
Long Term Care in the Netherlands

Enne Osinga

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Overview

- An ageing world
- Care provision
- Funding Long term care
- LTC Insurance Opportunity?



Numbers (1996)

Total population	15523
life expectancy at birth (fem.)	80,4
life expectancy at birth (male)	74,7
health exp./BBP	8,6
public health exp./tot health exp.	72,1



An ageing world

- Demographic transition
- Life expectancy
- Changes in health and disability patterns



Demographic transition: 65+

	2000	2010	2020	2030	increase
Germany	16,2	20,2	22,5	28,1	11,9
<u>Netherlands</u>	<u>14,1</u>	<u>16,4</u>	<u>21,5</u>	<u>26,0</u>	<u>11,9</u>
Luxembourg	14,8	17,3	20,9	25,6	10,8
Italy	17,9	20,6	23,6	27,9	10,0
Spain	16,2	17,6	20,1	24,9	8,7
Denmark	14,5	16,4	20,1	22,6	8,1
France	15,5	16,3	20,2	23,3	7,8
Belgium	16,6	17,1	20,3	24,3	7,7
Greece	17,1	19,0	21,2	24,6	7,5
Great Britain	15,9	17,0	19,7	23,0	7,1
Portugal	14,3	15,0	16,9	20,9	6,6
Ireland	11,2	11,9	14,2	16,4	5,2

Demographic transition: 75+

	2000	2010	2020	2030	increase
<u>Netherlands</u>	<u>6.3</u>	<u>7.2</u>	<u>8.8</u>	<u>12.1</u>	<u>5.8</u>
Italy	7,7	9,9	11,4	13,4	5,7
Germany	6,9	8,4	10,9	12,4	5,5
Luxembourg	6,0	7,6	9,0	11,5	5,5
Greece	6,7	9,3	10,1	11,8	5,1
France	6,7	8,1	8,5	11,4	4,7
Spain	6,6	8,6	9,4	11,2	4,6
Belgium	7,1	8,2	8,5	10,9	3,8
Denmark	6,6	6,6	8,3	10,4	3,8
Great Britain	7,3	7,9	8,8	10,6	3,3
Portugal	5,8	6,7	7,2	8,6	2,8
Ireland	4,9	5,1	5,9	7,4	2,5

Life expectancy

	2000	2030	increase
Ireland	75,2	80,6	5,4
Luxembourg	75,7	80,6	4,9
Germany	75,8	80,6	4,8
Great Britain	76,2	81	4,8
France	77,2	81,8	4,6
Italy	77,4	82	4,6
Portugal	73,7	78,3	4,6
Spain	76,8	81,2	4,4
Denmark	74,7	79,1	4,4
Greece	77,4	81,7	4,3
<u>Netherlands</u>	<u>77.3</u>	<u>81.5</u>	<u>4.2</u>
Belgium	75,6	79,6	4,0

Changes in health and disability patterns

- Rise in chronic diseases: 22% of remaining life expectancy at age 60 lived with severity adjusted disability
- Rise in life expectancy => rise in disability?
- Growing attention for minimising the incident and duration of the dependence



Care provision

- Care delivery in context
- The role of the family
- The focus of care
- The future of care provision



Care delivery in context

Different needs:

1. Medical care
2. Other health care
3. Personal care
4. Domestic care
5. Domestic maintenance
6. Social and emotional support
7. surveillance

The role of the family

Informal care in

- the Netherlands 58%
- France 75%
- US 85%
- Korea 90%



The focus of care

- 1990: 6% of elderly people in institutional care (large, impersonal, loss of control and independence)
- Demand for assisted living facilities



Organisation



Financing (1): (1999; bilj. Dfl)

AWBZ 26,6 (37%)

ZFW 25,9 (36%)

private insurance 10,5 (15%)

government 3,4 (5%)

direct payments 4,8 (7%)



Financing : procedures

AWBZ:

collected with income tax => central fund => regional
care offices

consequence: no data



Focus of care: 'AWBZ' cover - 1

■ Home care

- max.3 hours per day
- max. own contribution of 10 guilders per hour

■ Nursing home

- physical causes
- full time as well as only day care
- own contribution dependent on income



Focus of care: 'AWBZ' cover - 2

■ Care home

- 65+
- own contribution dependent on income

■ 'PGB'

- long-term home care / mental handicap
- upon request
- purchased oneself



Focus of care: 'AWBZ' cover - 3

- Intensive home care
 - sick and terminal
 - no own contribution, except for the first 3 hours
 - max. 475 guilders per day



The future of care provision

- More demand for
 - Formal home care services
 - Smart houses



Funding Long Term Care

- Drivers on increasing pressure on funding
- Current funding overview
- Evaluating the current status quo



Drivers on increasing pressure on funding

- Strong demographic, social and cultural pressures driving an increasing need for FORMAL care services
- Increasing prosperity
- Acceptable standards of care are likely to rise (privacy)
- Elderly dependency ratio rises from 14% (2000) to 26% (2030)



Current funding overview

- A WBZ' provides LTC
 - residents
 - premium 10,25% of the first tax band
 - regional care authorities



Current funding overview: LTC in other countries

Country	Costs per person in US\$	Government contribution (%)
Greece	598	75.9
Portugal	938	55.6
Spain	1,005	78.5
Ireland	1,201	76.8
UK	1,211	82.9
Sweden	1,348	83
Finland	1,357	79.3
Denmark	1,362	82.6
Italy	1,561	73.1
Netherlands	1,641	77.7
Belgium	1,653	88.9
France	1,866	74.4
Germany	1,869	70.2
Austria	1,965	66.2
USA	3,516	45.7



Evaluating the current status quo

- Supply oriented
- Out of scarcity model
- Strategies impact on middle range incomes who are no longer eligible for help
- Applying objective and consistent claims assessment criteria to long term care systems is a difficult challenge
- Public funding only to those with very limited resources of their own



LTC Insurance Opportunity

- The scope of the concept
- Different solutions for different needs
- The value for the opportunity



The scope of the concept

- Government should facilitate shift to demand oriented system
- Concept should meet some or all of the costs of care should the insured become unable to function independent on a basic level



Different solutions for different needs

- Age
- Gender, marital and family status
- State of health
- Income and asset levels
- Trends in public provision
- Availability of formal care



The value for the opportunity

- Maintain dignity and control lives
- Fund a high standard of care
- Select the best care providers
- Gain priority access to care provision where services are scarce(?!)
- Minimise absenteeism of employees who are also family carers.



Principal reforms underway (?)

Discussion about:

- National insurance for long term care
- Dual system of public and private insurance for basic medical care, incl. hospital
- Voluntary additional insurance for less necessary care, incl. dental care.



Discussion

Is there a market for private insurers on LTC products in the Netherlands?

Is it an service or an insurance market

Does the government facilitate LTC?

