



Changing long-term care needs in ageing societies: Austria's policy responses

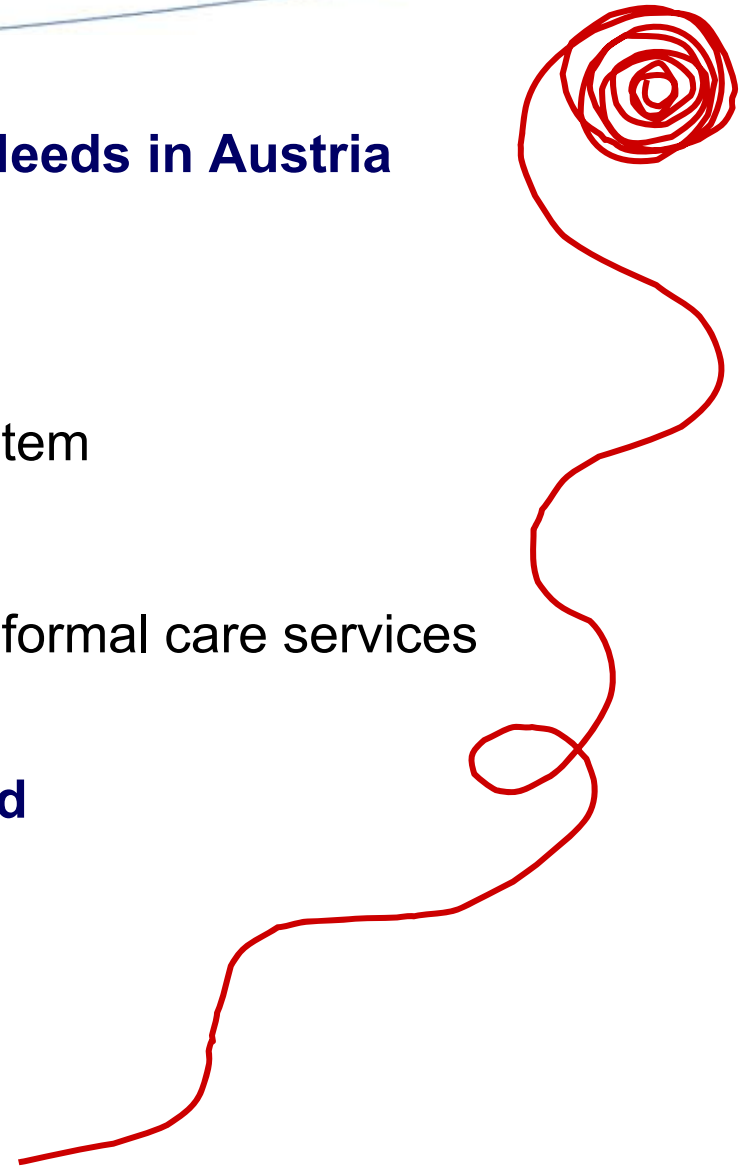
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Outline

- **Population Aging and Long-Term Care Needs in Austria**
- **Long-term Care Policy in Austria**
 - Basic characteristics of the Austrian System
 - Details on the care allowance system
 - Public provisions for securing access to formal care services
- **The current debate and challenges ahead**

