Innovative Financing in an era of Population Ageing

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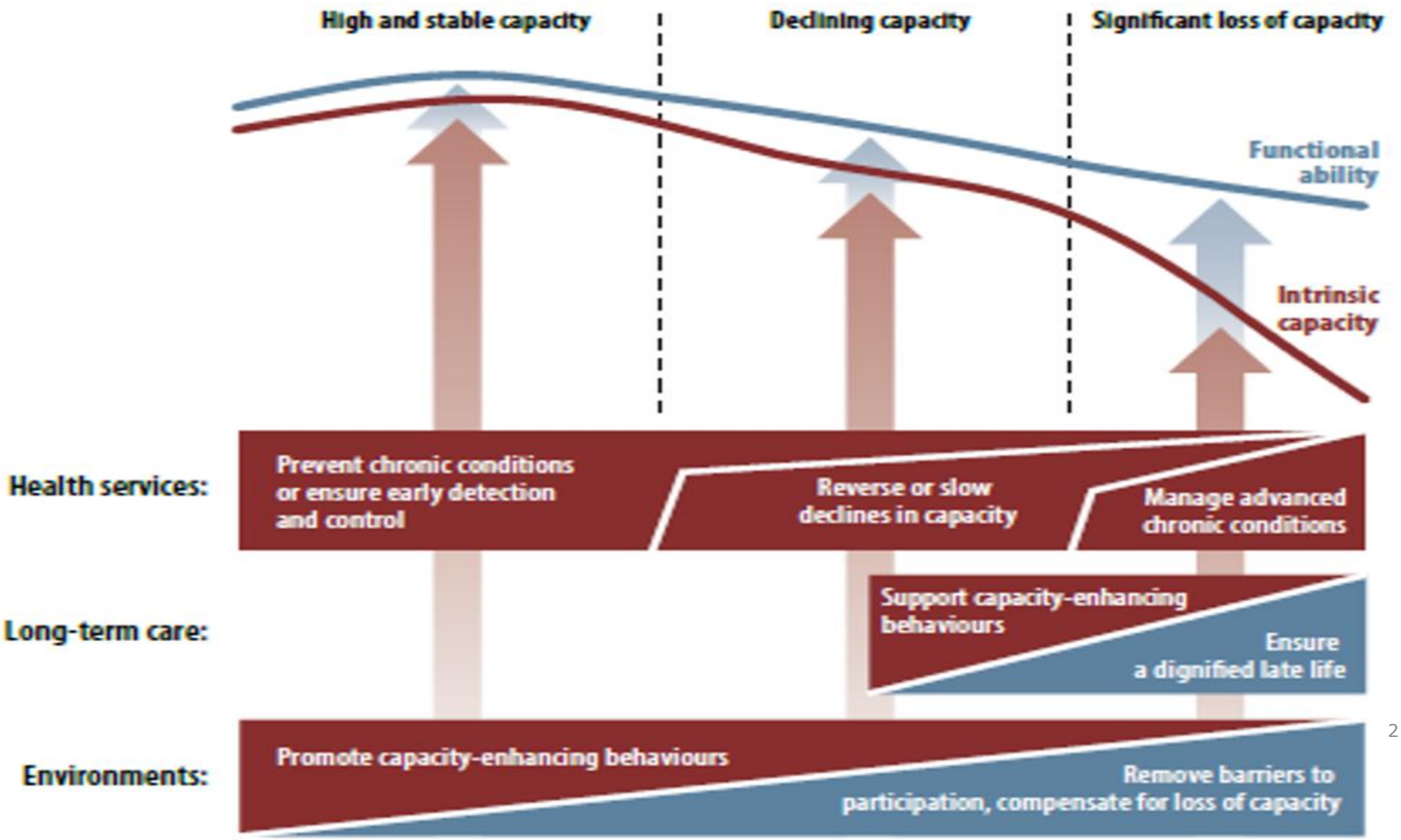
Ageing and Health (WHO, 2015)



Long-term Care (LTC)

"a range of services required by persons with a reduced degree of functional capacity, physical or cognitive, and who are dependent for a prolonged period of time on help with basic activities of daily living (ADL) such as bathing, dressing, toileting, eating, etc.

This personal care is also combined with basic medical services, nursing care, prevention rehabilitation, or palliative care.

Also, LTC services can be provided with help with instrumental activities of daily living (IADL) such as cleaning, preparing meals, shopping, etc."
(OECD, 2005, *Long-term care for older people)*

1. Context: Demand for Long-term Care (LTC)

Population ageing and trend

Health, functional capacity or disability of older people

Financial capacity (capacity to pay) of older people:
pension, savings, labor participation

Family structure, living alone

Attitude toward care giving (for older people)

Informal care giving and gender issues

2. Need for LTC Financing

Market for private LTC insurance may be small

Lack of LTC could result in more costly social admissions in hospitals

Informal care (e.g., family caregiving)

- Reduce labor participation (especially women)

- Deteriorate well-being for both caretakers and caregivers: quality of unpaid/informal care is questionable

3. Design of LTC Financing

Resource generation, Pooling, Purchasing

Resources: Mainly **public funding** (tax or mandatory insurance contribution, e.g., long-term care insurance (LTCI))

Pros and cons of different financing options
- Extend health insurance benefits to cover some LTC
- Allocate new budget for LTC
- Mix: e.g., HI for institutional care, Budget for home-based care

3. Design of LTC Financing (continued)

Targeting: severity, income, age, etc.
- Different from health care

Assessment of NEED (functional status) and/or
MEANS (e.g., income)

Service/Benefit packages
- Range of services: institutions, home, respite -> Priority?
- Types: in-kind services, vouchers, cash benefits
- Block grants to service providers
- Purchase of specific services

Path Dependency

Similarity between health care and LTC financing

e.g., Tax-based financing for HC and LTC
in Sweden, Australia, New Zealand, UK

e.g., Same insurer for HC and LTC: save administrative costs
-> Sickness funds in Germany, NHIS in Korea, Local governments in Japan

Difference: generosity of benefits, eligibility
-> targeting (income, need) or high copayment in LTC financing

4. Governance

Roles and responsibilities of **MoH, MoSW**, MOF, local governments, etc. -> key challenges in Asia

Centralization vs. decentralization:
role of social welfare services of local governments

LTC financing **separate** from H financing or not
- Foreclose the spillovers of medicalization (i.e., dominant role of physicians)?

Coordination between Health care and LTC

Continuum of care
- for Ageing in place and Healthy ageing
- Digital technology can contribute to Person-centered Interconnected Universal Health Coverage (UHC)

- How can coordination work among different interest groups? e.g., GPs, specialists, hospitals, LTC facilities, home-based LTC providers, social service providers etc.

-> Political economy, need for a key role of primary care

5. Performance of LTC Financing

Coverage and Financial Protection:
LTC services coverage, Number (%) of people covered, Catastrophic LTC expenditure, *Unmet need*

Expenditure: Total LTC expenditure (% of GDP), Financial sustainability (of LTC financing system)

Quality: Health status, *Quality of life, Burden on family, Person-centeredness*, Coordination of HC and LTC

Equity: Equity in payment, utilization, and outcomes