Long-term care for older people: public financing, independent sector provision, and care providers' motivations

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Outline

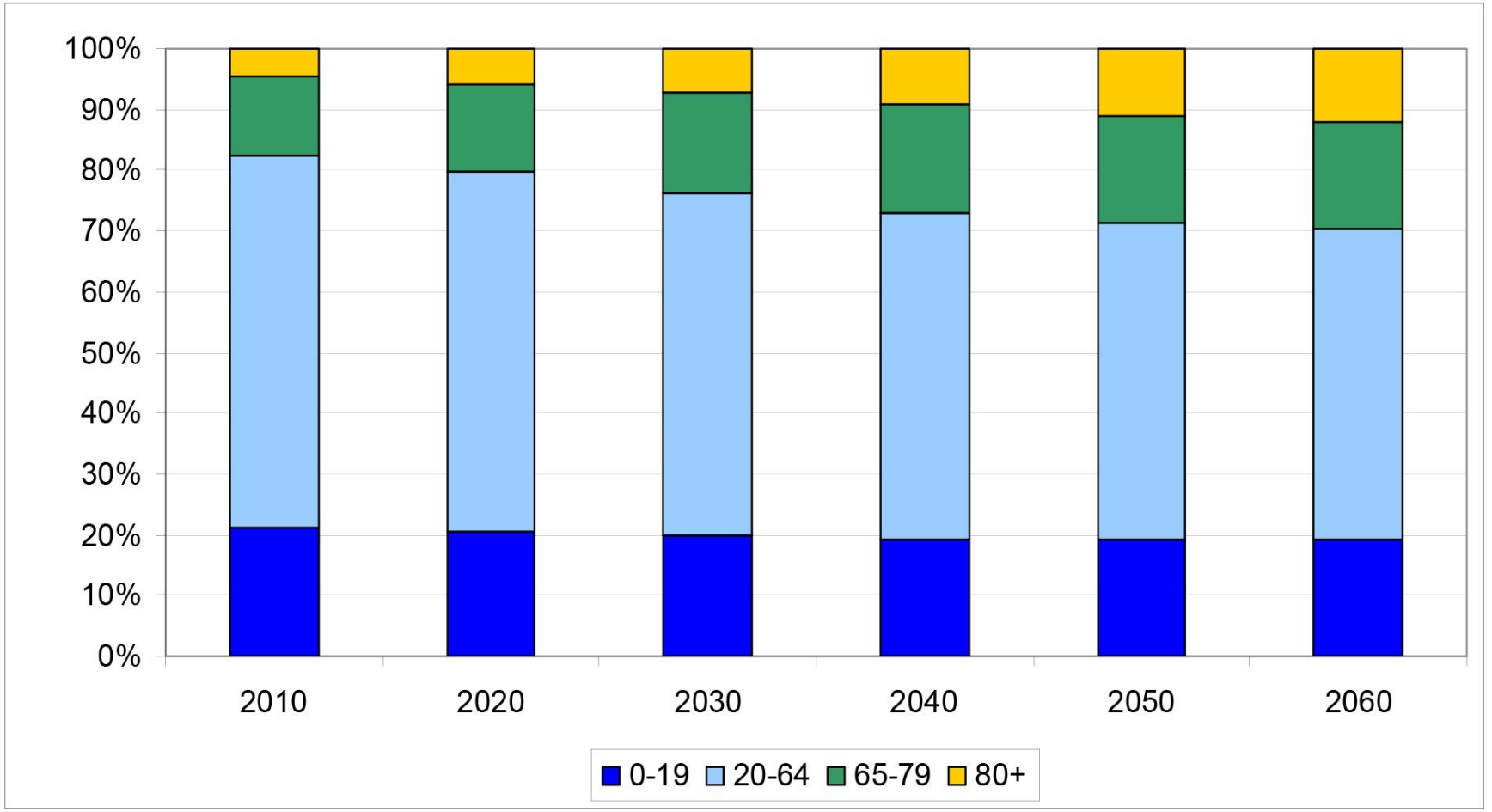
- Demographic trends
  - age-structure of the EU population
  - demand for long-term care
- Funding of long-term care
  - complexity of long-term care definition
  - collection and distribution of funds
- Provision of long-term care
  - mixed economy of care
  - purchaser – provider relationships
  - providers' motivations
- Future challenges for LTC

Demographic changes and population ageing

- Increase in numbers of older people across the EU and globally
- A demographic old-age ratio projected to grow from 26% to 52.2% in the EU as a whole by 2060
- Growing demand for long-term care (LTC) due to
  - increase in older population
  - higher dependency levels
  - raising expectations of older people in need of LTC
- Impact on public spending
  - projected to double from 1.8% of GDP in 2010 to 3.4% in 2060 in Europe as a whole

