



Increasing beneficiaries and the decline in informal care in the Spanish long-term care system for older persons

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Context

The public long-term care (LTC) system in Spain, known as System for Autonomy and Care for Dependency (*Sistema para la Autonomía y Atención a la Dependencia, SAAD*), was introduced in January 2007. The system is universal and financed mainly through taxes, with funds from the central (General State Administration, AGE) and regional governments (Autonomous Communities, ACs), and to a lesser extent through co-payments. LTC is coordinated within the Territorial Council of the SAAD – a cooperation body where the central government, the ACs and the local governments are represented – but managing the SAAD is a responsibility of the ACs.

Prior to this Act, care for older persons was provided through the basic social services of the ACs and municipalities, and through specific programmes for people with disabilities. These services met the LTC needs of the population only partially. The role of the public sector was secondary, provided only in cases where informal care was not possible or insufficient, and the level of support was linked to the economic capacity of the recipient. Furthermore, geographical differences widened because responsibilities for social services were decentralized to the ACs and municipalities.

Chronic underfunding of the system has been a major problem of the SAAD. The Great Recession hit Spain particularly hard in 2008, causing important budget cuts just after the implementation of the SAAD. The subsequent benefit and coverage adjustments in the SAAD resulted in long waiting lists for those who had been formally recognized as dependants (and were thus eligible for such benefits). About 20% of recognized dependants were still on a waiting list by the end of 2019.

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Key findings

- Since its inception, the number of beneficiaries has grown by a factor of five (from about 220,000 in 2008 to 1,100,000 in 2020), but spending on LTC over that period has been constant and relatively low (below 1% of GDP) compared to the OECD average of 1.5%.
- In 2018, contributions from the ACs and AGE covered 66% and 16% respectively of the total cost of the dependency system in Spain, with co-payments covering the remaining 18%. There are important differences across regions in these shares.
- The SAAD includes different types of services and financial benefits. The service benefits include prevention, tele-assistance, home care, day/night centres and residential care. There are cash benefits for informal care, personal assistance, and an allowance linked to the purchase of services.
- Eligibility depends on an assessment of the degree of dependency, evaluated on the basis of the Scale of Dependency. The scale measures limitations with various activities in daily living. There are three degrees of dependency: Degree I (Moderate Dependency), Degree II (Severe Dependency), and Degree III (High Dependency). Regions (ACs) are responsible for assessing the degree of dependency and benefit entitlement.
- There are three levels of protection in the SAAD. The basic level corresponds to a minimum guaranteed level of care entirely financed by the AGE and monthly support is low: €190 for high dependants, €85 for severe dependants and €47 for moderate dependants. The basic level is topped up and financed with matched contributions from the AGE and the ACs. The additional level is entirely financed with voluntary contribution from the ACs to provide additional protection.
- Spain had a lower share of LTC recipients at home and in institutions (8.6% and 2.2% of the people 65 years and older) in 2018 compared to other European OECD countries with a similar ageing structure such as Germany and Sweden (about 12-13% and 4%, respectively).
- Over the long term, rapid population ageing in Spain will put more pressure on the financial sustainability of the public LTC system and place pressure on the adequate provision of care for older persons.
- Differences in population ageing across Spanish regions are striking. These differences could exacerbate the current inequalities in the provision of LTC services and benefits across regions.

Best practices

- **Focus on extending coverage.** The Spanish public LTC system has taken significant steps in providing coverage and care for the recipient population. Despite the 2008 recession, there was a five-fold increase in beneficiaries.
- **Emphasis on reducing informal care.** In the past, financial benefits for informal care were over-used, even though informal care was foreseen as exceptional when the Dependency Act was passed in 2006. By December 2010, almost half of the awarded benefits (48%) were financial benefits for informal care. Recently, in-kind (service) benefits are prioritized over financial benefits for informal care. As a result, the share of cash benefits for informal care over the total benefits in the SAAD decreased to 34% by December 2016 and 30% by December 2019.

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Lessons for other settings

- **Guaranteeing sustainability through stable revenues.** Spain will rank among the oldest countries in the OECD by 2050. Over the next three decades, the share of people 65 years and older is projected to increase from 20.0% to 36.8% and the share of people 80 years and older is expected to more than double to 13.9%. Additional demand will put more pressure on the financial sustainability of the public LTC system and ensuring adequate care for older persons. Guaranteeing sufficient and stable revenues remains a major challenge. Dedicated financing channels for LTC may help to ensure stable revenues, relative to non-earmarked taxation.
- **Providing formal home care.** There is still great reliance on informal care that is mostly done by women. As female labour force participation continues to increase, it is expected that Spain will become increasingly reliant on formal care. It is important to incentivise formal LTC services, especially home care and community services. The latter may be more affordable than residential care services, are usually preferred by LTC users, and have been shown in Spain to reduce both hospital care admission and utilization - thus they represent a cost savings to the health care system.
- **Setting prices and promoting quality.** The ACs set reference prices which are used to determine cash benefits and co-payments. Prices for LTC services, however, do not adequately reflect differences in actual costs and quality across service providers, and are often static based on some prior value not systematically updated. Prices respond weakly to differences in quality across service providers. They also do not consider important outcomes related to the dependant's health status that directly affect the quality of care.

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