Government Stewardship of Elderly Care

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Room I2-220

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Pensions Core Course

THE STRUCTURE OF THIS PRESENTATION

- What is elderly care?
- Why governments should be involved in elderly care?
- How should governments be involved in elderly care?
- What are the key decisions when developing elderly care?
- Global trends in delivery, financing and governance of elderly care.
- Examples of WBG support for elderly care development.

WHAT IS ELDERLY CARE?

- Elderly care (*aka* aged-care, long-term care for the elderly) - a range of services provided to old people needing support with routine activities over a prolonged period of time. (Often measured through activities of daily living- ADLs and instrumental activities of daily living - IADLs).
  - Activities of daily living (ADLs) - bathing, dressing, getting in and out of bed, using a toilet.
  - Instrumental activities of daily living (IADLs) - managing money, shopping for groceries, doing laundry, and using a telephone.
- Long-term care includes both health and social-care services.
  - Social-care: domestic services, care assistance, residential care services, psychological consolation, legal assistance. Respite care.
  - Health care: palliative care, nursing care (not to be confused with medical care provided to the elderly).

GOVERNMENT ROLE IN ELDERLY CARE (WHY?)

- Ninety present of all elderly care in the word is provided by family members.
- The demand for formal or paid elderly care is driven by aging population and growing number pf older people with impairments, shrinking family size, migration/changes in living arrangements, and market opportunities of the potential careers.
- Moral urgings for filial responsibility are not productive.

Formal or paid elderly care provides private and social benefits.

Quantifiable benefits

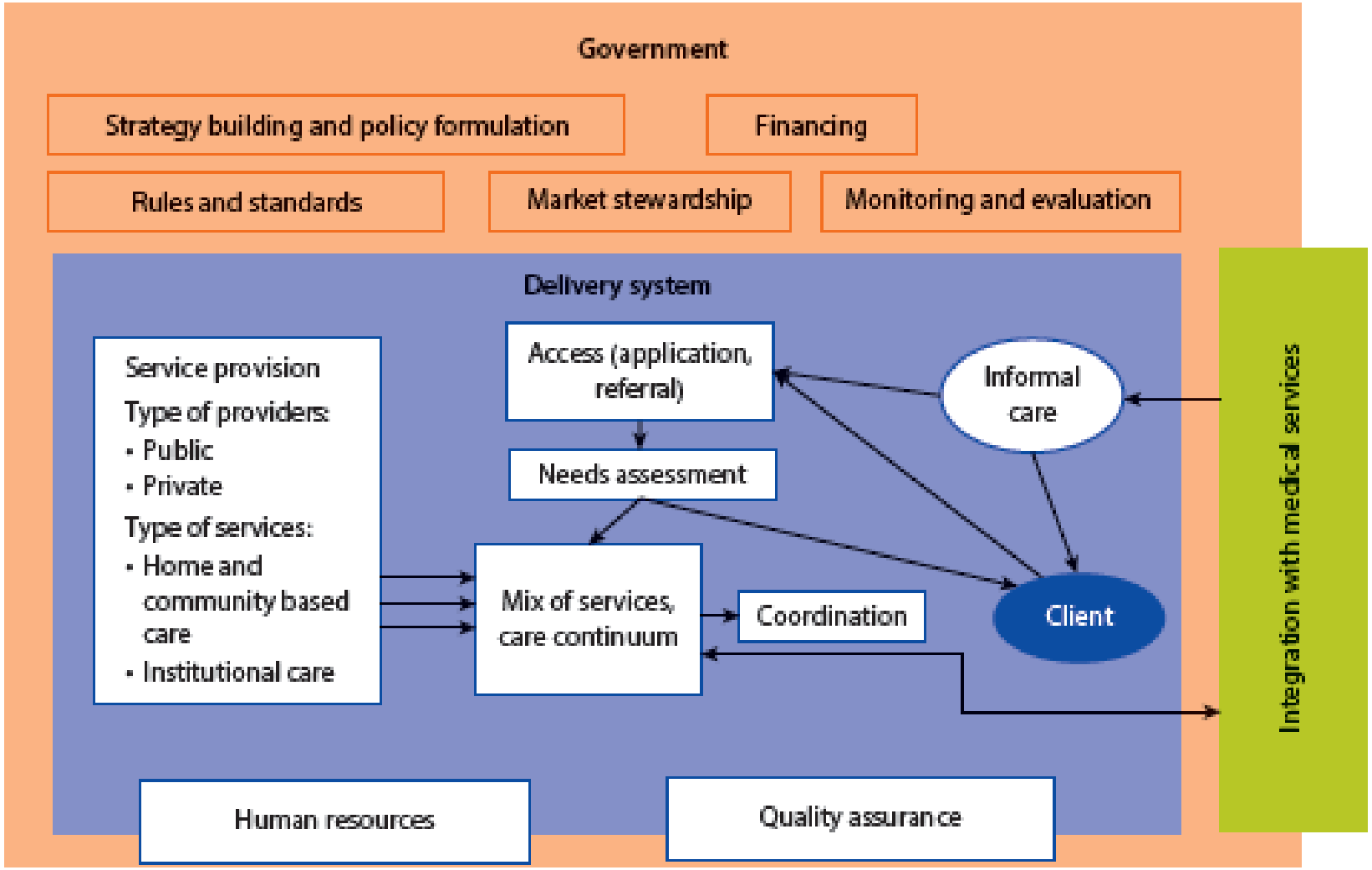
- Increased [female] labor force participation and increased labor income of family members of elderly with care needs;
- Reduced expenditures on medical services (elderly with acute needs; elderly in frail state, familial caregivers);
- Direct job creation.