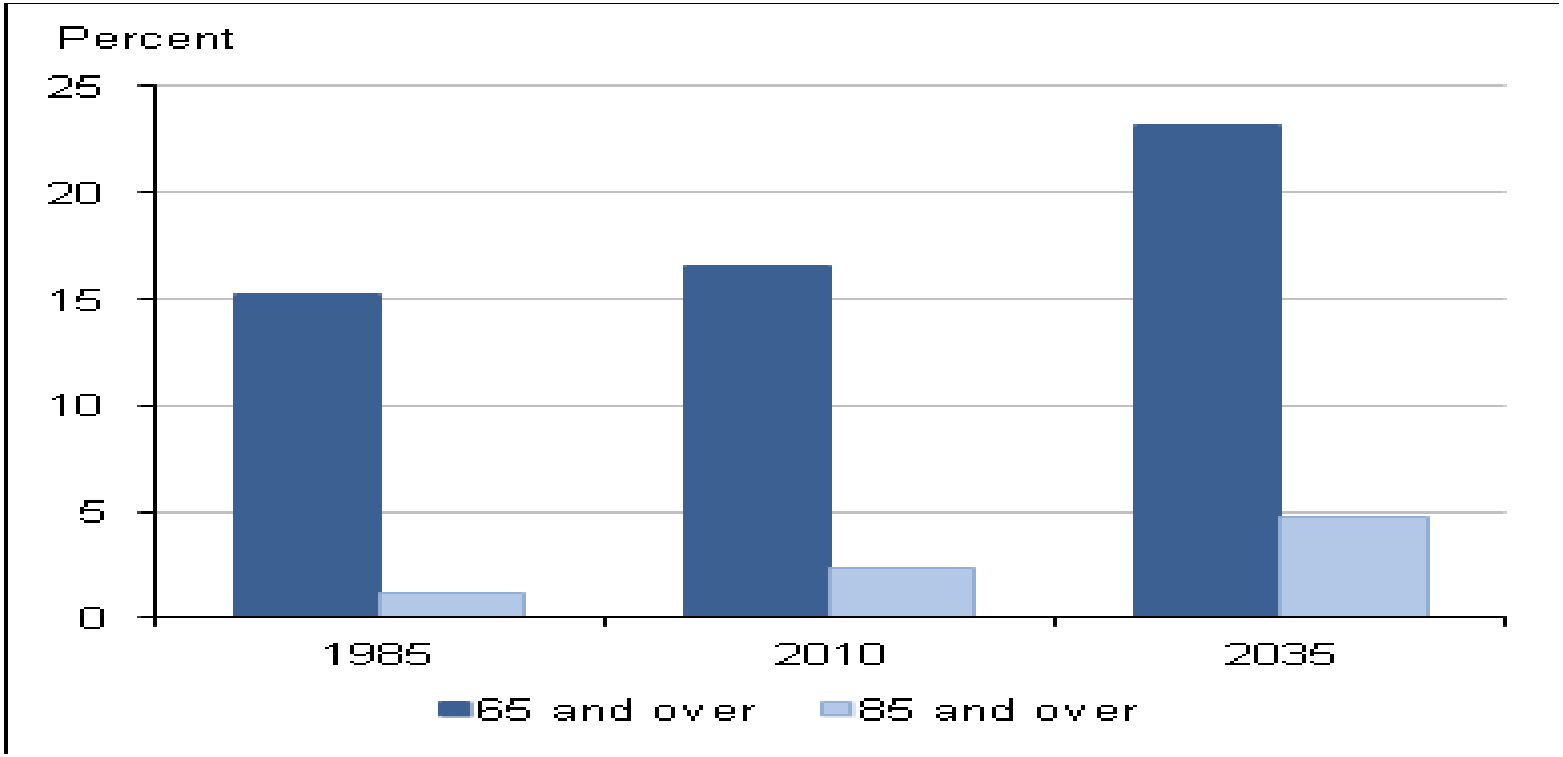
Projection of changes in the structure of the population by main age groups, EU27 (%)

(Source: The Ageing Report 2012: Economic and budgetary projections for the 27 EU member States (2010-2060)



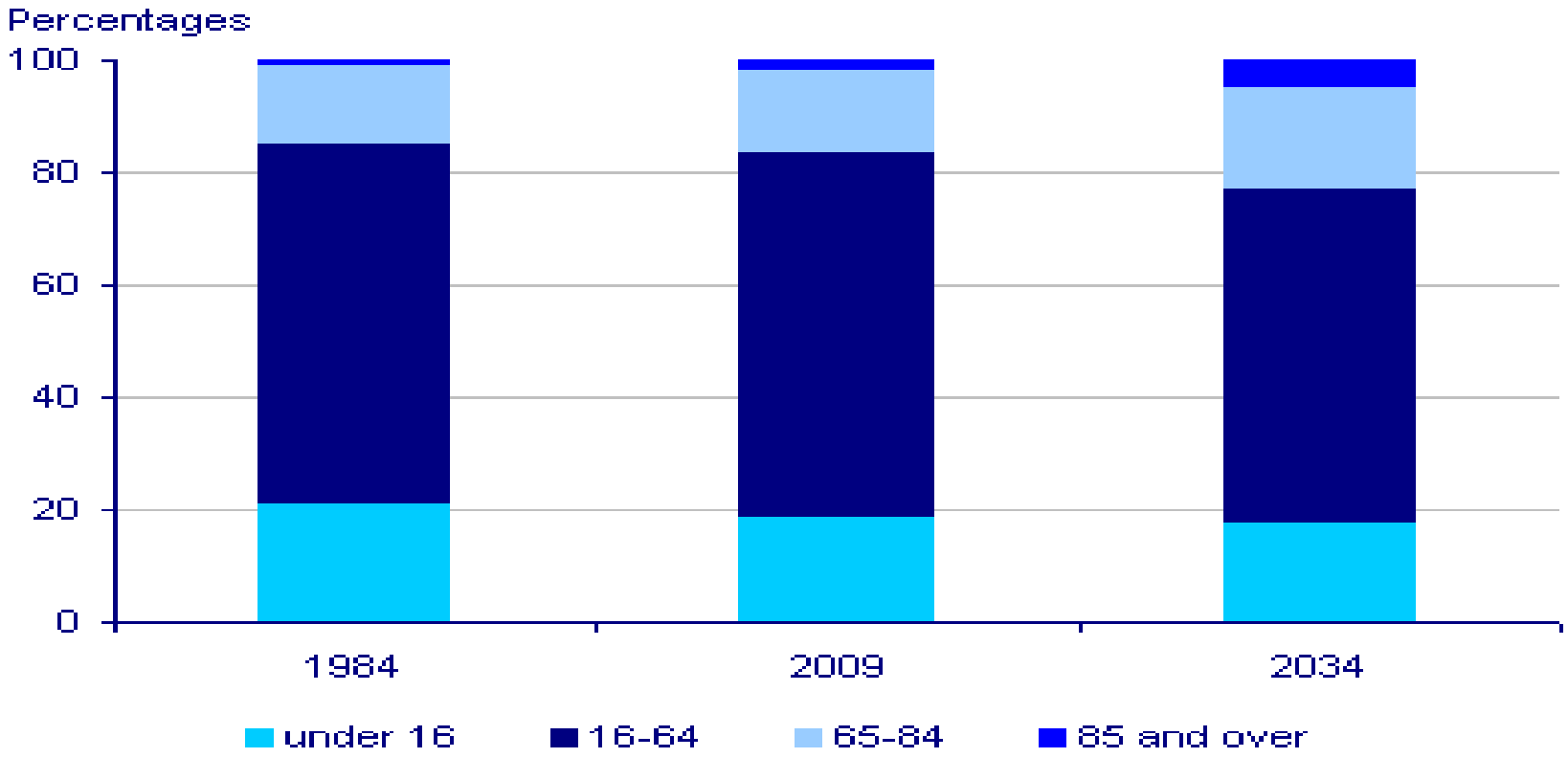
Percentage of older people in the UK 1985, 2010, 2035

