8.7</td>
</tr>
<tr>
<td>Ireland</td>
<td>2.6</td>
<td>5.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>5.0</td>
<td>7.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4.0</td>
<td>7.3</td>
</tr>
<tr>
<td>United States</td>
<td>3.3</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Source: OECD, 2005.
Relationship to Medical Care

- Financing LTC generally separate from acute care
- Cost shifting across boundaries
- Much less “post-acute care”
- Strong interest in integration hampered by lack of capitation (e.g., United Kingdom)
Public and Private Expenditures on LTC as Percentage of GDP, 2000

Source: OECD, 2005.
Level and Type of Expenditures

- OECD analyses find countries with older populations spend more on LTC
- Sweden vs. Ireland
- 2050 add another 1.0-1.5 percent GDP
- Almost all countries dominated by public spending
Means Tested vs. Universal Financing

- Individual vs. social responsibility.
- Unlike health care, many countries (e.g., UK, New Zealand) means test.
- Countries with universal coverage (e.g., Austria, Germany, Japan, Netherlands, Sweden, Luxembourg).
- Private insurance small.
- Public and private sometimes blurred.
Public vs. Private Provision

- Publicly provided services in Nordic countries (e.g., Sweden, Norway)
- Many countries greater private provision (e.g., UK)
- Private: Greater flexibility, lower cost, more choice, question of quality
- New government role in monitoring
Devolution vs. National Programs

- What level of government?
- Many countries (e.g., US, UK, Sweden, Canada) rely on subnational governments.
- Others (e.g., Germany) rely on uniform national programs.
Devolution vs. National Programs

• Rationale for local participation:
  – Historically involved
  – Responsive to local norms, circumstances, and values
  – Less rigid

• Price of devolution:
  – Lack of horizontal equity (e.g., postcode lottery in UK)
  – Reinventing the wheel
  – Conflict with quality assurance
Delivery: Home Care

- Policymakers seek to reduce institutional bias
- Models of change:
  - Spend more (e.g., Germany, Japan)
  - Reallocate funds from institutional care (e.g., UK)
Public Spending on LTC in Institutions and Home Care as Percentage of GDP, 2000

Source: OECD, 2005.
Consumer-Directed Home Care

- Agency vs. consumer-directed care
- Promoted by younger persons with disabilities
- Austria, Germany, Netherlands, France, UK
- Mostly choose informal caregivers
- Cost containment
- Quality insurance
Support for Informal Caregivers

- Focus on people with disabilities or the family?
- Assessments (UK)
- Information and training
- Respite care
- Regulation of businesses (family leave)
- Tax benefits, payment to informal caregivers, and pension credits (e.g., Germany)
Quality Assurance

• Fiduciary responsibility
• Regulatory strategies
  – United Kingdom
  – Australia
  – Germany
• Market initiatives, primarily information to consumers
• Less focus on home care than institutions
Conclusions

• Long-term care higher on public agenda, largely due to higher percentage of population
• Aging of population not place impossible burdens
• Higher public role does not mean exploding public expenditures