Long-term care financing: Research brief series focusing on the implications for low- and middle-income settings

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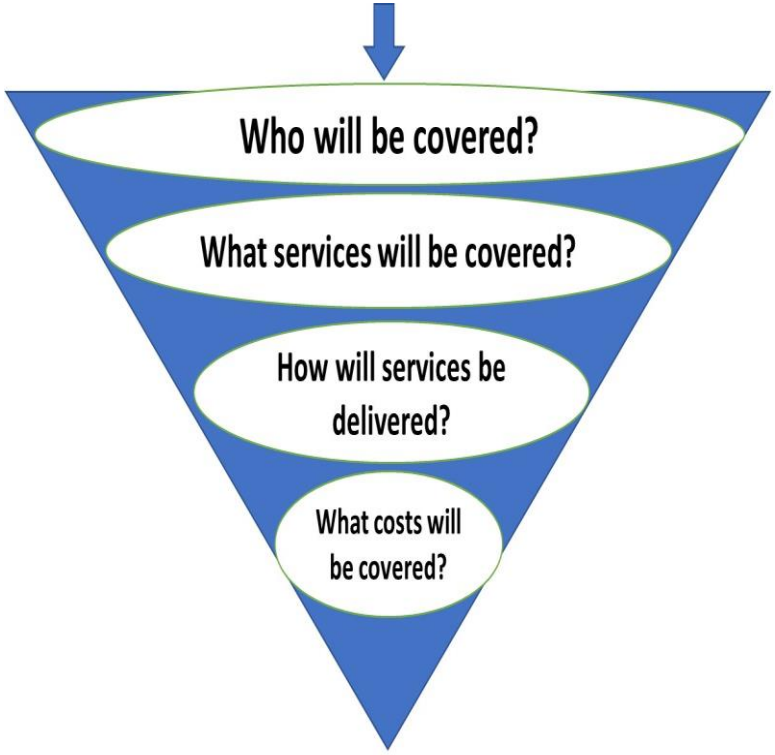
Rationale

a) Long-term care (LTC) has received little attention in low- and middle-income countries (LMICs)
b) However, **population ageing is placing pressures on LMICs** where most older people will live 2050
c) Many people in LMICs will experience the **onset of age-related health** problems before the age of 65 years
d) LMICs may fear that they cannot afford to invest in LTC because economic growth with slow with population ageing
e) Without formal LTC, the costs of providing care **shift to the family and the health system. Unlikely that informal caregivers can meet demand.** While LTC is traditionally considered the responsibility of the family, the **number of informal caregivers has declined** with decreases in fertility and family sizes, and more opportunities for women in the formal workforce.
f) Negative economic impact of population ageing is compounded if there is no support to formal LTC – effectively placing pressure on informal caregivers to reduce workforce participation.

WHO Research brief series: LTC financing: lessons for LMICs (jointly with WHO Health Governance & Financing, Ageing Depts)

Brief 1. Drivers of the demand for LTC
Brief 2. Population coverage
Brief 3. How countries pay for LTC
Brief 4. Deciding what services will be covered by public funds
Brief 5. Aligning the financing and delivery of LTC services
Brief 6. Ensuring financial protection
Brief 7. Promoting quality and value
Brief 8. Ensuring financial sustainability
Brief 9. Investing in the LTC workforce
Brief 10. Supporting informal caregivers



Long-term care access, quality and financial protection

Framework adapted from WHO EURO

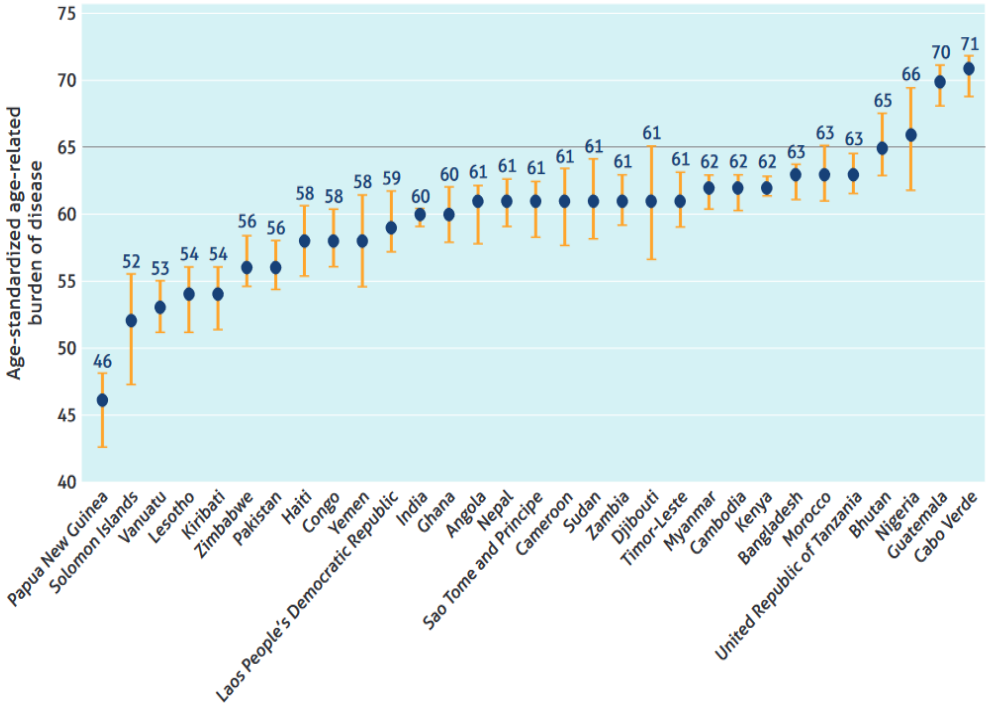
Six supporting research products (2021-24)