Non-quantifiable benefits

- Enhances elderly's opportunities to live with dignity;
- Increases the set of choices available to individuals and families - utility enhancing.

GOVERNMENT ROLE IN ELDERLY CARE (WHAT?)

the nuts and bolts of a functional elderly care system



KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

1) Who should be entitled to publicly-supported elderly care services
2) What groups of services should be provided to them?
3) How services should be financed?
4) Who should provide services?
5) How the governance in the industry should be organized?
   - commissioning-provider model;
   - licensing;
   - quality assurance and regulation;
   - intergovernmental responsibilities, and
   - integration with other services.

KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

1. Who should be entitled to publicly-supported elderly care services?

- Historically – indigent poor
- Today - formal “needs assessment” &
  - Means tested
  - Universal (age-based)
  - Mixture of two types

KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

2. What groups of services should be provided?

- At the aggregate level - a continuum of services (home-based, community-based and institutional care);
- At an individual level - a basket of services for publicly supported beneficiaries.

  - Continuum of services is a balanced mix of services to meet consumers needs and preferences delivered in lest restricted settings where independence, autonomy, dignity and quality of life are maximized;
  - Aging in place;
  - Cash benefit and/or in-kind services
  - Respite care

KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

3. How provision of services should be financed?

- Three models of public financing, each model with variants on the basic approach
  - Social insurance model (Germany, Japan, Netherlands, and South Korea) - social insurance covers all or most of the population.
    - Social democratic model (Nordic countries) - universal coverage through public services. Everyone is entitled to LTC services through municipal programs funded primarily by local and regional tax revenues.
  - Means-tested model (UK, USA, Australia, Estonia, New Zealand, Romania, Italy, Poland) – non-medical LTC is provided by private providers or local government social service departments on a means-tested basis.
  - Hybrid systems/models (Australia, Canada, France, Ireland, Spain, Switzerland) - programs can cover everyone but vary benefits according to income.
- Private insurance and out-of-pocket payments play a supplementary role, in the form of co-payments, especially for room and board in institutional settings.

KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

4. Who should provide elderly care services?

- In most countries even today 90 percent of all elderly care is provided informal and by the family members.

- Historically, nearly all countries have publicly funded “last resort” homes for indigent old, operated by the State, NGOs, faith-based organizations.

