

T17aP13 / Financing Long-Term Care for the Elderly in Asia

Topic : T17a / Sectorial Policy - Health

Chair : Xun Wu (Hong Kong University of Science and Technology)

Second Chair : Wei Yang (King's College London)

GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

Ageing populations pose serious challenges for the long-term care (LTC) systems in Asia. Financing and provision of LTC is an increasingly important concern for many Asian countries experiencing rapid population ageing. Generally, LTC systems adopt one of the broad financing models of tax-based systems, social insurance, means-tested method, although hybrid or mixed financing models are also common. In the face of a potential rise in LTC expenditure representing an increasing share in health budgets, some countries with an existing social health insurance system have considered LTC as a new risk and established a stand-alone LTC insurance system. Japan and South Korea introduced their respective LTC insurance systems in the 2000s, Taiwan is also moving towards this direction. Other models, such as means-tested method and taxation, are being adopted in other countries to finance the LTC system, such as China.

The objectives of the panel are listed as follows:

1. Improve the understanding of different options for designing a financing system for LTC in Asia
2. Foster thinking in innovative methods in LTC financing
3. Promote the sharing of evidence on LTC financing policy
4. Promote international comparative policy analysis to encourage evidence-based policy making

CALL FOR PAPERS

This panel invites papers that can systematically and empirically address key issues in financing long-term care (LTC) for the elderly in Asia , including but not limited to the following areas:

1. Economics in financing LTC
2. Assessment of different LTC financing models
3. Financing LTC for rural population
4. Equity and efficiency in LTC financing
5. Service commissioning in LTC

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Session 1

Friday, June 30th 10:30 to 12:30 (Block B 3 - 5)

Discussants

Wei Yang (King's College London)

Xun Wu (Hong Kong University of Science and Technology)

Facing the Ageing Crisis: A Comparison of Financing Systems for Long-term Care Provision in East Asia

Christina Maags (Goethe University Frankfurt and Oxford University)

In recent decades, East Asian countries are increasingly facing an “ageing crisis” which is accompanied by changing values in relation to family life as well as personal and familial obligations. Simultaneously, East Asian countries have had to cope with two financial crises since the mid-1990s. Although there are differences in the severity of the “ageing crisis” and “financial crises” between East Asian countries, it is nevertheless astonishing how differently these countries respond to growing demographic challenges in times of economic decline. Whereas countries such as Singapore and Hong Kong have done little to improve public support for the elderly (Chomik and Piggott 2015: 200), Japan, South Korea and Taiwan have introduced long-term care (LTC) policies and plans (Kwon 2008: 131; Wang and Tsay 2012: 466). This welfare state change is surprising as all of these countries had been gauged as prime examples of the so-called East Asian welfare model (see e.g. White and Goodman 1998) which is based on family values and low welfare state expenditure (Mehta 2013: 191). Given the global economic crisis, what kind of financing systems have Japan, South Korea and Taiwan created to ensure provision of long-term care? And why has the respective government opted for this particular financing system?

This study retraces the institutional change underlying the introduction of LTC financing systems within the larger welfare state regimes in Japan, South Korea and Taiwan over the last 20 years (since the mid -1990s). Conducting a qualitative comparative case study, the analysis comparatively examines the macro-level institutional environment and the embedded LTC financing systems in these three countries. More precisely, the gathered data was used to, firstly, retrace the emergence and development of the LTC policy in each country over the last 20 years for the sake of generating analytical explanations concerning how the financial system was established and which factors shaped its current design. Subsequently, the three cases were compared to obtain an understanding of why and how these East Asian states are shifting away from the so-called East Asian welfare state model, and whether they are shifting in the same direction. Ultimately, by focusing on the establishment of new LTC financing systems in these three East Asian countries, the study sheds light on the ways East Asian welfare states are responding to the new social risks of an ageing society and why they respond in this particular manner.

The Development of Long-term care policy in Korea: path-breaking or path-dependent?

