



Affordable and Adequate Social Protection for Long-Term Care Needs

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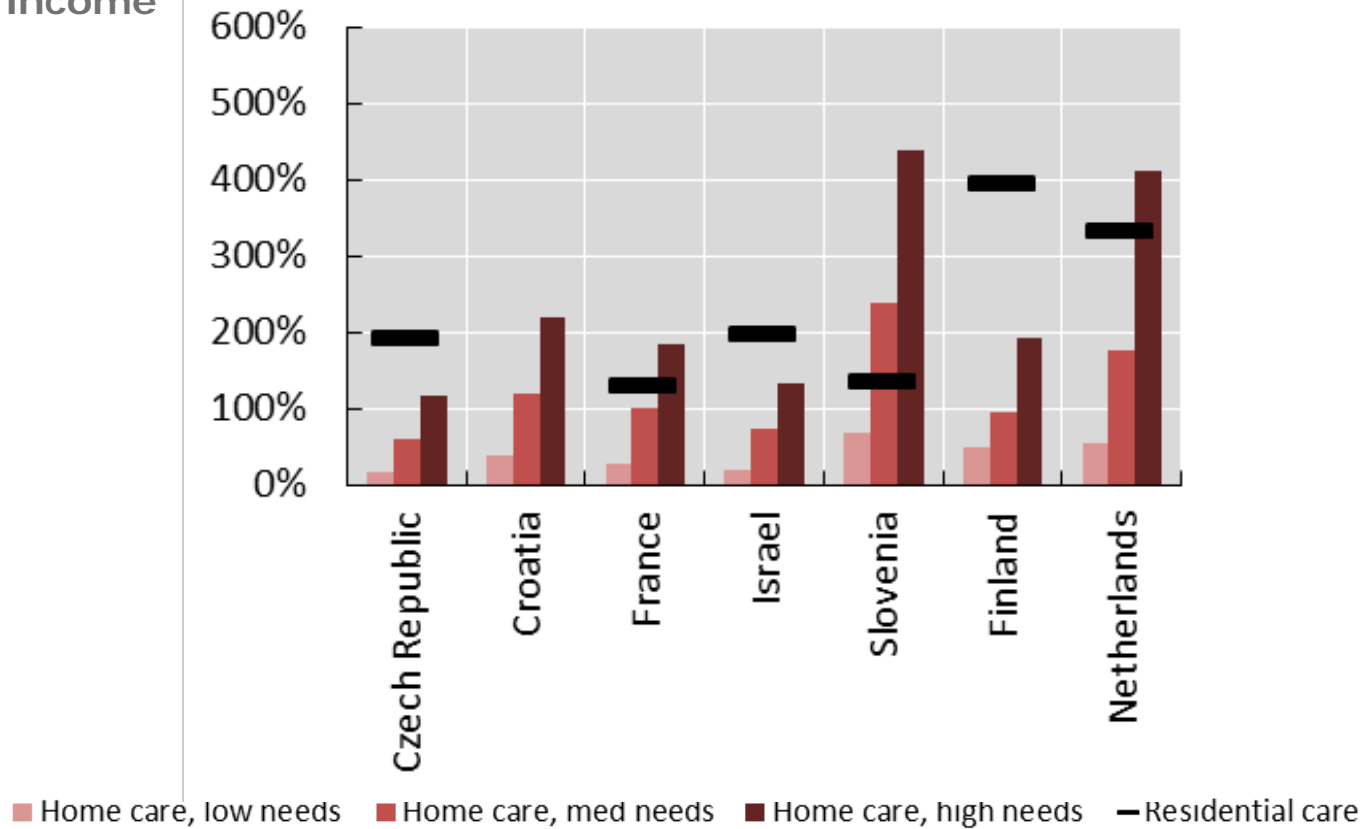
DG Employment, Social Affairs and Inclusion