- Today in most high-income economies, elderly care services are provided by private sector entities rather than directly by the government (the exception is Nordic countries).
  - the State (central and local governments),
  - private providers (non-for-profit and for-profit; faith-based; mom-and-pop shops, aged care brands, multifacility chains, franchises; basic and luxury segments; domestic and foreign; medically intensive and hospitality-type providers);

  These are financed publicly, privately and via mixed; provided in facilities or at home

KEY DECISIONS WHEN DEVELOPING ELDERLY CARE

5. How should be the governance in the industry organized?

At a policy level:

- policy formulation and planning (including preventive policies),
- intergovernmental responsibilities and accountabilities
- M&E

At the delivery level:

- Commissioning-provider model
  - "commissioning-provider" model is an optimal mechanism for the delivery of LTC services within a license-based regime. It separates responsibility for deciding which services are provided to clients (commissioner) from the responsibility for the delivery of services (provider).
- Regulation and quality assurance
  - provider meets the minimum standard to be licensed to operate and receive public funding
  - standards - quality of care and quality of life
  - quality at entry, monitoring, reporting, enforcement, pay-for-performance, voluntary initiatives
- Licensing

  - linked to type of services provided (not type of ownership)
- Intergovernmental responsibilities;
  - typically sub-national accountability
- Integration with other services.
  - medical is most important, but also transport and others

GLOBAL TRENDS

- Strong global trends of Governments shifting from direct provider to a purchaser and regulator of aged care services - "privatization" of care provision
- Contracting as main tool for interacting with private providers, including direct purchasing of services and outsourcing the management. (Singapore, China - operation of publicly-owned aged care facilities by the private and non-government sectors)
- Deinstitutionalization of care and major expansion of community-based and home-based care provision. (OECD – 70 percent of users receive care at home or in community)
- Stronger gatekeeping and major curtailment of benefits (robust assessment system to determine the level of functional impairment).
- Self-pay at the middle and upper segment of the market.
- Broad-based social insurance model as means to finance elderly care;
- Collapse of private long-term care insurance.

- Increasingly diverse private commercial market (full-care to assisted living to targeted services in the community; non-for-profit and for-profit; faith-based; mom-and-pop shops, aged care brands, multifacility chains, franchises; basic and luxury segments; domestic and foreign; medically intensive and hospitality-type providers)
  - Niche markets for foreign retirees in MICs countries (Malaysia, India, Philippines, Thailand, Namibia)
  - Global markets for luxury elderly care (hospitality, personalized medicine, etc.)
- "Human" resources for elderly care – (i) migration and (ii) robots and assistive devices
- "Silver Economy" - transition to a service-based economy for many MICs

China, Anhui LEN (110 million USD)

PDO: To support the government of Anhui province in developing (focusing on selected prefectures) and managing a diversified three-tier aged care service delivery system for the elderly particularly those with limited functional ability

Main direct beneficiary group: the elderly with limited functional ability, including Sanwu, Wubao, Dibao, low-income empty nesters, and the oldest old elderly - the indigent low income and poor elderly

Indirect beneficiary group: family members and informal caregivers, system administrators and service providers

Project components:

- Supporting the Development of Government Stewardship Capacity
- Strengthening Community-based and Home-based Care Services
- Strengthening the Delivery and Management of Nursing Care, and
- Project management, Monitoring, and Evaluation

PDO-level Indicators:

- Number of direct beneficiaries in the project sites (Number) by tier and by gender;
- Percentage of dedicated public outlays for elderly care spent on purchasing aged care services from private providers in urban areas of the project sites (Percentage);
- Share of aged care service providers who meet the requirements of construction and service standards at the project sites (Percentage);
- Number of aged care professionals who received training certificates financed by the project by gender (Number)

