

## Ensuring quality long-term care for older people

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### Introduction

Demand for long-term care for older people is set to rise steeply in OECD countries as the baby-boom generation reaches old age. But can they be sure of receiving quality care at a price they can afford? People in need of long-term care increasingly demand high-quality care, and differences in the quality and availability of such services across OECD countries show some are not getting it. How can governments in OECD countries respond to the growing demand for these services? What do they need to do to improve access to long-term care, improve quality of services and make care affordable?

Among the questions governments need to address is whether older people who need help with basic activities of mobility and self-care (such as moving around, bathing, dressing, eating and housework), should be supported in their own homes or moved to special accommodation. How can they improve the mix of services and policies to enable a larger number of older persons to stay in their homes? In either case, who should provide – or pay for – the care needed? One thing is clear – as the number of frail older people increases, OECD countries will have to set aside more money for long-term care through a combination of public and private sources.

The OECD has examined how long-term care systems in nineteen countries have adapted to the need for change. This Policy Brief summarises the lessons learnt from countries that have undertaken major reforms to long-term care services over the past decade. It analyses the level and structure of expenditure, based on new data and evidence on cross-country differences, and the crucial question, who will pay for these care services? It also looks at their experiences with programmes that provide a choice of care options, including cash to family carers. ■

### How much does long-term care cost?

Overall, people are living longer and healthier lives. But the cost of elderly care has a major impact on budgets. This usually comes on top of the care provided voluntarily by family members or friends, who still provide the bulk of support for older people living at home. Several countries have made decisive progress over the past decade in overcoming fragmentation of service delivery and financing across public programmes, regions, or groups of the population. Although in most countries the main source of public financing is taxation, several countries including Germany, Japan, Luxembourg and the Netherlands have now opted for a social-insurance-type solution for funding long-term care. In other countries including Hungary, Korea and Mexico, public funding for long-term care is still relatively low, often being restricted to a limited amount of care provided in institutions.

Total expenditure on long-term care in OECD countries ranges from around 0.2% to 3% of gross domestic product (GDP), although most countries spend less than 1.5% of GDP. Only Norway and Sweden spend more than 2% – they have the highest share of persons aged 80 and over in the OECD, and they offer comprehensive publicly funded services to those in need of intensive care, particularly in nursing homes, but also in home care. Nonetheless, even in these two countries, the majority of “light” care is provided by other family members.

Differences in spending levels for long-term care services are mainly determined by how extensive the provision of public services is. The quality of care also plays an important role in determining expenditure ratios. Nursing homes differ widely between (and within) countries in how many people share a room and the amenities available, for example. This is why the share of older people in the population on its own only accounts for a little more than half of the variation in cross-country differences in long-term care spending/GDP rates. For the future, however, when the number of very old persons in the population will increase steeply, more resources for long-term care will be needed from public and private sources. ■

### No place like home?

Providing the support which enables older persons with care needs to stay at home as long as possible can help greatly to improve their situation, and it is what most want. What is more, supporting an older person in their own home generally costs less than keeping them in a nursing home or other residential care. A key factor in achieving this is to have a broad range of support services available, including respite care, which gives informal carers “time off”, together with professional guidance to families.

Home care now accounts for more than 30% of public resources spent on long-term care in many OECD countries. As a result, more older people who depend on care can now remain in their own homes. Enabling dependent older people to stay in their own homes is not only a question of increased

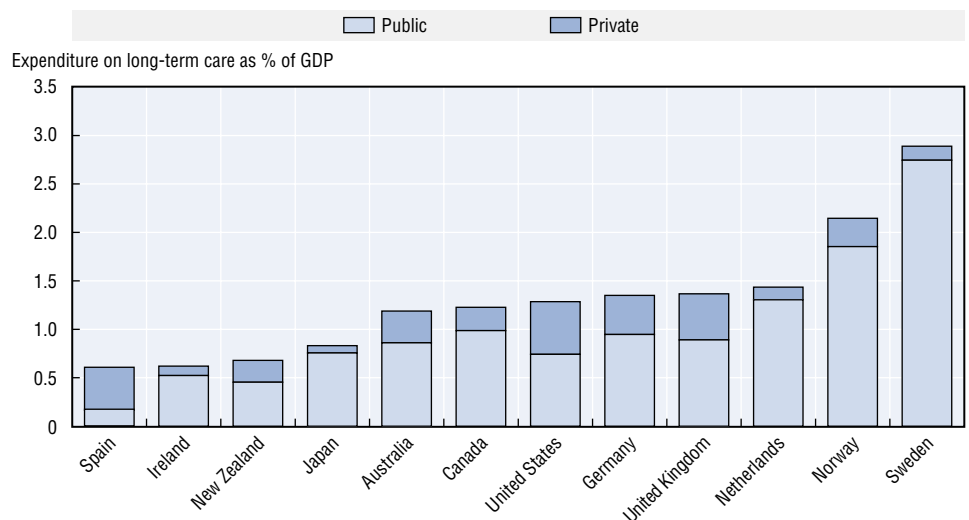
public spending. It has also been made easier because even when one person needs care, his or her spouse is increasingly likely to remain healthier longer. Also, today’s pensioners have higher incomes than previous groups and can afford to pay more for their own care, and housing standards have risen.