The costs of care

- Physical and mental health impairments associated with old age result in care needs
- If purchased, the required care services could largely exceed most people's income

Joint project with the OECD: the total costs of long-term care

Cost of care as a proportion of disposable income for older people on median income

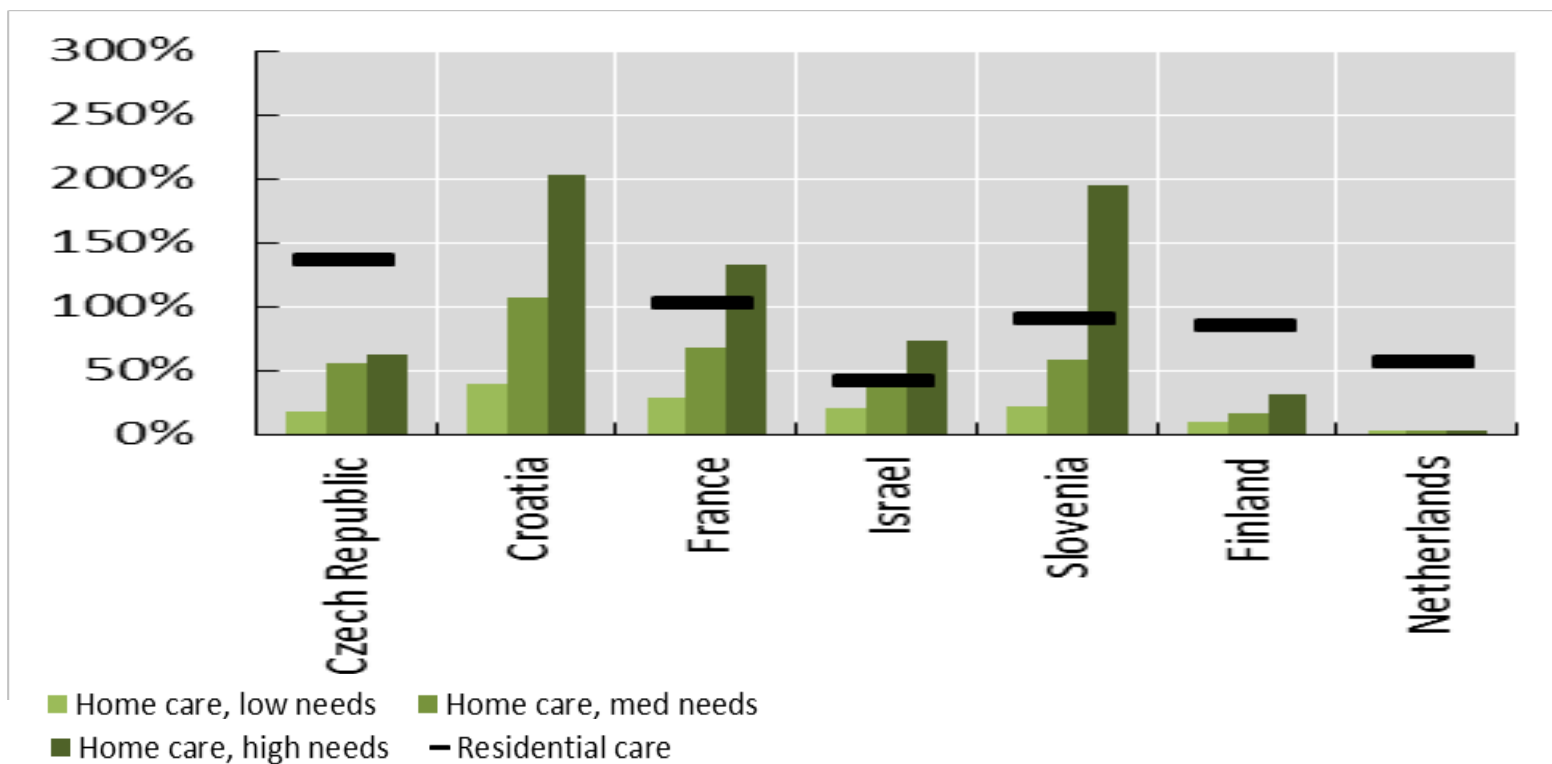


Long-term care needs – a risk calling for social protection

- Long-term care needs comparable to health care needs:
 - **Without social protection, people may not get the care they need**
 - **Or they get the care and they (and their families) become poor as a result of having to pay for it**
- Yet, social protection against long-term care needs is not nearly as comprehensive as health care coverage