- **Global review** of long-term care financing mechanisms: London School of Economics (completed 2021, published by LSE)
- **Gender equity** implications for LTC financing: National Institute of Geriatrics and Gerontology, Japan (2022, WHO publication)
- Rapid **scoping review about initiatives** to improve coverage, quality, financial protection and financial sustainability in LTC: Dalhousie University, Canada (2022, WHO publication)
- **Intergenerational transfers**: implications and lessons-learned from the Kansai region: Kyoto University (2022, WHO publication)
- **Public financing mechanisms** for LTC: Harvard University (2022, WHO publication)
- **Umbrella review of systematic reviews**: policies to support formal workforce and informal caregivers (ongoing)

Brief 1. What is driving the demand for LTC?

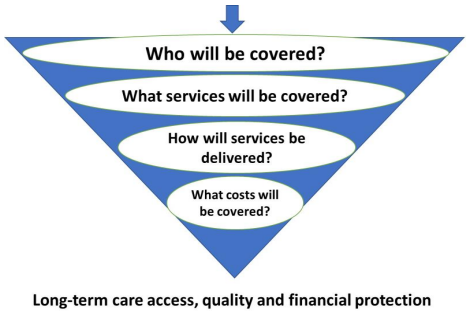
- Majority of **older people (65+** will be living in LMICs by 2020
- **Onset of ageing** may vary by level of investments in health
- Decline in the availability of **informal caregivers** because of fertility declines and more more opportunities for women to enter the formal labor force

Fig. 2. Onset of ageing in lower middle-income countries: age standardized age-related burden of disease equivalent to the global average 65-year-old



- In the absence of formal LTC services and systems, **people substitute LTC services with acute care medical services,** which can increase health care costs while offering suboptimal care for older adults.
- People **underestimate their future needs** for LTC and can face catastrophic payments: market failure

Brief 2. Who will be covered?
Universal vs selective approaches



Universal approach

- based on the principle of **equal access** for health and social care needs
- does not consider income or wealth when determining coverage and access
- however, income may be taken into account to determine the share of the cost covered by individuals for specific services

Selective approach

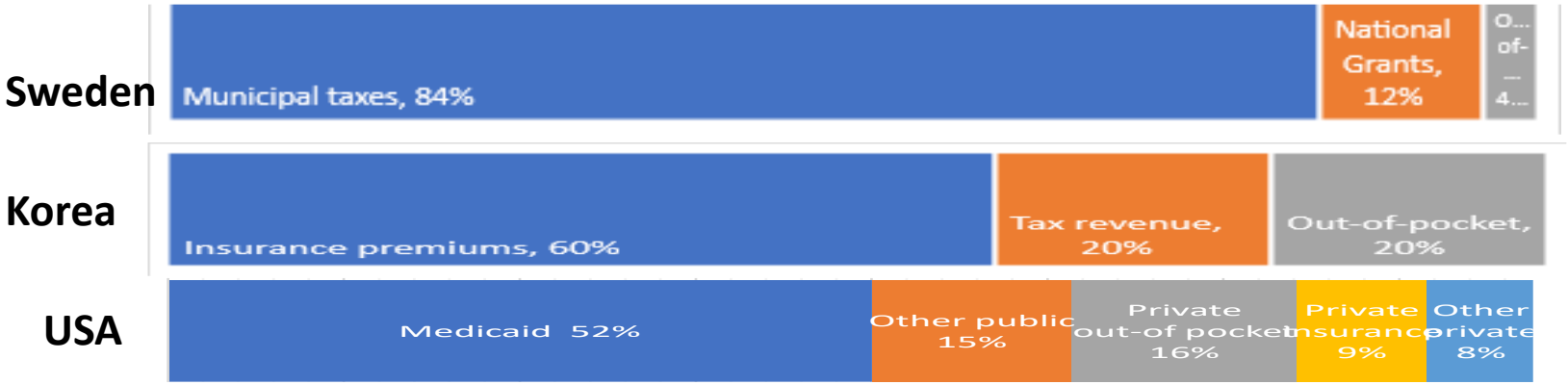
- underlying premise is that individuals and their families are primarily responsible for LTC, and **government support should only be used as last resort** for those who are unable to provide for themselves
- need is based on ability to pay through assessments of means or assets