(Source: Population Ageing in the United Kingdom, its Constituent Countries and the European Union, Office for National Statistics, March 2012)



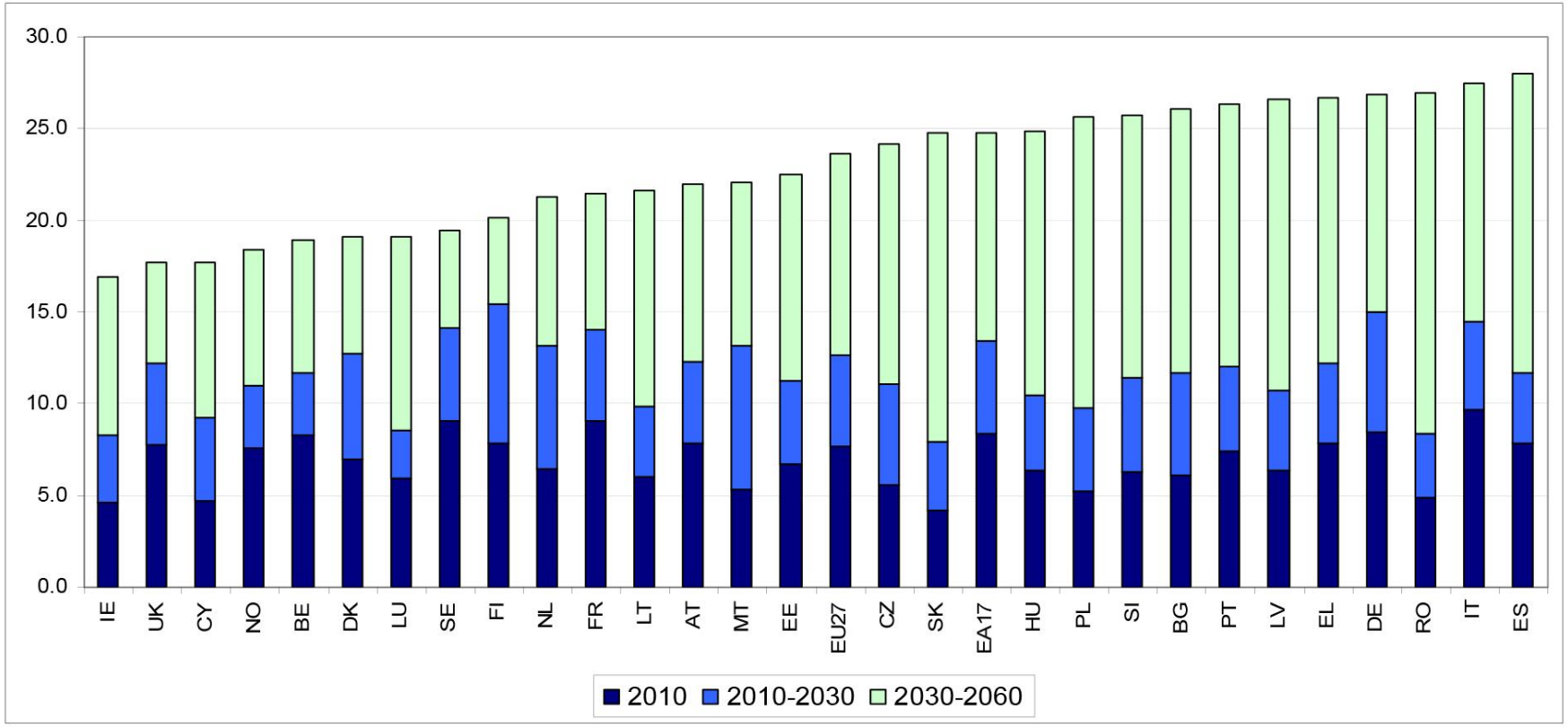
Population by Age, UK, 1984, 2009, and 2034

(Source: Mid-year population estimates, Office for National Statistics)



Dependency ratio of the oldest-old (ratio of the people 80 and above relative to the working age population)

(Source: The Ageing Report 2012: Economic and budgetary projections for the 27 EU member States (2010-2060)



What do we mean by long-term care?