Nanjoo Yang (Daegu University)

The ageing process in Korea is much faster than that was experienced by the “slow ageing” high-income countries. This fast ageing has an effect on the societal response about the care needs of old people. The long-term care policy for old people in Korea has been radically changed. In 2008, Korea became the third country which implemented a social insurance scheme for long-term care following Germany and Japan.

The purpose of this study is to analyze the development of Korean long-term care policy in the theoretical perspective of neo-institutionalism. Korean welfare state is regarded as one of the liberal welfare state which

is much focusing on the deprived by heavily relying on means-tested welfare benefits. Provision of social services including long-term care for the elderly was available only to people who didn't have any family member and whose incomes were below the poverty line. However, the newly introduced long-term care insurance has universal coverage.

This study examines the reform of Korean LTC policy from the theoretical perspective of new institutionalism. By analyzing and explaining how these changes happened, this study aims to provide the answers to the below questions. First, what are the specific features of the change between the previous tax-based LTC policy and the social insurance based LTC policy in Korea? Through comparing the previous tax-based selective long-term care policy and the long-term care insurance in the areas of coverages, entitlement, financing, provision, types of services, the study will clarify the changes from the reform of a long-term care policy in Korea. Second, how can the transition be explained from theoretical perspectives? The study discusses the development of Korean LTC policy from the perspective of new institutionalism. Discussions focus on investigating whether the reform is path-dependent or path-breaking. Qualitative and quantitative data will be collected and analyzed. This study will shed a light on the characteristics of the Korean LTCI in the context of Korean welfare state development.

Impacts of the type of social health insurance on health services utilization and expenditures: implications for a unified system in China

Si Ying Tan (National University of Singapore)

Establishing a unified social health insurance (SHI) is a politically popular policy reform in a number of developing countries where health insurance coverage has expanded rapidly. Different SHI schemes were rolled out to different populations, but their potential impacts on service utilization and health costs have not been studied systematically. In China, the government has made it a policy priority to establish a unified SHI system by 2020, but little is known about what might happen when various existing SHI schemes, varying considerably in contribution and benefits, are integrated into a unified single SHI. Drawing data from Chinese Health and Retirement Longitudinal Study (CHARLS), we compared the mean costs incurred for both inpatient and outpatient care for different health insurance schemes, and the impact of different SHI schemes on treatment utilization and healthcare costs using Two-part Model. Our results showed that Urban Employee Medical Insurance (UEI), which offers the most generous benefits, incurred the highest total costs prior to reimbursement when compared to other SHI schemes. Utilizations of SHI did not show significant reductions in out-of-pocket (OOP) payments comparing to the uninsured. We argue that, unless effective measures are introduced to deal with perverse provider payment incentives, the establishment of a unified system may usher in a new wave of cost escalation for health care system in china.

Keywords: social health insurance, China, generosity, utilization, cost, unification

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Session 2

Friday, June 30th 13:45 to 15:45 (Block B 3 - 5)

SKILL SHORTAGES IN THE AUSTRALIAN AGED CARE SECTOR: THE ROLE OF LOW WAGES

Kostas Mavromaras (National Institute of Labour Studies, Flinders University)

The ageing Australian population will pose considerable challenges in terms of Aged Care policy. Over one million older Australians currently receive aged care services and this is predicted to rise to 3.5 million by 2050. The number of Australians aged 85 and over is also predicted to increase from 0.4 million in 2010 to 1.8 million in 2050, and it is here that the more intensive and expensive care is most often required as dementia, diabetes and other morbidities associated with longevity become more significant.

According to LASA (2016) between 2013 and 2018 a quarter of all new jobs created will be in community services and the health industry, implying an anticipated demand for 230,000 additional workers, with a total staff complement for the whole sector of 1.3 million by 2050. As the LASA report notes, consumer directed care is becoming more important in the sector and this has implications not only for the level of staffing but also more generally for the skill mix and work patterns.

According to the Productivity Commission (2011) workforce shortages are exacerbated by low wages offered and a lack of skills in the case of certain employees. The Commission also points to high administrative costs resulting from the regulatory burden and challenging work environments. It notes the longstanding disparity between the wages paid to nurses in the sector compared to what is available elsewhere for equivalently qualified nurses. The wages of person care attendants are close to the Australian minimum wage level.