Many countries use a **mix of universal and selective approaches**. Based on equity and efficiency reasons, governments tended to shift towards a universal approach to ensure that older people have the right to needed benefits.

Brief 3. How have countries financed LTC?

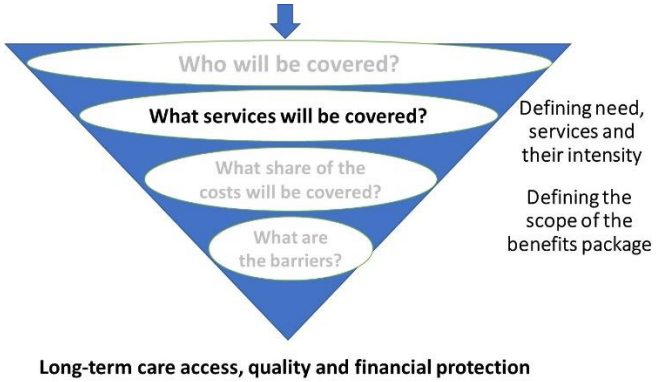
- **In LMICs, and settings where no formal, public LTC care exists, the costs of care are covered by private individuals, families and the health sector**

Approximate sources of funding for LTC in Sweden, Korea and the USA



- **General taxation** provides a broad funding base and flexibility in covering benefits; it can ensure coverage for those who are unemployed and working informally.
- **Mandatory insurance**, usually funded by payroll contributions, is a stable source of LTC funding in HICs where most adults are in the formal workforce. In **LMICs, with large informal workforce, such insurance mechanisms are less feasible** for extending LTC coverage and generating revenues

Brief 4. Defining need and the scope of the benefits package



- Determining the scope of covered LTC benefits: **defining the inclusion criteria for needs assessments, setting eligibility thresholds, conducting regular evidence-based revisions of the scope of the package, and linking services to financing and delivery systems.**
- Services to address functional limitations in A**DLs (bathing, dressing and eating etc) are typically prioritized** in LTC benefits packages.
- Services to address limitations in **IALDs have also been included because they help people stay in their homes**
- In some settings, the availability of informal care is taken into consideration, and this may have an impact on equity and gender.

"Carer blind"assessments
that do not consider availability of informal caregivers

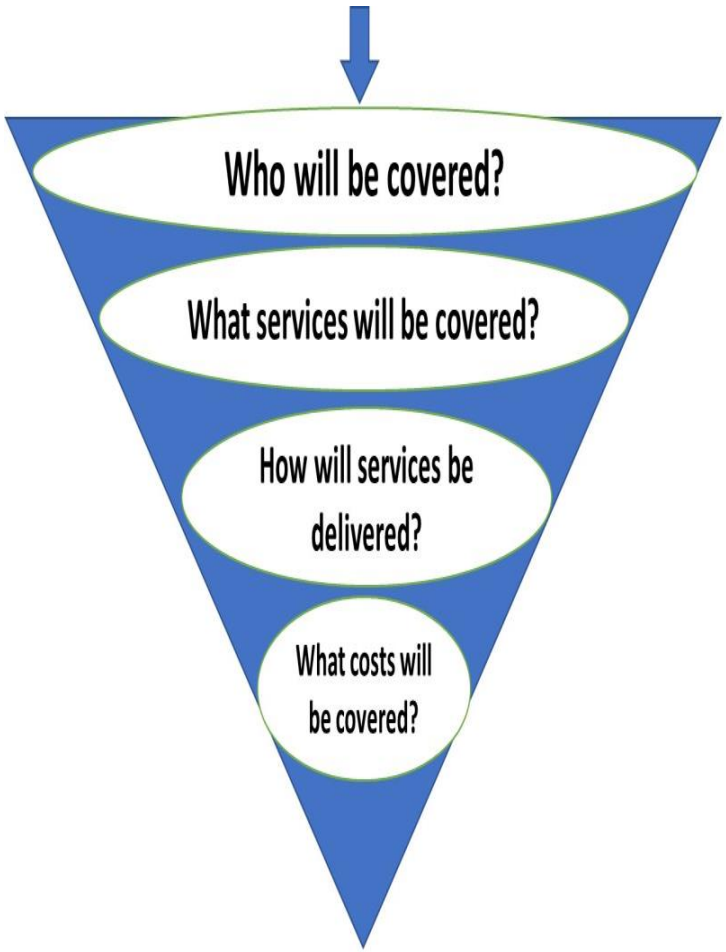
++ More equitable:
++ Gender equity: May reduce care burden on (primarily female) caregivers and enable them to enter formal workforce