- No single definition of long-term care

… it usually refers to a range of care services (personal care, practical help, and nursing help) provided to individuals experiencing long-term disabling conditions

- Complexity of long-term care as it is
  - provided in different settings (institutional, residential, home)
  - funded from different sources
  - delivered by different care providers

- Further challenges posed by fragmented LTC regulatory and legal frameworks

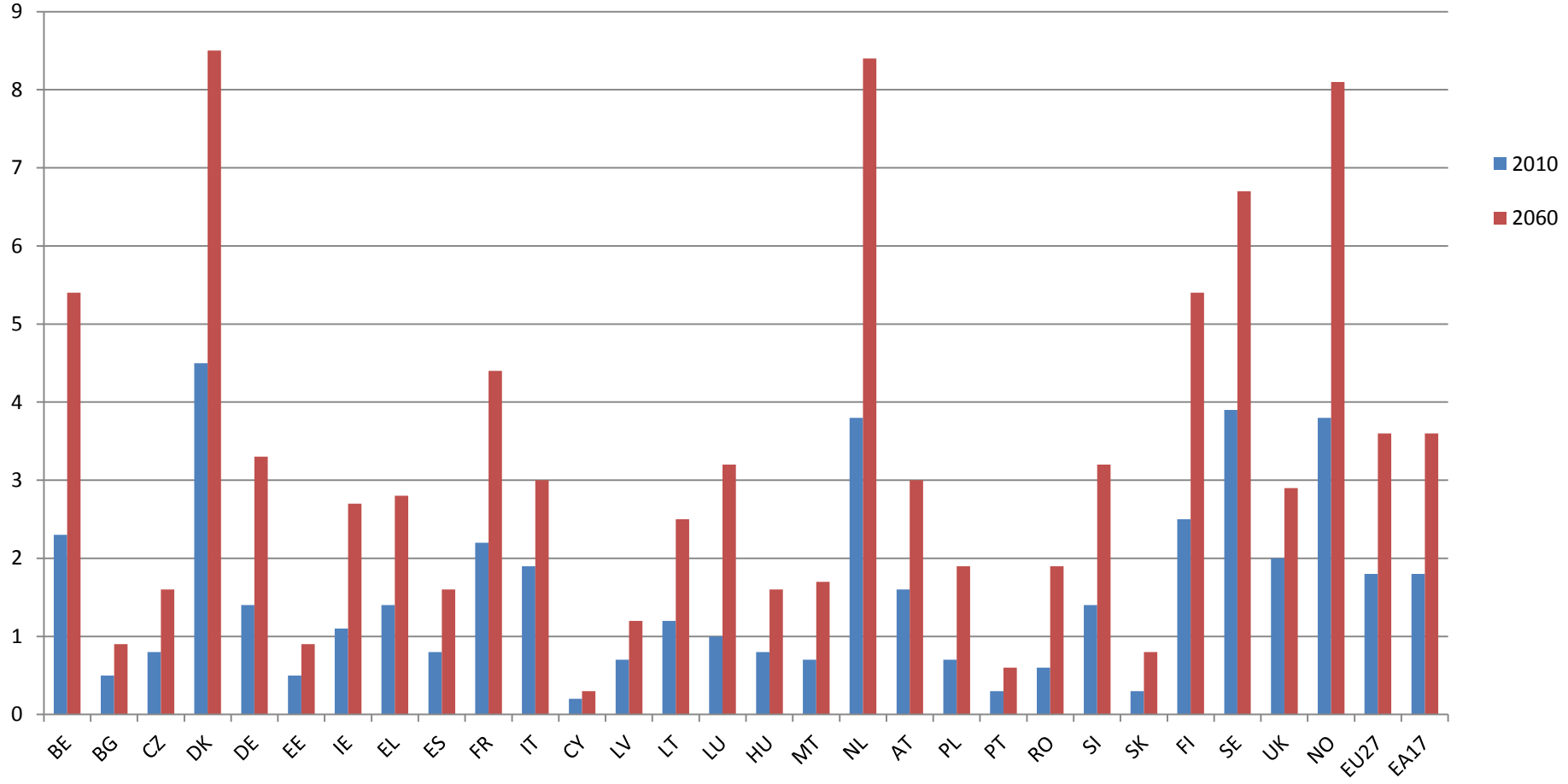
Funding of LTC services

- LTC revenue raised through different mechanisms
  - insurance contributions
  - taxation
  - individual payments
- LTC mainly financed from the public funds
- In the UK

  - health care services free of charge throughout UK irrespective of the financial means of the user
  - most social care services are means-tested
  - exceptions: nursing care in nursing homes, and personal care in Scotland are free of charge
  - disability benefits are not subject to means test