Joint project with the OECD: Out-of-pocket costs relative to income

After social protection, costs as a proportion of median income

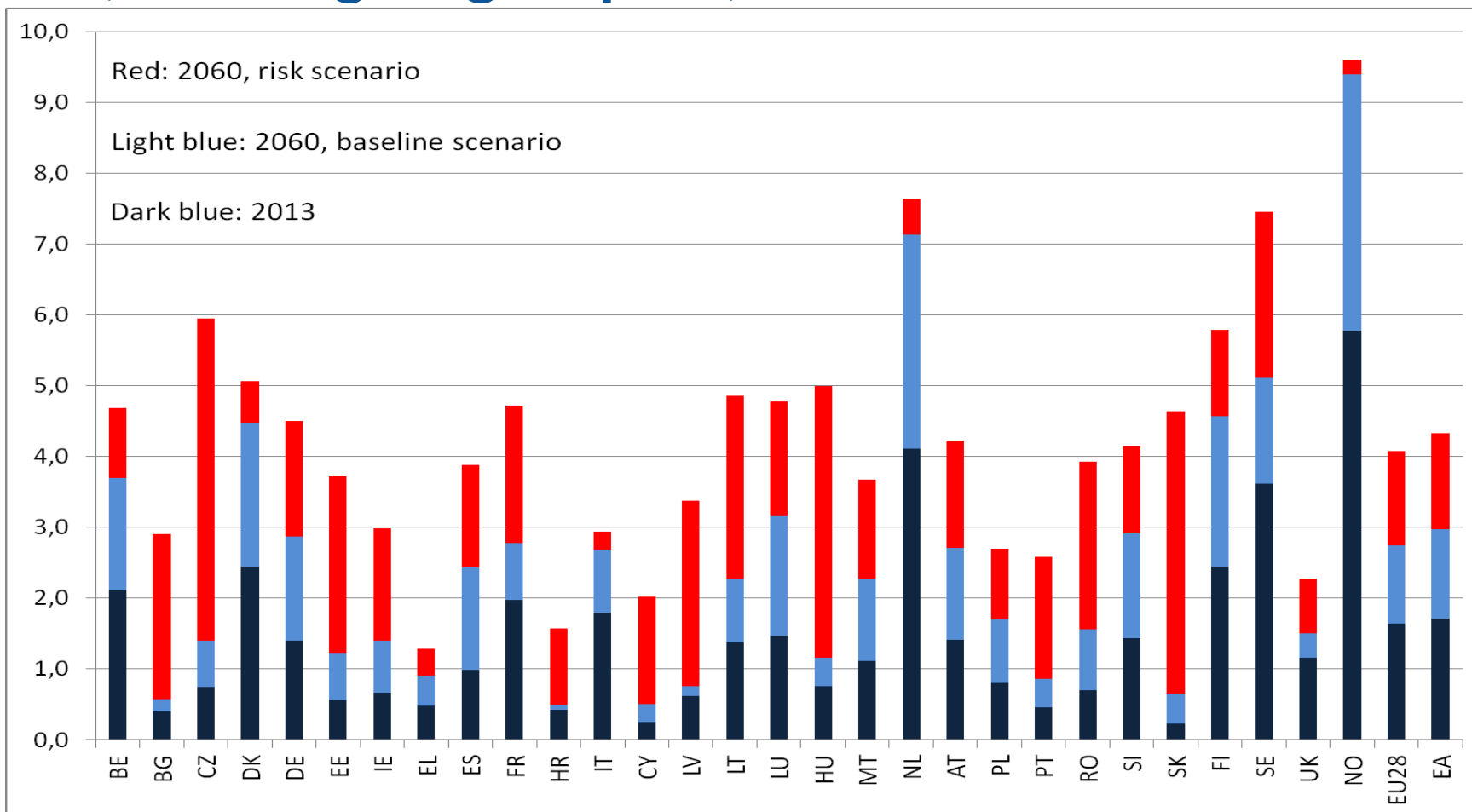


Huge differences in social protection against LTC needs



- Public spending on long-term care (benefits in cash and in kind) ranges from 0.3% of GDP (Cyprus) to just over 4% of GDP (Netherlands)
- Significant increase expected
 - **Due to rapid growth of the population 80+**
 - **Possibly pressure for more public provision ('risk scenario')**
- Regarded as a threat to the sustainability of public finances

Long-term care spending as % of GDP (2015 Ageing Report)





“ Social protection mechanisms should be efficient and adequate at all stages of a person's life.”

**European Commission
2015 Annual Growth Survey (28 November 2014)**

What social protection against LTC needs would be adequate?

- LTC clearly a major social risk. Costs can be higher than for health care
- Yet, no common understanding across the EU on what would constitute adequate social protection. Few universal systems, benefits often means-tested, strong reliance on families and informal carers, quality issues
- State typically only intervenes when families fail
- Would adequate social protection have to be like for health care needs?
- Or should social protection against LTC needs rely heavily on informal carers and require large co-payments?



Parameters for defining adequate social protection

- **What is the right model for social protection against LTC needs?** *Respective roles of individuals (as potential users of LTC), families and the state*
- **Even if we don't make families responsible for LTC, how can we best integrate those who want to take care of relatives into the provision of LTC?** *Important not to discourage or penalise informal carers*
- **To what extent should we expect individuals to use their own income and assets to pay for LTC?** *Need to protect partners, but heirs?*
- **Which services and in which quality should be guaranteed?** *Regardless of who (individuals, families, state) has the primary responsibility for LTC*

