

Introduction

Themed Section on the Costs of Long-Term Care for Older People

Alison Bowes

Department of Applied Social Science, University of Stirling
E-mail: a.m.bowes@stir.ac.uk

Cost has long been a preoccupation in policy documents concerned with the care and support of older people (Means and Smith, 1998; Royal Commission, 1999). A history of moral panic about the ageing population coupled with a stereotype of older people as a dependent and 'unproductive' sector of society have combined to produce negatively focused debate, lacking in evidential support. Most recently, Wanless (2006) has highlighted the limitations of the evidence base and the narrowness of debate concerning the provision of social care services, arguing both for more informed debate and for consideration of the impact of developments in services and alternative funding models.

A minority of people will require long-term care and support in older age, and many of these for only the last few months of life. Nevertheless, in most developed countries debate continues about how to fund this (OECD, 2005). This themed section aims to explore recent debates and to consider new evidence relating to the costs of such care and support, the extent of future need and how it can be funded. The authors also aim to engender informed debate about issues such as quality and equity of services, and to learn from comparative study of various countries' approaches to these questions.

The themed section brings together complementary work from several disciplines – economics, social policy and sociology – and uses a range of methodologies, both quantitative and qualitative. All the papers are empirically based, presenting new analyses to support debate using existing quantitative datasets, new qualitative research and detailed policy analysis. In addition, we have provided international comparisons, drawing on key case studies which represent diverse approaches to support and care in older age. We suggest that such interdisciplinary debate is essential as the issues are enmeshed with complex social, economic and political relationships and debates.

Meaningful prediction of future needs for services and of their costs is essential for planning purposes. It is however a complicated matter, since social and health care are complex commodities, simultaneously produced and consumed, as well as grounded in political and economic imperatives of the wider society (Baldock, 1997). Sophisticated and sensitive modeling tools are needed to explore future costs trajectories and test the potential outcomes of different approaches. The contributions from Pickard *et al.*, Stearns *et al.*, Hancock *et al.* and Netten and Forder each address this issue. Pickard *et al.*'s focus is on informal care, which is regarded as essential to the maintenance of a supply of care and support for older people in many long-term care systems. They emphasise the importance of both spouses and adult children in providing care, and identify challenges presented by increasing demand for caregiving from both groups in

the coming decades. They raise questions, for example, about the extent to which spouses in late old age should or could be expected to provide the necessary levels of care, and whether increased demand for caregiving from children can be reconciled with increasing pressure for labour market participation. Stearns *et al.* consider the impact of disabilities, a better predictor of care needs than chronological age and the possible compression of morbidity which may reduce societal needs for care relative to current per capita levels. Both these papers highlight a need for innovative thinking. There are potential threats to the supply of informal care and a raft of issues concerning family obligation and carer choice, especially for women. The incidence of disability may be sensitive to preventative measures, including enabling physical and social environments.

Hancock *et al.*'s work examines issues of equity, looking at potential beneficiaries of nine possible ways of funding long-term care. Their account emphasises the need to explore fully how various approaches can have significantly different outcomes in terms of who benefits the most, and that such research is essential to inform decisions about different policy options. Hancock *et al.* caution that many alternative scenarios are possible and that modeling techniques can only suggest what may happen, rather than what will happen. Netten and Forder also argue for more sensitive and subtle understanding of future scenarios, and suggest how new dimensions could be added to research in this field by developing a new approach to considering value for money and quality of care.

Policy decisions about services are embedded in and influenced by political debate about ageing populations in all developed countries and take different forms according to particular welfare state configurations. We discuss three specific, contrasting examples – Germany, Japan and Scotland – both to understand how different systems have addressed issues of costs and also to draw lessons from each one. Glendinning's discussion of the German, insurance-based approach commends its transparency and equity as well as its relative popularity and therefore political sustainability. She draws explicit contrasts with the current UK system, arguing that this is over-complex and, in the end, unfair. She considers the principles underpinning the new individual budgets which are being piloted in England between 2006 and 2008. These principles suggest an approach which could be more transparent, fairer and thus politically acceptable. In Japan, considered by Ikegami, radical reform took place in 2000, setting up a new system of long-term care insurance. This was intended to supply the levels of care required by a particularly rapidly ageing population and replace old systems which had relied heavily on family care and hospital-based provision. Costs of the new system, however, proved higher than predicted and threatened to escalate out of control. Benefits for people with lower level needs were then reduced, and 'hotel' charges for residential care were introduced in an attempt to manage costs. In Scotland, Bowes and Bell discuss how the policy of providing free personal care for older people came to exemplify the newly devolved powers of the Scottish Parliament, and was subject to sustained scrutiny. Whilst services for older people have historically been a 'poor relation' in many welfare states, in Scotland they have been at the forefront of political debate.

The cases of Germany, Japan and Scotland raise issues about where responsibility lies for ensuring service quality and standards and about the respective responsibilities of families and the state in supporting older people. They serve to emphasise that debates about exact costs are only part of wider concerns about the more general commitment that societies have towards the care and support of their older citizens. In all the material

we consider, the absolute level of resources expended is relatively low, when compared with GDP and with expenditure in other areas of provision (OECD, 2005). A focus on costs can sometimes obscure these wider questions and imply that an older population is burdensome, failing to acknowledge people's continuing contributions to society as they age. None of the authors represented here takes such a view.

A basic element in all the potential scenarios and cases we explore is the behaviour and expectations of older people themselves, their families and carers. In Japan, the reforms were popular as they provided care and support at only 10 per cent of the cost (or co-payment) for users. The German system offers, amongst other things, support for family care-giving, hitherto a major element of long-term care provision. In Scotland, free personal care was welcomed, especially when people believed, as many did, that all care would be free. Pickard *et al.*'s research emphasises the fundamental importance of the motivations and choices of caregivers and Netten and Forder's use of data on older people's own views about services in ascertaining capacity for benefit adds a new dimension to evaluating services. The importance of older people's own views is likely to increase, as traditionally limited expectations are heightened by policies such as the Scottish Care Standards (Scottish Executive, 2004) or the National Service Framework (Department of Health, 2003), as well as by the demands of new cohorts of older people, raised within welfare states.

References

- Baldock, J.** (1997), 'Social care in old age: more than a funding problem', *Social Policy and Administration*, 31(1): 73–89.
- Department of Health** (2003), *National Service Framework for Older People*, <http://www.dh.gov.uk/PolicyAndGuidance/HealthAndSocialCareTopics/OlderPeoplesServices/OlderPeoplesNSFStandards/fs/en>, 15 June 2006.
- Means, R. and Smith, R.** (1998), *From Poor Law to Community Care: The Development of Welfare Services for Elderly People 1939–1971*, Bristol: The Policy Press.
- Organisation for Economic Cooperation and Development** (2005), *Long Term Care for Older People*, Paris: OECD.
- Royal Commission on Long Term Care** (1999), *With Respect to Old Age: Long Term Care – Rights and Responsibilities*, Cm 4192-I, London: The Stationery Office.
- Scottish Executive** (2004), *National Care Standards*, <http://www.scotland.gov.uk/Topics/Health/care/17652/9827>, 15 June 2006.
- Wanless, D.** (2006), *Securing Good Care for Older People: Taking a Long-Term View*, London: The King's Fund.