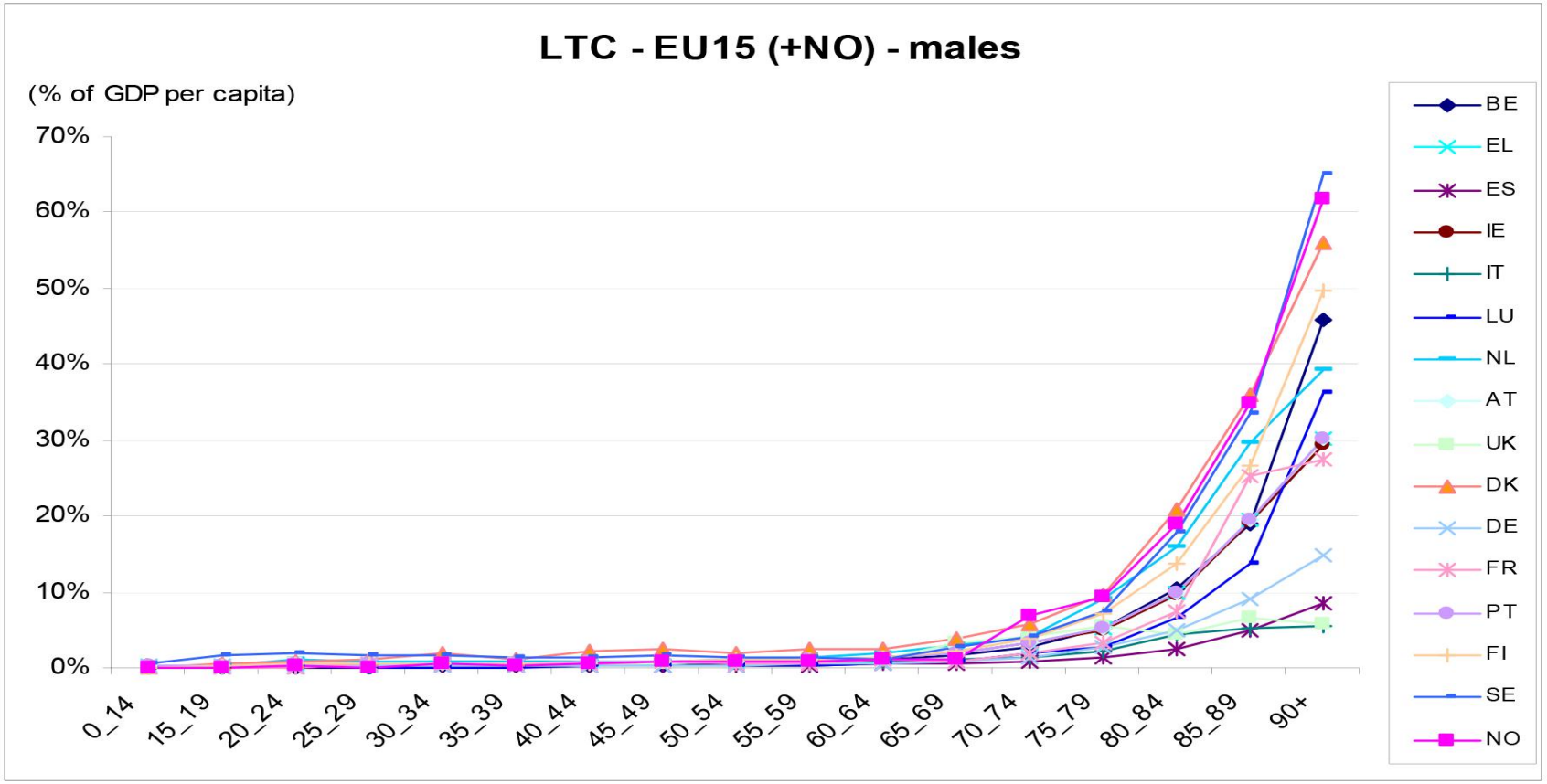
Total public spending on LTC as % of GDP - base case scenario

(Source: The Ageing Report 2012: Economic and budgetary projections for the 27 EU member States (2010-2060)



Age-related expenditure profiles of LTC provision (% of GDP per capita)

(Source: The Ageing Report 2012: Economic and budgetary projections for the 27 EU member States (2010-2060)



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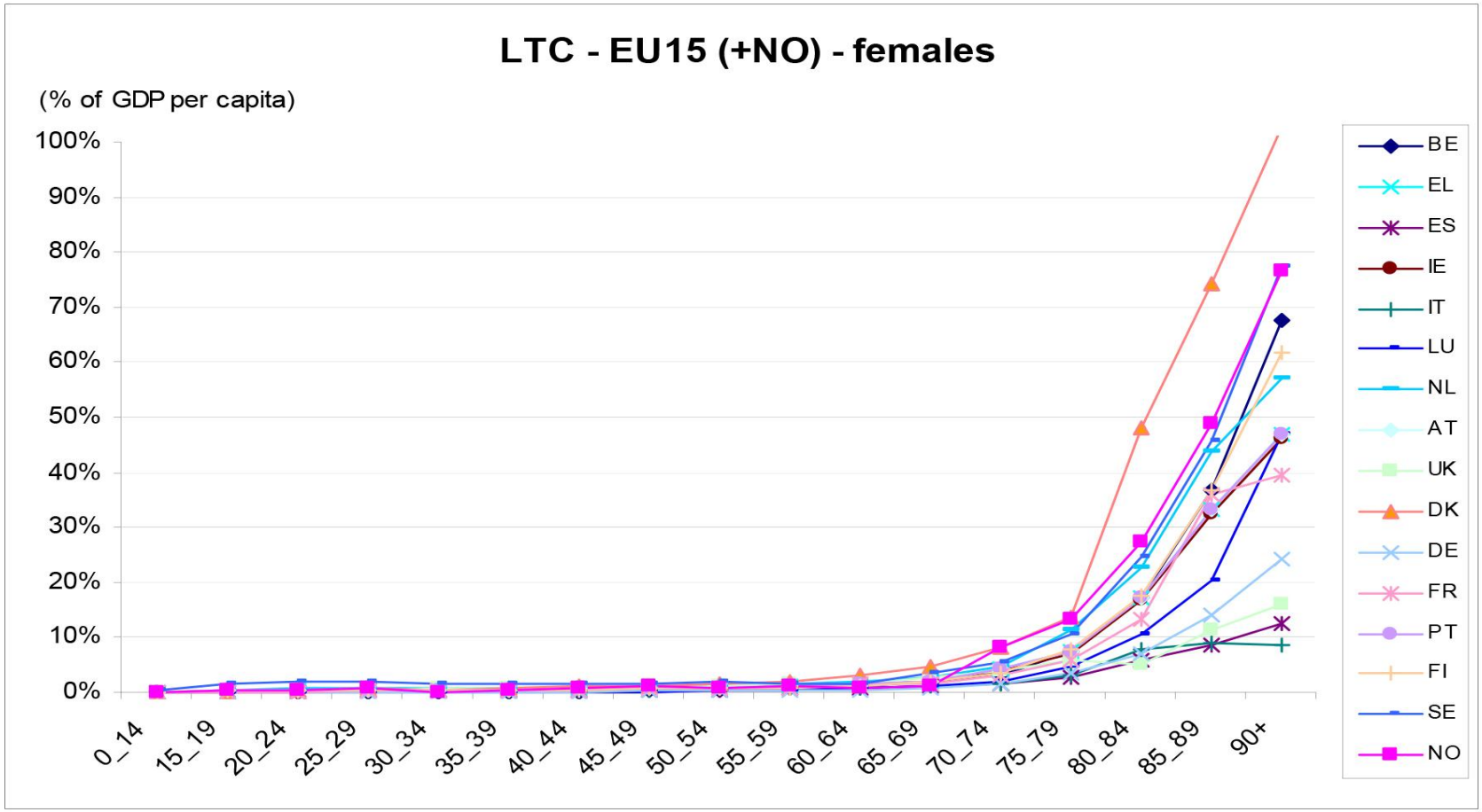