In addition to progress with expansion of services such as respite care in a number of countries, there have been other initiatives to support informal carers. These include granting pension credits for time spent on caring, and payments to carers to compensate for loss of earnings. These policies, however, raise the question of the long-run consequences of providing incentives for carers to leave the labour market to provide care, particularly as many of them are women, and it may be extremely problematic for them to get back into the job market afterwards.

Long-term care policies face numerous challenges where they overlap with other health and social services, as well as with informal care provided at home by family and friends. Problems in co-ordinating acute health care, rehabilitation and long-term care, for example, can lead to unsatisfactory outcomes for patients and can also result in inefficient use of both healthcare and long-term care resources.

Policies to improve co-ordination have been put in place in many countries through a range of measures, including national strategic frameworks. Such co-ordination is often implemented by multidisciplinary care assessment teams, which provide advice to households and consumers about the available care alternatives and what might be the best choice individually. Some countries have integrated funding structures at the local level across

**Figure 1.**  
**PUBLIC AND PRIVATE SPENDING ON LONG-TERM CARE, 2000**



health and long-term care, and others have implemented explicit case-management, but the evidence on the cost-efficiency of such initiatives is mixed. ■

### Is consumer choice a viable strategy?

Governments have tried various ways over the past 10 years to allow dependent persons receiving care at home – and their families – more choice among care options. Often this involves providing cash to pay for care. These benefits come in various ways: personal budgets to employ professional care assistants, direct payments to the person needing care without constraints on how it is used, or as direct payments to informal care givers in the form of income support.

With personal budgets, or so-called “consumer-directed employment of care assistants”, older persons can employ a personal attendant, frequently with the option that this person can be a relative. Income support payments to informal care-givers have been designed for the dual purpose of increasing flexibility and mobilising, or at least maintaining, a broader carer potential that enables older persons to stay longer in the community and reduces the need for expensive institutional care.

Often these programmes are still experimental, covering only a small part of the population. But in Austria and Germany, a large part of the public scheme to provide for publicly funded long-term care is built around these concepts. These initiatives enable more people with care needs to stay at home as long as possible, by mobilising or sustaining the contribution from informal care. Consumer choice can improve the self-determination and satisfaction of older persons and increase the degree of independent living, even in cases of dependency on long-term care. In general, these programmes are appreciated by older people because they give people greater control over their own lives.

Surveys have shown that greater choice and consumer direction can contribute to better quality of life at similar cost compared with traditional services, provided these programmes are well targeted to the persons most in need. Again, it is essential that sufficient additional services to support care givers are available, such as respite care and counselling. But providing enough funding to pay for all care needs is expensive, and most countries have confined such payments to selected groups in the population. ■

### What can be done to improve the quality of services?

Quality of long-term care services varies widely both between and within countries. Consequently, quality of services often does not meet the expectations of the public, the users of services and their families. Examples of inadequate care in institutional and community settings are numerous. These include inadequate housing, poor social relationships and lack of

privacy in nursing homes. Other shortcomings are inadequate treatment of chronic pain and depression, bedsores or the inappropriate use of chemical or physical restraints.