China, Anhui LEN
cost-benefit analysis, cost, and financing

PROJECT BENEFITS

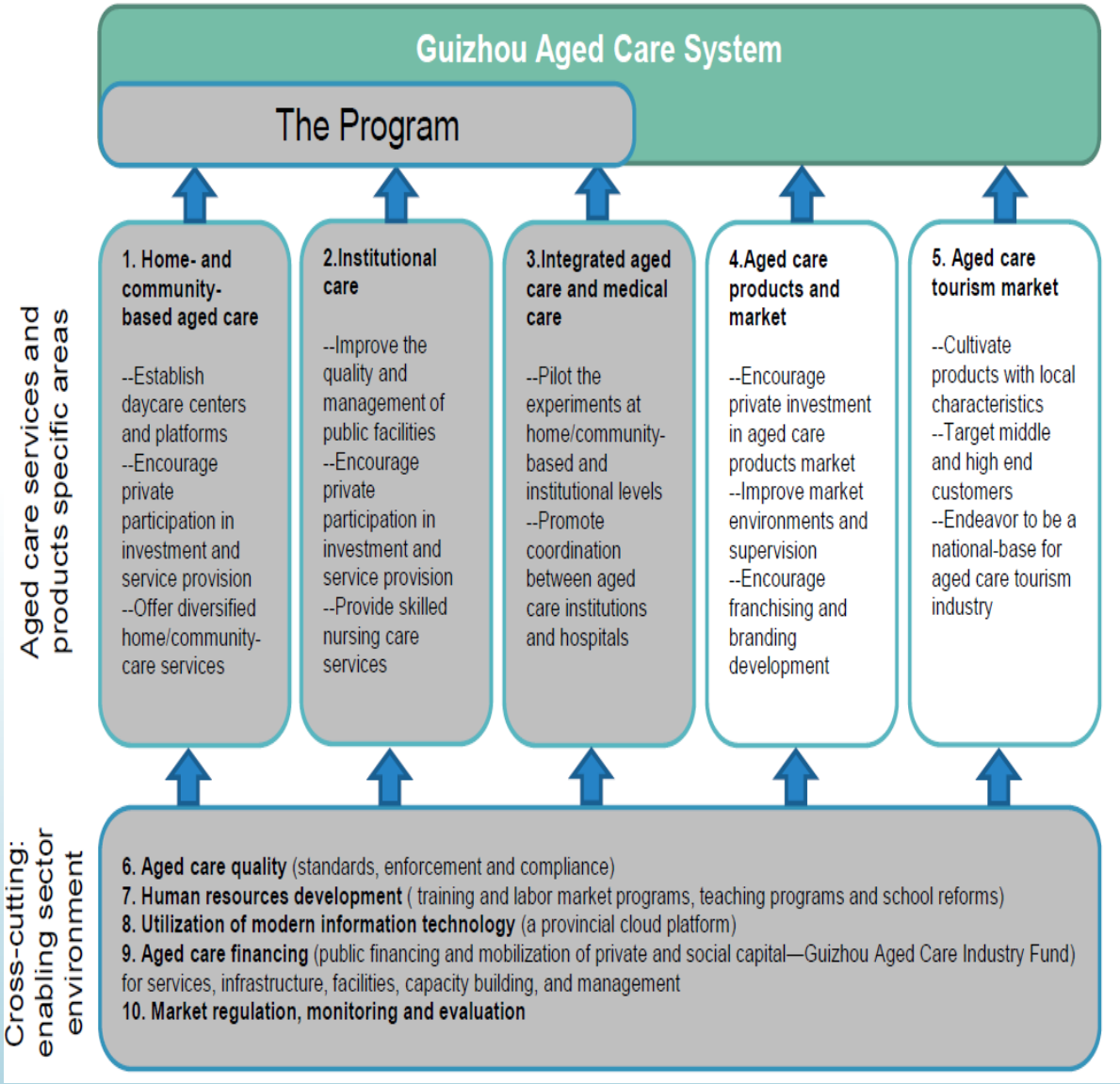
- **Reduced expenditures on medical services**
  - The elderly who have acute needs and/or disabilities and routinely seek care in medical establishments will have options for substituting medical care with social care.
  - The elderly who are in a fragile state are expected to experience reductions in the occurrence of injuries once they make use of care services.
  - Informal care providers' health condition (both physical and mental) is expected to improve with the availability of a formal aged care system, because they will have wider choices.
- **Increased earnings (labor income) of family members of elderly with care needs.**
- **Increased earnings from direct job creation at the newly created/upgraded aged care institutions**