- Future costs of LTC for older people projected to have a major impact on public spending

  raising costs of care

  increasing demand for formal care

- In England

  Coalition Government established a Commission on the Funding of Care and Support to make recommendations to achieve an affordable and sustainable LTC funding system

  - a cap on lifetime costs of care to £35,000 and if the costs of care exceed the cap, individuals would be eligible for full support from the state
  - the asset threshold for those in residential care beyond which no means tested help is given should increase from the current £23,250 to £100,000

How is long-term care provided?

- Mainly by health and social care providers

- Responsibility for providing LTC services
  - ➢ different tiers of administration (national, regional, local)
  - ➢ public, private-for profit, voluntary, and informal care provision …

  … however, these categories often have different meanings across countries

- Overall, private sector provision of LTC increasing

  - (SSGI study 2011 findings point at a growing involvement of the private sector providers)

- Mixed economy of care since the early 1990s – changing the role of local authorities in England

  - a shift in the balance of provision away from the public sector and towards the independent sector

  - introduction of markets and competition

  - a separation of purchasers and providers roles

  - contractual arrangements between purchasers and providers

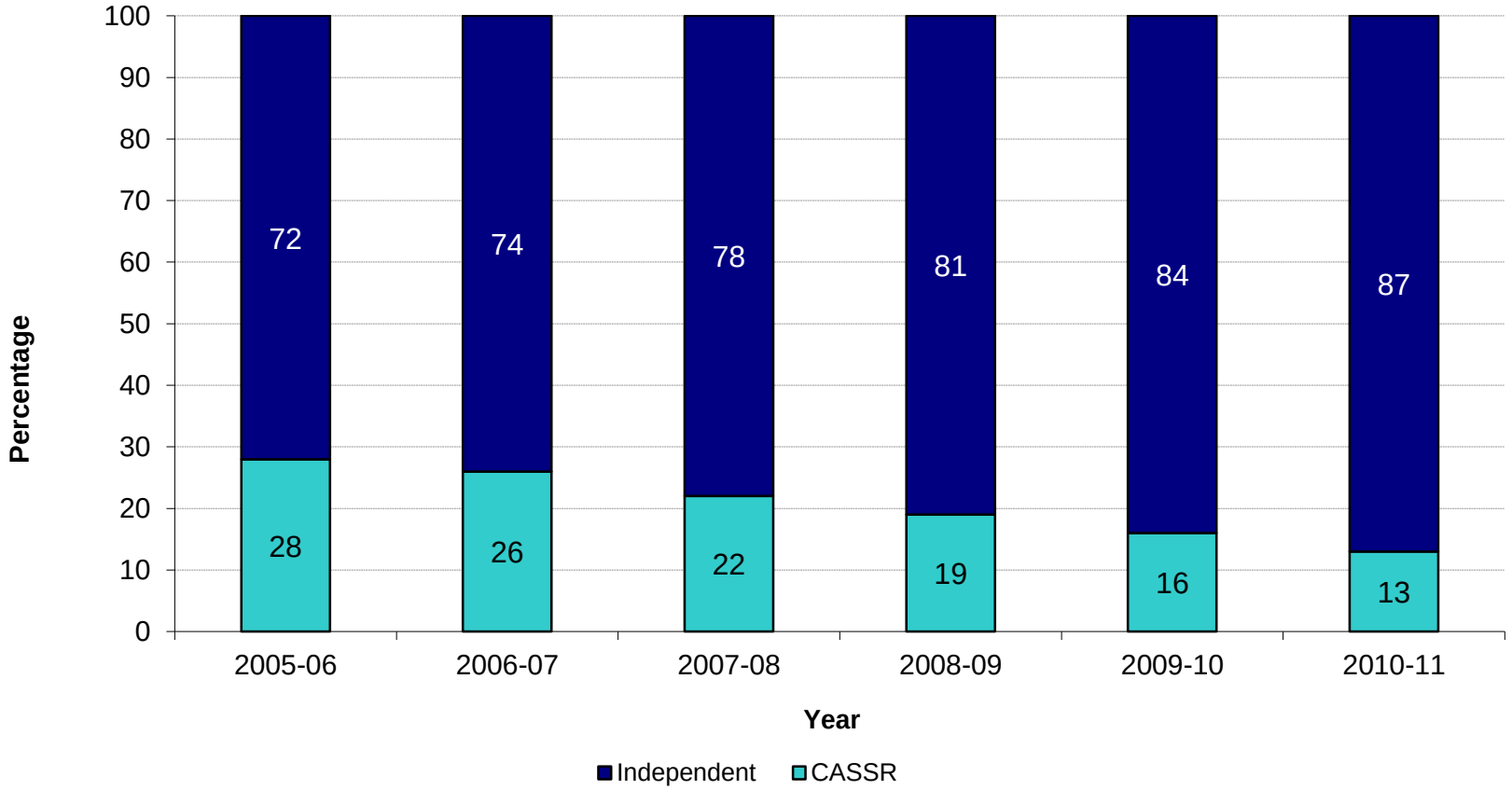
- Commissioning - key to effective delivery of social care