Brief 5. How have countries aligned delivery and financing?

- Countries aim to **balance financial protection, financial sustainability and coverage** for beneficiaries with wide variations in needs.
- **Skilled nursing facilities** remain a major expenditure for many developed LTC systems; however, countries are s**hifting service provision from institutions to the community and home**
- Providing services in the community or at home **may not reduce costs**

Long-term care access, quality and financial protection

Brief 6. How have countries ensured financial tection?



Long-term care access, quality and financial protection

- Most established LTC systems (even when universal in their approach), determine t**he level of reimbursements and cost-sharing based on need and income**.
- **Wide variation in the generosity of benefits.**
- With some exceptions, many cost-sharing mechanisms **may not fully protect individuals from high out of pocket payments** or face an element of uncertainty

Brief 7. Promoting quality and value

- **COVID-19 pandemic** exposed long-standing problems with quality and safety leaving the most vulnerable members of communities – frail older persons in residential settings with high risk of preventable mortality in settings that did not meet fundamental safety and quality standards.
- A necessary prerequisite for LMICs is to build strong **systems that set forth quality principles and standards** that will apply across the broad range of LTC settings.
- **Collecting data about quality from all LTC providers** in institutions and communities can support quality monitoring and guide improvement strategies.
- **Including older adults in biomedical research** can support the development of relevant clinical guidance and quality metrics.
- Lack of evidence: financial incentives to promote quality

Box 1. Domains of quality: the Joint Commission International Accreditation Standards for Long-Term Care, 2023 *(9)*

Section 1. Accreditation participation requirements

Section 2. Resident-centred care standards

- Patient safety goals
- Access to care and continuity of care
- Resident-centred care
- Assessments of residents
- Care of residents
- Medication management and use

Section 3. Health care organization and management standards

- Quality improvement and resident safety
- Prevention and control of infections
- Governance, leadership and direction
- Facility management and safety
- Staff qualifications and education
- Management of information

Brief 8. Financial sustainability

- Particularly in LMICs, **delaying the demand for LTC**: investing in health throughout the life course, improving access to health care and reducing NCD risk factors that result in disabilities in later life.
- Countries have expanded their revenue base for LTC through intergenerational funding and **diversifying revenue sources**.
- Demographically younger countries can take advantage of the **windfall of younger populations to fund their demographic transition**.
- LMICs can **strengthen domestic taxation** to raise revenues that enables investments in LTC before the demand increase.
- **Cost-effective technologies and housing modifications** can be incorporated into benefits packages to reduce the demand for LTC services and enable people to stay in their homes for as long as possible.

- Financial sustainability policies in LTC must not compromise the need for financial protection for individuals who require care.