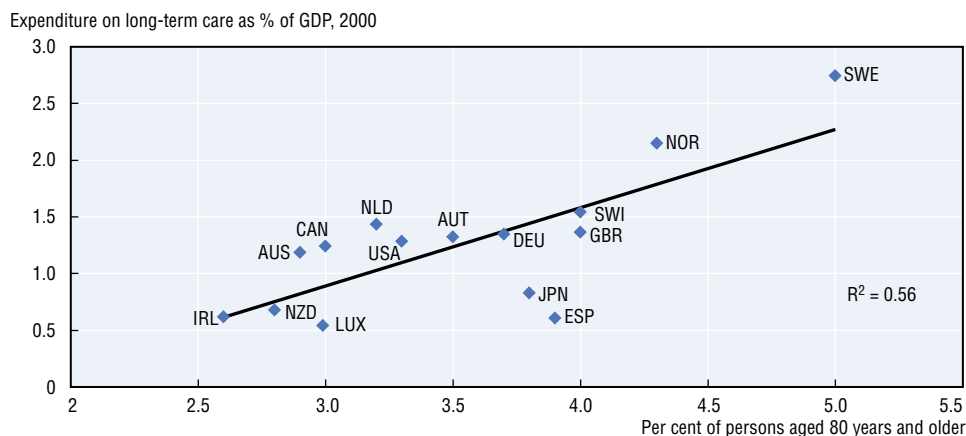
Policies to bring quality in long-term care up to expectations include increasing public spending and initiatives for better regulation of long-term care services, such as by establishing quality assessment and monitoring of continuous improvement. Governments in many countries are now taking a more active role in this respect. But long-term care still lags behind acute health care when it comes to measurement and quality improvement strategies. To improve the situation, more investment is needed in instruments to measure the level of quality of care. Improvement in outcomes and not just infrastructure should be the basis for setting standards of quality.

There is also the case for making information on the quality of care and the prevalence of adverse outcomes more open and accessible to the public on a regular basis. Publicly available information on quality assessment at the level of the provider could lead to improved consumer protection and create a climate of competition for quality, in particular when combined with greater choice on the part of consumers.

Countries differ widely in the privacy and amenities available to residents in nursing homes. The number of persons residing in single or double rooms rather than multi-bed wards, for example, can range from less than a quarter to almost 100%. Improving the situation in those countries where many people have to share larger rooms, will require substantial investment in new buildings, and this will drive up future costs.

Staffing is another issue that governments will need to address for the coming years. It is unlikely that better quality care will be sustainable in the

**Figure 2.**  
CORRELATION BETWEEN LONG-TERM CARE SPENDING AND AGEING IS WEAK, SUGGESTING OTHER FACTORS PLAY AN IMPORTANT ROLE



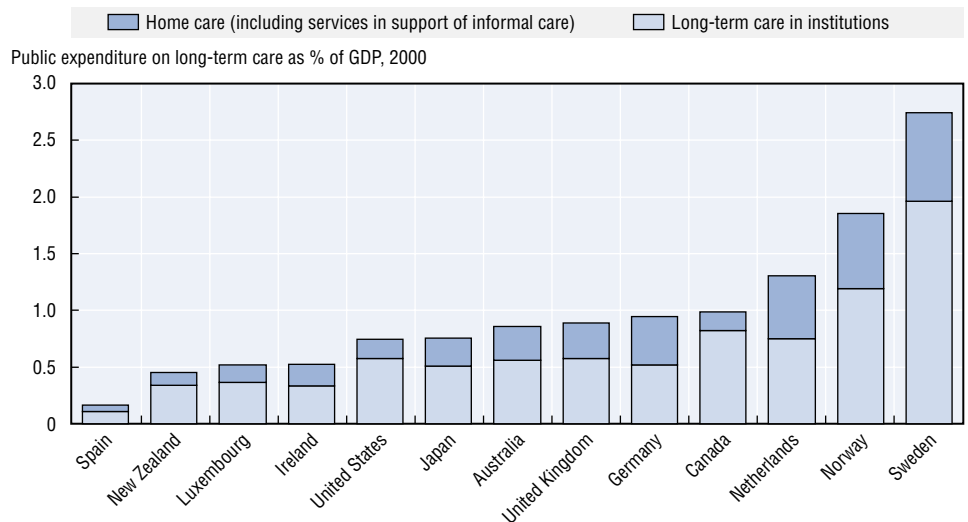
future with current staffing levels in long-term care. A survey of 19 OECD countries found that staff shortages and staff qualifications are the number one concern of long-term care policy makers. It is therefore important to address the issue of staff shortages now in order to avoid a further worsening of the situation in the future. In some countries, this problem is aggravated by staff shortages across health and social services as a result of reduced work hours. Difficult working conditions can also generate high turn-over of nursing staff, and early retirement from the profession. Improved working conditions and better pay may be needed in many cases, if qualified jobs in the care sector are to remain competitive with alternative jobs in acute health care. ■

**How to make long-term care sustainable?**

The large variations in the public coverage of long-term care costs among the OECD countries reflect variations in choice among countries in the way long-term care is financed and provided. And even in countries with relatively comprehensive coverage, spending on long-term care is currently only around 10 to 20% of total spending on health and long-term care together. There is currently no evidence that long-term care expenditure has grown faster than spending on acute health care after the initial introduction of long-term care programmes. High private cost-sharing and informal care provision have helped contain costs in the past. Private cost-sharing for care in nursing homes can be significant, amounting to 30% or more of total spending in several countries. Some countries require those who own their own homes to use their equity in those homes to finance their care.