➢ types of services to meet local needs, decisions about the sector balance, and ensuring best value for local population

  (… commissioning needs to be responsive to self-directed forms of care)

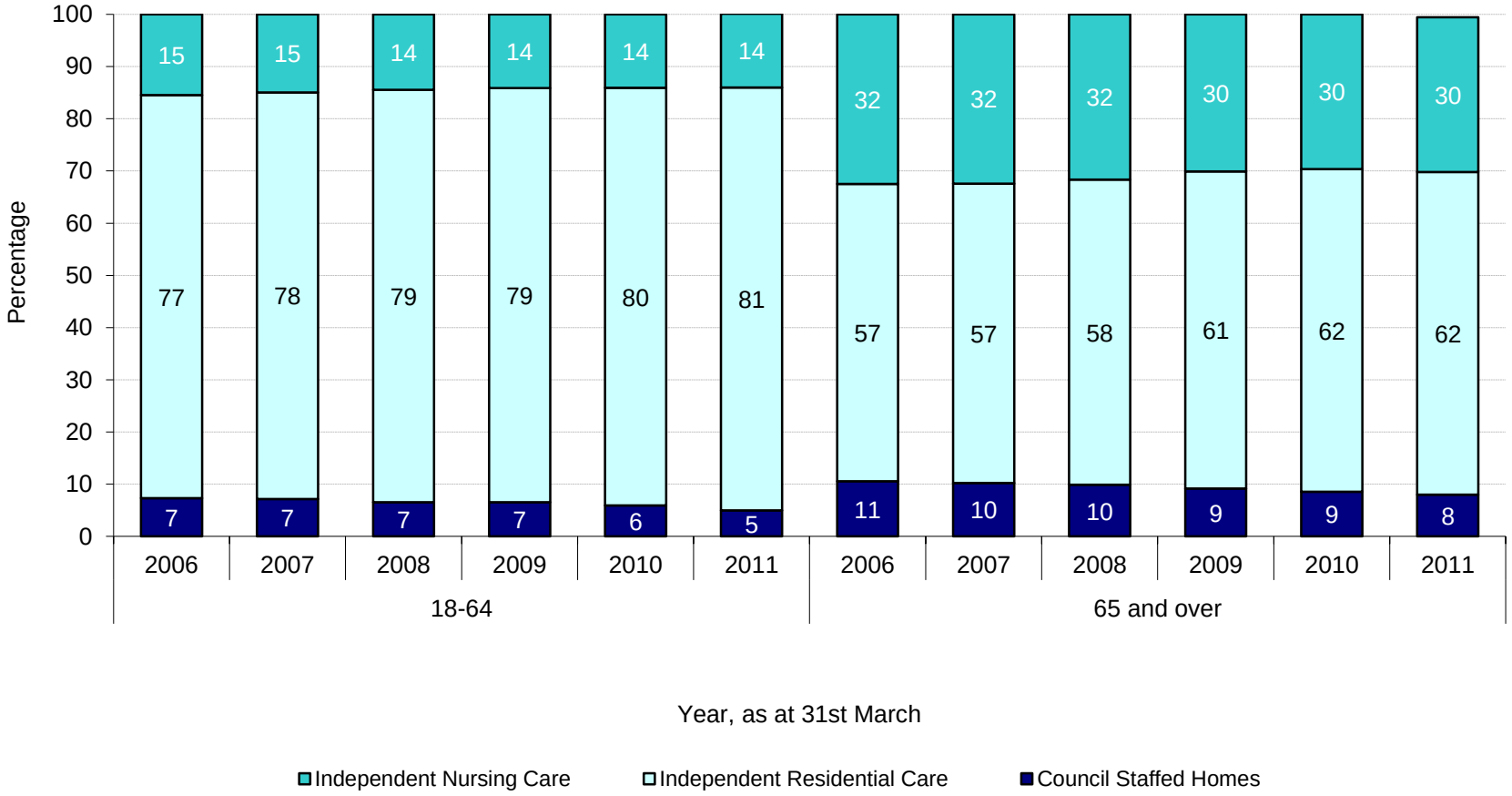
Percentage of contact hours of home care provided during the year, by sector, from 2005-06 to 2010-11 (England)

(Source: Community care Statistics 2010-11: Social Services Activity Report , England)



Percentage of Supported Residents aged 18-64 and 65 and over by type of registered accommodation from 2006 to 2011

(Source: Community care Statistics 2010-11: Social Services Activity Report , England)



Why is provider motivation important in the commissioning context?

