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Lessons learned for other settings

OECD countries are several decades ahead of low- and middle-income countries in investing in formal LTC. Formal LTC has been organized and financed because of the demand for health and social services appropriate to the needs of older persons and reduced availability of informal caregivers, particularly with reductions in birth rates and greater participation by women in the labour market. As such, experiences in these countries may inform the policy options for other settings. The continued evolution of policies and practices may help other countries that are considering their policy options and how to align LTC with overarching system goals, including access to needed services and financial protection. The importance of reducing pressure on the acute care hospital system may be particularly important where resources are scarce.

The study found that formal LTC was established with several aims, including ensuring access to needed care, providing financial protection, and offering a social safety net for older persons. The overall goals affect approaches in how LTC is organized and financed. Most countries in this study take a universal approach to LTC provision. Under a universal approach, the overall objectives are access to needed services and financial protection for beneficiaries, and these objectives may be reflected in eligibility criteria, financing and pricing systems. In settings where LTC operates as a social safety net, cost control may be reflected in the policies for eligibility criteria, means-testing, and reimbursement.

Most countries in this study have established dedicated LTC funding streams to meet the needs of older adults, whereas in Sweden and the USA, the health and social care needs of older persons are identified, delivered and financed within existing programs and institutions. The diversity of health and social care needs results in a wide range of providers, institutions and funding streams, and this can result in fragmentation.

Prices for health and social services for LTC tend to be set unilaterally or through collective negotiation, but this may not reduce price variation. In principle, both collective negotiations and unilateral price setting could have several key advantages, including reducing or eliminating price discrimination and promoting affordability. However, this relies on the level of administration, where subnational governments play an important role in price setting for personal and social care, substantial price variation within a country may result.

Allocative efficiency is a key element with implications for the incentives and financial risks faced by payers and providers. For example, the financial risks related to the provision of nursing home care can be more substantial than the risk for the provision of home care. This also has implications for the outcomes of the negotiations, not only in terms of prices and volumes but also quality of life for older persons who need care and their relatives and other informal caregivers.

The following lessons learned may be applicable to other settings.

Public investments in formal LTC are important as changes in demographics occur including population ageing and declines in the availability of family caregivers, many of whom are women. At the individual level, it is impossible to plan for how much money is needed to pay for LTC. Where the provision of social care (personal and assistance services) is not formalized, there is greater pressure on the health systems and acute care hospitals to meet these needs. This implies that underinvestment or inappropriate payments for LTC could be costly to the health sector. Low- and middle-income countries face increasing pressures to respond to chronic disease care and disability. The demand for LTC may be greater in settings where health investments in early life were relatively low, such as low-income settings.

Funding to LTC should be based on a secure reliable source that reduces any regional inequities in resources. A separate funding stream may help ensure that LTC funding is not diverted to other purposes, promotes transparency in management, and enables policies specific to the LTC sector to be implemented. However, the separation of funding for LTC and health care may pose problems in coordinating health and social care and reducing fiscal flexibility in meeting changing societal priorities.

Funding to LTC should be linked with need and the care provided. Objective needs assessments to determine eligibility and benefits increase equity in service provision, promote transparency, and ensure that people understand their right to care. Needs assessments should be systematically monitored and evaluated to determine whether they are enabling needed care.

Policy initiatives are needed to ensure the optimal allocation across services and coordination among different services and provision at different levels of government (i.e. municipal, regional and national). LTC is closely connected with other health and social services, particularly at the local level, and can lead to differences in prices and funding. Subnational governments in several countries play an important role in price setting for LTC for older persons, in particular, personal and social care, resulting in substantial price variation within a country.

Price adjustments and add-on payments can also be used to foster equity in access and fairness in payment to providers. Although experience is still limited, some efforts have been made to implement price adjustments and add-on payments to foster equity in access. Such payments can reduce price variations across regions and compensate for the additional costs of providing care by geographic variations and by variations in users' characteristics. Estimating the actual costs of care provision can usefully inform prices and reimbursement levels and assist to identify where price adjustments are needed.

Objective needs assessments to determine eligibility and benefits can increase equity in service provision, promote transparency, and ensure that people understand their right to care. All settings in the study implement needs assessments with defined criteria to determine eligibility and the level of benefits in recognition of the heterogeneity in health needs across the spectrum of older persons. In some settings, particularly where LTC operates as a social safety net, the eligibility criteria may be more detailed to identify those with a high level of disability, because cost control is a primary objective of these systems. Where cost control is a major driver, unmet need should be taken into consideration and monitored to ensure that people receive the care they need. Similarly, user charges for needed care should be carefully considered and formally evaluated as to whether their application results in reduced utilization and unmet need.

Quality measurement in LTC is an important area for further policy action. Quality in LTC is particularly difficult to measure and monitor, given the diversity of providers and care settings from institutions to home care and the heterogeneity in relevant outcomes. Few countries take quality measurements into account in their pricing and payment systems. However, some initiatives are being undertaken. Most of the countries studied release publicly information about quality and prices to promote trust and transparency. Given that the impact of these efforts is unclear, evaluating the impact of publicly released information about quality and prices could usefully inform efforts to improve relevant outcomes.