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## Long-term care in France: the loose connection between pricing, costs and quality with regional inequalities

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### Context

*Lack of information on actual costs and care quality of LTC providers hinders the capacity for improving the quality and efficiency of care provision in the health and LTC sectors.*

Older people with long-term care (LTC) needs often require interventions of many actors in the medical and social care fields. In France, the increasing number of older people with LTC needs creates new challenges for the health system. High quality, accessible LTC services are essential for strengthening the quality and efficiency of the health system.

The French LTC sector is complex with multiple funders and care providers managed by different levels of government. Both in health and LTC sectors, patients have a large number of providers that they can choose freely. While the Statutory Health Insurance (SHI) system allows a unified and relatively good public coverage of medical LTC needs, the resources and funding of the personal and social LTC services vary depending on the local authority. This has resulted in large differences across French *départements* in prices of personal LTC services and out-of-pocket payments faced by the recipients. Prices and payment mechanisms used for funding providers vary also for medical and personal LTC services. Regardless, none of the payment mechanisms consider the quality of service providers. Lack of information on actual costs and care quality of LTC providers hinders the capacity for improving the quality and efficiency of care provision in the health and LTC sector.

## Key findings

- The main funding source for personal and social LTC services is the national allowance programme (*Allocation personnalisée d'autonomie, APA*), which is a cash-for-care scheme managed and mostly financed by the local authorities. APA is paid to any person 60 years or over who needs assistance to accomplish everyday activities. The allowance can be allocated for care at home care or in residential institutions, and the amount depends on the level of dependency measured by a national scale.
- Price setting for LTC services is complex and often poorly documented especially in the social care sector. Different local authorities use different reference prices for personal and social care without justifying or explaining how they are set. The funding mechanism via APA makes prices vary for the same service within and among local authorities.
- Residential care facilities for older people, both public and private, are paid through a three-part tariff: a medical care package paid by the SHI, a LTC (or dependency) bundle paid by the local authorities and an accommodation fee paid by the residents.
- Medical LTC services are funded by SHI from different envelopes defined at the national level and distributed by different rules. Personal and social LTC services are funded and managed by the local authorities, which have different levels of wealth and LTC policies. While the costs of medical LTC services are covered well by SHI, the cost of personal/social care services faced by older people and families could be quite high depending on where they live. Prices used for paying nursing homes vary largely within and among local authorities and appear to be mostly disconnected from the actual costs of care for providers.
- The fact that the prices used are mostly disconnected from the actual costs of care compromises care quality. In nursing homes, the main margin for balancing their budget is increasing the accommodation fees, which are paid entirely by the patients. The average out-of-pocket costs for residents are around €1850, which exceeds the monthly income of three out of four residents.

## Best practices

*Financing mechanisms and the rules for reallocating public finances have been gradually reformed to improve the equity in LTC funding across regions.*

- **Linking funding with care needs.** Financing mechanisms and the rules for reallocating public finances have been gradually reformed to improve the equity in LTC funding across regions. In 2004, the National Solidarity Fund for Autonomy (*Caisse nationale de solidarité pour l'autonomie*, CNSA) was created to finance a common LTC policy for older and disabled people. Today, a part of LTC funding is provided via a national formula that considers the patient case-mix in LTC facilities and local care needs.
- **Shift from institutional to home care.** The number of LTC beds in hospitals have declined significantly over the past decades, with a desire to favor care as much as possible in people's own households and to shift LTC beds to medical nursing homes better adapted to older people's needs.
- **Promoting quality.** The recent public health crisis due to the COVID-19 pandemic raised questions about the adequacy of funding for LTC in nursing homes and brought to light the increasing difficulty of recruitment in the LTC sector because of poor working conditions and low wages. It also showed the impact of weak LTC provision on the hospital sector. COVID-19 also highlighted the urgency of improving the quality in residential nursing homes, as well as improving the coordination at the local level among LTC providers in different settings.
- **Evolution of governance in LTC.** The government recognized ageing as a new risk and established a new autonomous branch for social insurance by law on August 7, 2020. This law shifts the responsibility for national regulation and funding of medical LTC from SHI to CNSA and increases the power of the CNSA in piloting LTC in France. However, this does not modify the structural weaknesses of the LTC funding in France nor does it reduce regional inequalities in financing.

## Lessons for other settings

- **Improving information on costs and quality of LTC services.** There is limited information on the cost and quality of different LTC providers (nursing homes or homecare services). In 2016, the government set up a website which allows viewers to compare the prices and out-of-pocket payments in residential nursing homes and in social residences, but there is no information on the quality of care. While local information platforms were recently set up to help users and health and social care professionals identify available services in their territory, it is essential to make information available and easy to assess and develop quality indicators, which reflect the experiences of LTC users and their families.
- **Linking prices to the quality of services.** While there has been a shift from using global budgets simply based on historical costs towards adjusting payments by the volume and case-mix of patients cared for, the care quality does not appear to be integrated into payment yet. Recently, two national agencies have developed a panel of quality indicators to use in the LTC sector in order to help the regional and local authorities to better monitor and negotiate the budgets with care providers. However, the indicators proposed relate mainly to overall activity (bed-occupancy, type of authorized places, turnover rate of residents, etc.), staff structure (staff turnover rates, absenteeism rate) and financial situation (debt ratio, etc.).
- **Strengthening home care and helping informal caregivers.** The 2015 Act on adapting society to an ageing population aimed to deal with the challenges of sustaining a high quality LTC sector. This Act had reinforced the provisions for LTC care at home and delaying nursing home stays as much as possible by increasing APA funding at home, and recognizing the role played by the informal family caregivers by supporting them legally and financially.

The WKC and the OECD have produced a report summarizing key findings from nine country case studies on "*Pricing long-term care for older persons*". The cases represent a range of health care systems and experiences in organizing and financing long-term care (LTC) for older persons. The report identifies best practices and policy lessons, which demonstrate the benefits of investing in quality LTC in the context of ageing populations. The summary report and case studies can be found here: [https://extranet.who.int/kobe\\_centre/en/project-details/pricesetting2](https://extranet.who.int/kobe_centre/en/project-details/pricesetting2)