- Specific nature of social care services
- Quality of care services provided
- Nature of provider-commissioner relationships
- Development of local care markets and incentives structures

- Commissioner-provider relationships: empirical evidence
  - limited involvement of the independent sector providers in planning of services
  - lack of trust and understanding between commissioners and providers
  - insufficient information sharing
  - short-term contracting arrangements
  - independent sector providers perceived as mainly profit-driven

Motivations and commissioning: conceptual framework

- Expressed motivations – providers' own subjective accounts of their motives for running care home services
- Perceived motivations – commissioners' views and interpretations of those same providers' motivations
- Associations between providers' perceived motivations and the nature of their relationship with commissioners
- Perceived motivations and contractual arrangements

➢ Semi-structured interviews with commissioners and providers in eight local authorities

Motivations of care home providers: commissioners' views

- Perceived vs. expressed motivations:

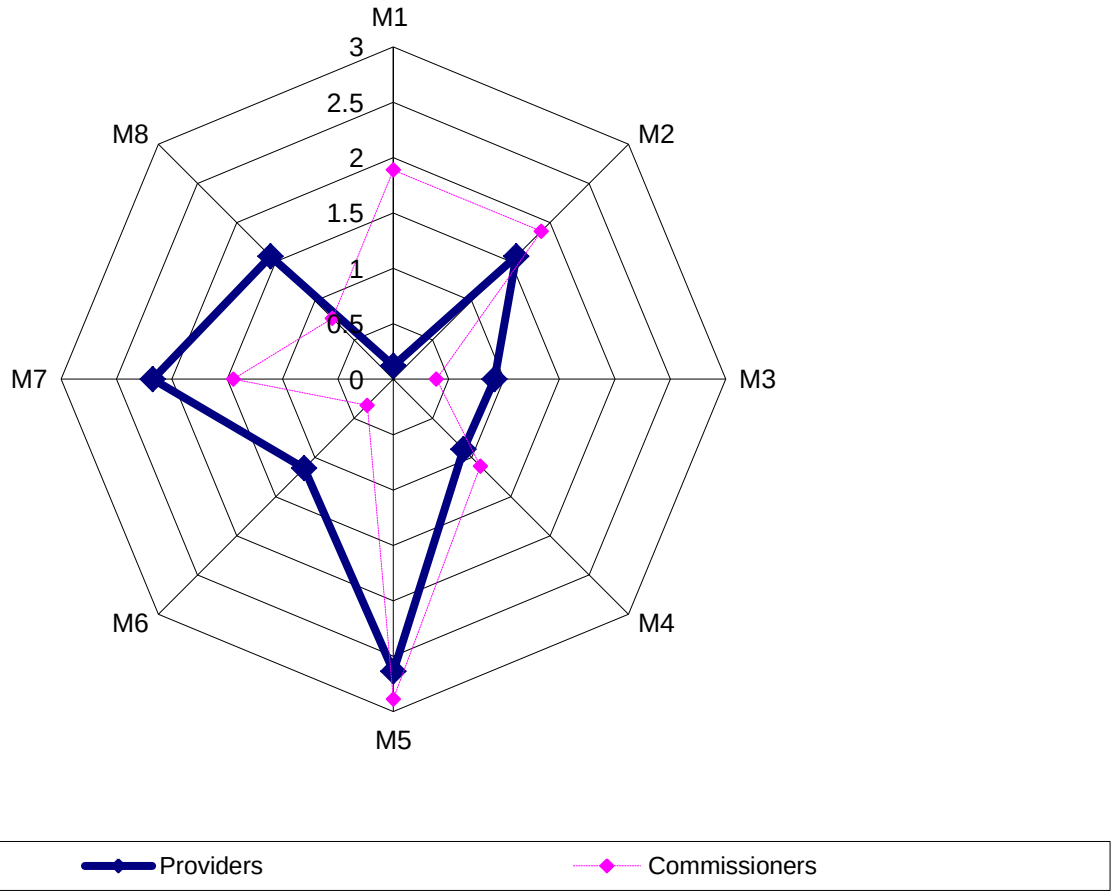
➢ Role of profit maximising (commissioners' attached greater significance to this motive than providers themselves)

➢ Independence and autonomy (independence in running a home more important to providers than commissioners assumed)

➢ Development of skills and expertise (providers put greater emphasis on developing skills than perceived by commissioners)

Similarities between providers and commissioners perspectives

M1 – Profit maximising
M2 – Personal income
M3 – Duty to all
M4 – Duty to particular group
M5 – Meeting the needs of older people
M6 – Independence and autonomy
M7 – Professional accomplishment
M8 – Developing skills



- Perceived motivations and relationships

- negative correlation between profit and quality of relationships
- negative correlation between meeting the needs and quality of relationships
- no evidence of significant associations between perceived motivations and contractual arrangements

- Findings provide evidence for

  - improving commissioner-provider relationships based on mutual trust and understanding

  - developing robust policies that would take into account providers motivational profiles

  - devising incentive structures for providers to nurture and encourage development caring and professional motivations

Future challenges for LTC

- Creating long-term care systems that are fair, simple, and affordable
- Integration of health and social care services and working with wider services
- Informal care
- Extending personalisation through user choice and self-directed care
- Making public aware of the long-term care availability and the potential costs of LTC services