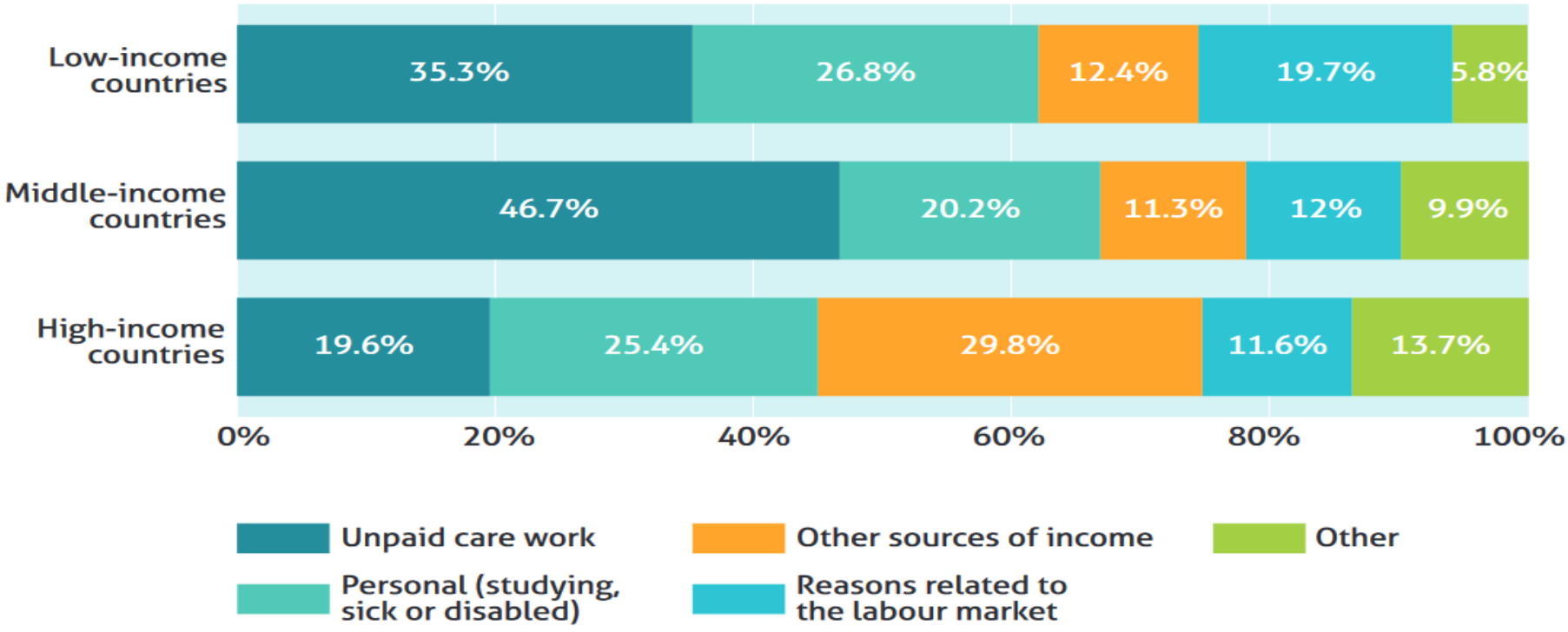
Brief 9. LTC workforce

Workers in the formal LTC system

- Face tasks that are physically and mentally **taxing**
- Often work **outside of routine hour**s
- Tend to be **paid less** than people with similar skills working in other sectors.
- Most provide **personal care a**nd **may not be well trained** to manage complex conditions and provide intensive caregiving

- **> 600 million women globally** do not participate in the formal labor force because of unpaid caregiving responsibilities
- **LTC as a job creator: targeted recruitment effort**s to hire informal family caregivers who wish to enter the formal workforce and students
- Retaining workers**: fair remuneration, appropriate working conditions, and training opportunities that offer advancement possibilities**.

Fig. 1. Reasons why women do not participate in the formal labour force, by country income level



Brief 9. LTC workforce, continued

- **Migration:** training opportunities outside of originating country. Reintegration of returning migrants and the **mutual recognition of their skills** is critical to their employment on return to their originating countries.

- **Technologies** have some potential to reduce LTC workload and can promote higher levels of mobility and independence among older people at home

- **Task substitution** could improve quality and may address shortages of workers, particularly in rural areas.

- **Continuing professional development** can better equip workers with the advanced skills necessary to manage the complex conditions seen in LTC facilities.

Brief 10. Supporting informal caregivers

- Invest in formal LTC to enable **working age informal caregivers to combine informal caregiving with paid work**: day care services, home health care, meal services.
- **Paid and unpaid leave and flexible work arrangements** may support informal caregivers to maintain paid jobs.
- **Cash benefits provided directly to caregivers** may be more easily regulated and serve to recognize the valuable contributions of informal caregivers.
- **Cash benefits provided directly to older persons** with fewer stipulations for their use may not reach informal caregivers or support them in their caregiving responsibilities. Concerns exist that such subsidies pressure women to remain in traditional, informal caregiving roles.
- **Many training programmes** have been undertaken to support informal caregivers in managing the mental health demands of caregiving. However, there is **little evidence that such training done in isolation has an impact on caregivers' mental and emotional health.**

Access all 10 briefs and 5 background papers at

https://wkc.who.int/resources/projects/item/long-term-care-financing

World Health Organization
Centre for Health Development

Public provision and financing of long-term care: case studies in middle- and high-income countries

Terence C Cheng, Winnie Yip and Zhanlian Feng

World Health Organization
Centre for Health Development

Financing long-term care for older people: intergenerational transfers and financial stability in Japan

Yuichi Imanaka, Noriko Sasaki and Etsu Goto