Need for more resources inevitable

Adequate social protection
for long-term care needs
in an ageing society

Report jointly prepared by the
Social Protection Committee
and the European Commission



- 2014 Joint Report of SPC/EC on *Adequate social protection for long-term care needs in an ageing society* warns of widening gap between long-term care needs and supply (formal and informal care)
- The report examines how the gap can be closed, focussing particularly on the needs side

From reactive to proactive strategies

- Preventing people from becoming dependent
- Early detection of frailty
- Strengthening rehabilitation and re-enablement
- Promote independent living through age-friendly environments and use of technology
- Raise the efficiency of care services
- Better integrate health and social care services
- Enhance the support to informal carers and sustain the LTC workforce

Addressing the lack of evidence

- Lack of comparable data allowing for assessment across Europe
 - LTC needs
 - Extent of social protection
 - Social, employment and economic impact of LTC needs
 - Quality of LTC
 - Cost-effectiveness of different approaches to LTC needs
- Impossible to develop common indicators at this stage
- Work on better evidence in progress
 - Joint project with OECD on typical cases
 - Improvements in EU surveys
 - Specific research, notably on cost-effectiveness



To sum up...

- An EU-wide debate on what social protection against LTC needs is adequate has been launched and was overdue
- Member States will remain responsible for this policy area...
- ... but their policies come under scrutiny at the EU level, notably in the context of EU policy coordination and economic governance ('European Semester')
- Major efforts are necessary to improve the evidence base for policy monitoring and for mutual learning
- A proactive approach to prevent a widening gap between LTC needs and supply requires innovation (hence the European Innovation Partnership for Active and Healthy Ageing)...
- ... and thorough evaluations of what works and is cost-effective