For countries which consider moving from a fragmented and incomplete set of public and private long-term care services to a more comprehensive system, there are several lessons from the reform experiences analysed by

**Figure 3.**  
**HOME CARE HAS BECOME AN IMPORTANT COMPONENT OF PUBLICLY FUNDED LONG-TERM CARE**



the OECD. First, universal systems with population-wide access to long-term care can prevent catastrophically high personal costs for people who become dependent. As a result, the need for social assistance programmes to cover private funding gaps has been greatly reduced. However, such systems require costly contributions and extend benefits to those who could finance their own care.

Public costs can be controlled by substantial private cost-sharing (usually targeted on those who can afford to make such contributions), confining public benefits to those with low means, withdrawing or limiting public support for those with only mild disabilities, and through public health strategies to prevent or delay the onset of disability in old age. Estimates of future cost increases under alternative scenarios suggest that the financial sustainability of mature long-term care systems critically depends on the success of these measures.

Pensioners are frequently required to contribute to funding long-term care, both by directly contributing to the public system, and in the form of substantial private cost-sharing, particularly since the elderly are currently getting more affluent as public and private pension systems mature. Supplementary private insurance could play a stronger role in the future to cover private cost-sharing. Private insurance on top of a basic universal public insurance could concentrate on risks that are easier to calculate and therefore to insure compared to full coverage of all care needs in old age. For example, such insurance could cover the cost of accommodation in intensive care homes where the public authorities assess such care is needed, with care costs themselves being covered by public insurance. ■

**For further  
information**

For more information on the OECD's work on long-term care policy for older people, please contact  
Manfred Huber, e-mail: [manfred.huber@oecd.org](mailto:manfred.huber@oecd.org); tel.: + 33 1 45 24 76 33. ■



### For further reading

**Long-Term Care Policies for Older People**, OECD, 2005 (forthcoming).

HUBER, M. (2005, forthcoming), **Estimating expenditure on long-term care**, OECD Health Technical Papers.

LUNDSGAARD, J. (2005, forthcoming), **Consumer direction and choice in long-term care for older persons. How can it help improve care outcomes, employment and fiscal sustainability?** OECD Health Working Papers, Paris.

**Towards High-Performing Health Systems: Policy Studies, OECD Health Project Series**, OECD, 2004, ISBN: 92-64-01555-8.

More information on long-term care policies is available at:  
[www.oecd.org/health/](http://www.oecd.org/health/)

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### Where to contact us?

#### OECD HEADQUARTERS

2, rue André-Pascal  
75775 PARIS Cedex 16  
Tel.: (33) 01 45 24 81 67  
Fax: (33) 01 45 24 19 50  
E-mail: [sales@oecd.org](mailto:sales@oecd.org)  
Internet: [www.oecd.org](http://www.oecd.org)

#### GERMANY

**OECD Berlin Centre**  
Schumannstrasse 10  
D-10117 BERLIN  
Tel.: (49-30) 288 8353  
Fax: (49-30) 288 83545  
E-mail:  
[berlin.contact@oecd.org](mailto:berlin.contact@oecd.org)  
Internet:  
[www.oecd.org/deutschland](http://www.oecd.org/deutschland)

#### JAPAN

**OECD Tokyo Centre**  
Nippon Press Center Bldg  
2-2-1 Uchisaiwaicho,  
Chiyoda-ku  
TOKYO 100-0011  
Tel.: (81-3) 5532 0021  
Fax: (81-3) 5532 0035  
E-mail: [center@oecdtokyo.org](mailto:center@oecdtokyo.org)  
Internet: [www.oecdtokyo.org](http://www.oecdtokyo.org)

#### MEXICO

**OECD Mexico Centre**  
Av. Presidente Mazaryk 526  
Colonia: Polanco  
C.P. 11560 MEXICO, D.F.  
Tel.: (00.52.55) 9138 6233  
Fax: (00.52.55) 5280 0480  
E-mail:  
[mexico.contact@oecd.org](mailto:mexico.contact@oecd.org)  
Internet:  
[www.rtn.net.mx/ocde](http://www.rtn.net.mx/ocde)

#### UNITED STATES

**OECD Washington Center**  
2001 L Street N.W., Suite 650  
WASHINGTON DC. 20036-4922  
Tel.: (1-202) 785 6323  
Fax: (1-202) 785 0350  
E-mail:  
[washington.contact@oecd.org](mailto:washington.contact@oecd.org)  
Internet: [www.oecdwash.org](http://www.oecdwash.org)  
Toll free: (1-800) 456 6323

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