The study examines the prevalence, causes, and responses to skill shortages in the Australian Aged Care sector. We focus on the role of low wages in determining the prevalence and intensity of skill shortages and examine whether increasing the wages offered could be expected to be a solution to this problem. We will investigate the following key research questions:

1. How prevalent are skill shortages in the Australian aged care sector?
2. What are the workplace and individual characteristics that are associated with the prevalence of skill shortages?
3. What are the key causes of skill shortages? Are low wages a key reason?
4. What are the responses of employers to skill shortages? Is increasing wages a typical response?

The data source used for this research is the unit record file from the National Aged Care Workforce Census 2012 and 2016, which are the two waves of the national census of all residential care homes and community care outlets and the corresponding survey of a sample of their workers. The census responses indicate that approx. 60% of all employers report that they have experienced skill shortages in the last 12 months. We will use descriptive statistics and multivariate regression analyses to examine the prevalence of skill shortages along with their causes and the way employers respond to them.

The findings from this study will provide new evidence on some old and important questions. First, are low wages a key reason for skill shortages in this sector and can we expect that raising wages could offer an effective way to solve the problem of skill shortages? Second, what are the other reasons for persistent skill shortages and how important are they in the eyes of the employers compared with wages? Finally, what are the preferred ways by employers of addressing skill shortages in the Australian Aged Care sector?

REFERENCES

Leading Age Services Australia (LASA), Future of Australia's Age Care Sector Workforce, Submission to Senate Inquiry, 2016.

Long-term Care Financing: 3 Citi's Experiences in China

Lijie Fang (Institute of Sociology, Chinese Academy of Social Sciences)

Facing the rapid increasing of long-term care demand, more and more local governments of China have started their pilots of public financing of long-term care. Based on the introduction of long-term care financing models of OECD countries, this paper analyzed the policy practices of three cities in China. It concluded that the long-term care financing of China is changing from subsidizing providers for their capacity building to supporting users by long-term care subsidy of social care to poor elderly population and medical nursing insurance of medical care. All these innovative practices are built on existing two policy schemes of social relief and health insurance, and each of them is in charge by different departments. So, following the practice of OECD countries with similar situation, a mixed long-term care financing model should be adopted in China. And in order to improve the accessibility and efficiency, it is necessary to integrate the two systems, as well as enhance each of them.

Financing long-term care in an ageing society: evidence from China's Long-term Care Nursing Insurance

Wei Yang (King's College London)

Since the early 2000s, the Chinese government has embarked on long-term care (LTC) financing reforms to provide support in addition to informal family care. This paper empirically assesses the performance of a pilot LTC financing programme—the Long-term Care Nursing Insurance (LTCNI) in Qingdao with an aim to provide policy recommendations based on an improved understanding of the scheme. Using the health financing policy framework developed by the World Health Organization, five financing policy goals of the scheme were assessed i.e., equity, efficiency, quality, transparency and accountability as well as sustainability. Data were drawn from a fieldwork trip conducted in Qingdao in 2016. This paper argues that, although efforts have been made to ensure that access to care is linked to people's needs, there are significant disparities in terms of reimbursement rates across participants with different SHI schemes. Our results also suggest that because the care providers are paid at a fixed price, they are incentivised to provide care at the least cost even this care is deemed as insufficient or inadequate. As for the suitability of the LTCNI, the scheme primarily withdraw its funds from the Social health Insurances (SHIs) after 2015, raising questions about the viability of the scheme. We propose three lines of policy recommendations. First, it is important to ensure that the LTC funding is effectively targeted at those in the greatest need or risk, and the re-distribution of the scheme is not directly linked with the individual insurance contributions. Second, a formalised system should be established to provide regulatory oversight of the care providers; information on entitlements and care quality should be made available to the service users. Third, a financing mechanism should be instituted to collect hypothecated premiums specific to LTC costs, preferably from people working age, to ensure that the LTCNI is financially solvent and affordable to the public purse.