子项目Project Components	项目总投资 Project Cost	世行贷款金额 IBRD Financing	世行贷款金额占总投资的比例 % Financing by IBRD
子项目一、Component 1: Supporting the Development of government stewardship capacity for the elderly care system	**1,044.85**	**1,040.34**	**100%**
1.1 Unified Information System	849.80	845.29	99.47%
1.2 Functional Ability and Needs Assessment	62.36	62.36	100%
1.3 Aged Care Service Standards	34.80	34.80	100%
1.4 Professional Training and Capacity Building	97.89	97.89	100%
子项目二、Component: 2 Strengthening the delivery and management of community and home-based services	**4,292.21**	**4,086.62**	**95%**
2.1 Upgrading Community-based services stations system	2,200.49	1,994.90	91%
2.2 Purchasing of community-based and home-based care services	2,091.72	2,091.72	100%
子项目三、Component 3: Strengthening the delivery and management of nursing care	**20,069.77**	**8,033.97**	**40%**
3.1 Urban skilled and semi-skilled nursing homes	17,009.46	5,721.56	34%
3.2 Urban welfare homes	1,782.73	1,335.83	75%
3.3 Rural welfare homes	1,277.58	976.57	76%
子项目四、Component 4: Project management, monitoring and evaluation	**268.18**	**268.18**	**100%**
项目费用Total Project Cost	**25,675.01**	**13,429.11**	**52%**
先征费Front-End Fees	**35.00**	**35.00**	
承诺费Commitment fee	**38.74**	**38.74**	
建设期利息 Interest during construction	**497.30**	**497.30**	
Total Financing Required	**26,246**	**14,000**	

China, Guizhou LEN (350 USD IBRD + 100 EURO ADF)

The PDO is to increase equitable access to a basic package of aged care services, and strengthen the quality of services and the efficiency of the aged care systems
项目目标，旨在提高老年人获得基本养老服务的公平性和可及性、提升服务质量和养老服务体系的效率

- Results area 1: Expanding coverage of basic aged care services for the elderly 结果领域1：扩大基本养老服务的覆盖面
- Results Area 2: Enhancing quality of aged care service for the elderly 结果领域2：提升养老服务的质量
- Results Area 3: Strengthening efficiency of aged care financing for the elderly 结果领域3：增强养老服务资金的效率



China, Guizhou LEN - DLIs

Result Area	DLI Name 支付关联指标名称	% of Loan	IBRD (US$ million)	AFD (EURO million)
Results Area 1: Expanding coverage of basic aged care services for the elderly	DLI 1. Needs assessment toolkit implemented	10%	35	10
	支付关联指标1：实施需要评估工具			
	DLI 2. Basic package of elderly care services implemented	10%	35	10
结果领域1： 扩大基本养老服务的覆盖面	支付关联指标2：实施基本养老服务清单			
	DLI 3. Number of elderly who received basic aged care services (PDO 1)	20%	70	20
	支付关联指标3：获得基本养老服务的老年人数量			
Results Area 2: Enhancing quality of aged care services	DLI 4. Aged care quality standards for services and facilities enforced (PDO 2)	20%	70	20
	支付关联指标4：养老设施服务质量和建设标准的实施			
	DLI 5. Number of caregivers trained and certified in the aged care services	5%	17.5	5
结果领域2：提升养老服务提供的质量	支付关联指标5：参加养老服务培训并取得证书的护理员人数			
	DLI 6. The provincial cloud platform developed, piloted, rolled-out	5%	17.5	5
	支付关联指标6：省级云平台开发、试点和推广			
Results Area 3: Strengthening efficiency of aged care financing	DLI 7. Budget planning based on consolidated public financial resources implemented (PDO 3)	20%	70	20
	支付关联指标7：实施养老部门涉老资金统筹规划			
	DLI 8. Aged care investment management guideline implemented	5%	17.5	5
结果领域3：增强养老服务资金使用效率	支付关联指标8：实施养老服务投资管理指南			
	DLI 9. Operational management guidelines for public aged care facilities implemented	5%	17.5	5
	支付关联指标9：实施公办养老服务设施运营管理指南			
Total 总数			350	100