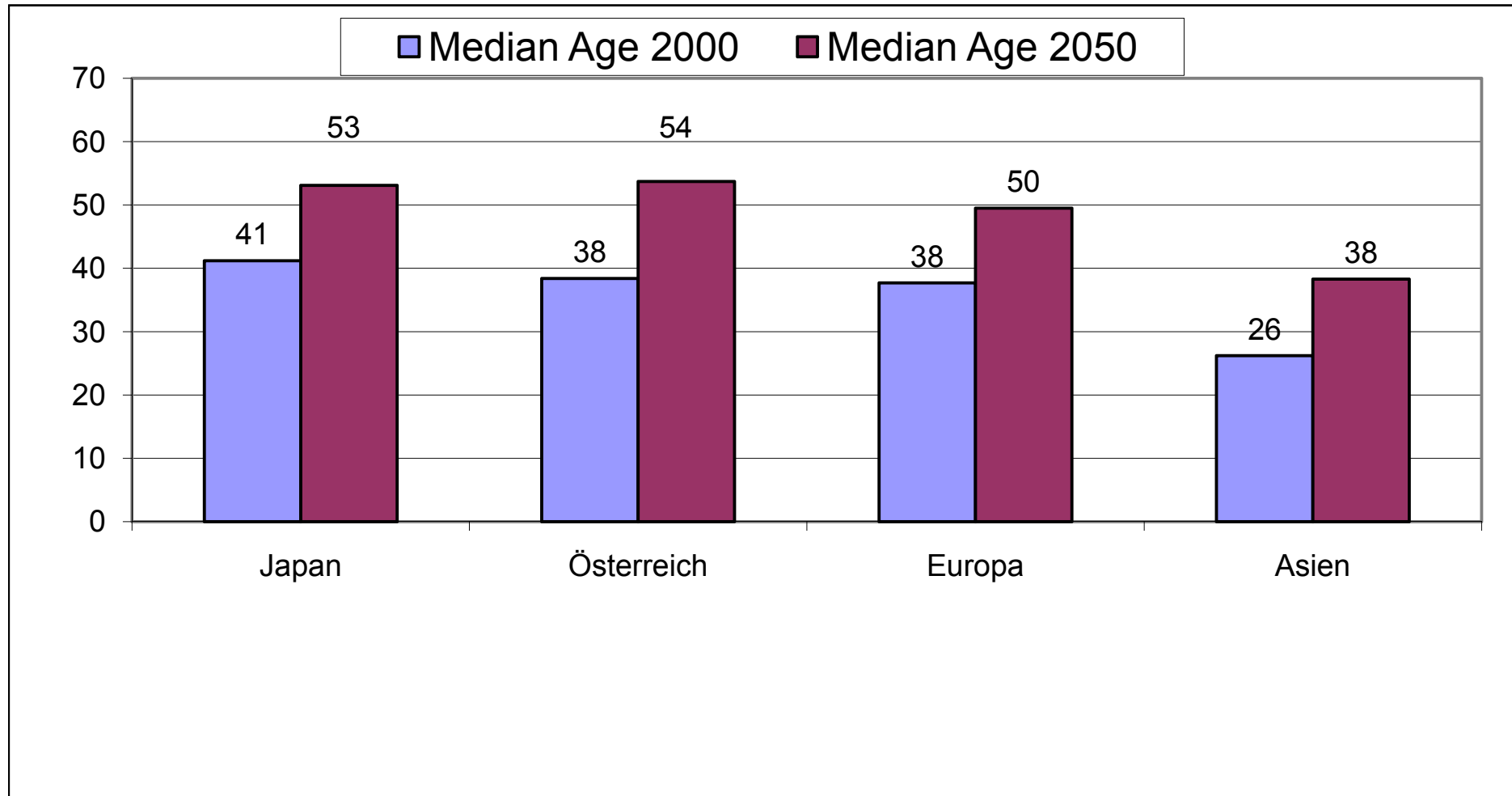


Austria



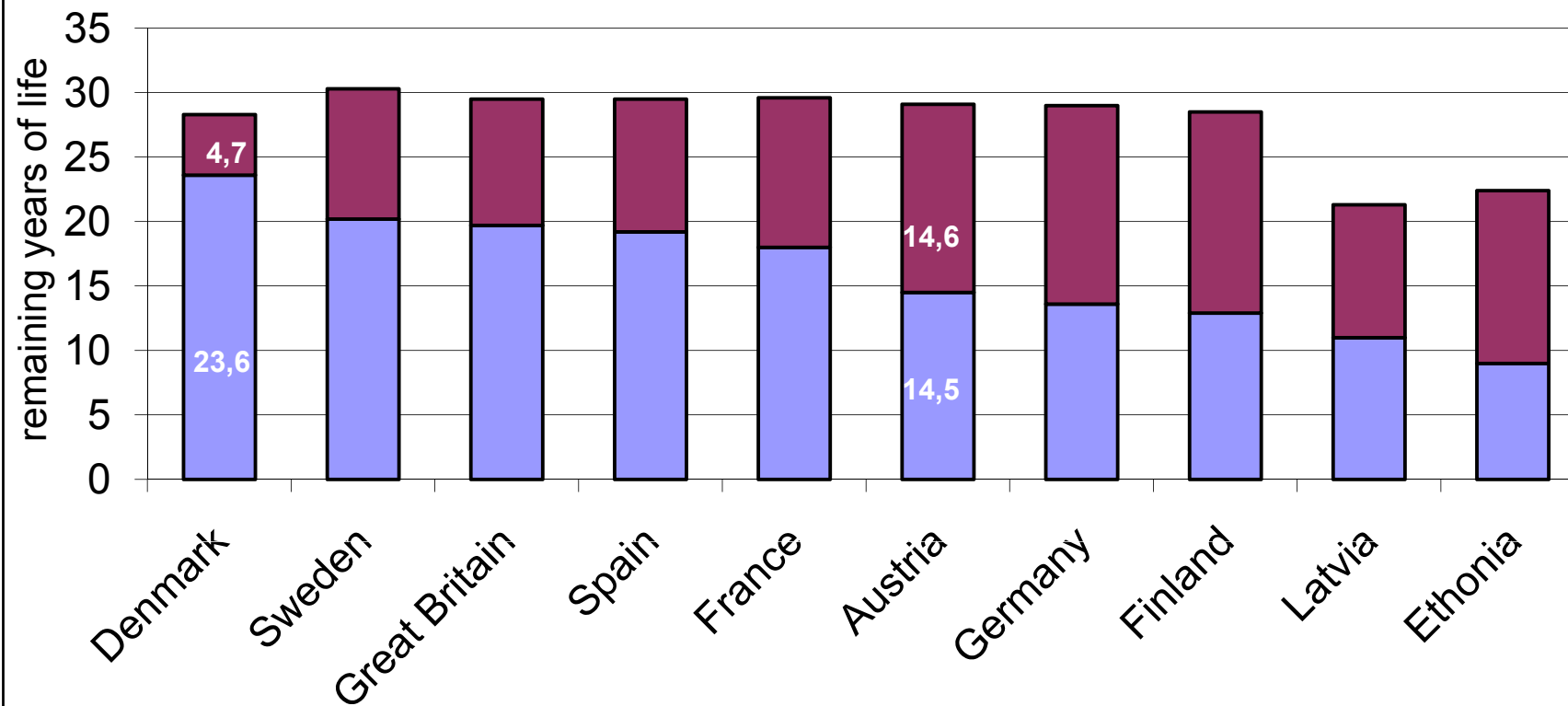
- Population: 8.3 million
- 99 residents/km² (Japan: 340 residents/km²)
- majority of the population lives in small towns (<10.000 residents)
- share of the population age 65+: 17%
- share of population in need of long-term care: 5% (>400.000 p.)
- public spending on long-term care: 1.3% of GDP

Population Aging 2000 - 2050



Q.: UN Population Division, Department of Economic and Social Affairs.

Life expectancy and healthy life expectancy Men at age 50 (2005)



Q: Jagger et al. 2008

Austrian **Women**: 15,7 healthy years, 18 years with health limitations

European Social Care Models

“Mediterranean Model”

**“Continental European
Subsidiarity Model”**

“Anglo-Saxon Model”

“Scandinavian Model”

- family as a major source of support
- public LTC policy as a complement to private provisions and private support
 - quality regulation
 - aid for family care & home care
 - limited risk coverage/ benefits
- tradition of nonprofit service provision

e.g. Anttonen/Sipilä 1996: 96 ff.;
Bettio/Plantenga 2004;
Timonen 2005; Jensen 2008

Guiding principles of Austria's LTC system

Subsidiarity

- provision for the risk of dependency is a personal responsibility
- family assistance first
- nonprofit service provision
- provincial competences in long-term care policy



Solidarity

- universal care allowance
- public provisions for long-term care service infrastructures
- support for informal caregivers
- service quality regulation

Austria's LTC System

- **universal care allowance and „24-hour care allowance“**
- **means-tested co-payments to service charges**
- **public provisions for long-term care infrastructure (investment grants, performance-related payments, subsidies)**
- **support for informal caregivers (non-contributory health insurance coverage, pension benefits, respite care, counseling)**
- **service quality regulation**

- **free and unlimited use of home health care services**

LTC Policy in Austria

Universal care allowance



Eligibility criteria

- usual residence in Austria
- more than 50 hours of care per month needed on average
- dependency on care for at least 6 months

Level of benefit

- depends on the degree of care dependency
(→ standardized assessment on a seven point scale)
- adjustment for inflation at irregular intervals

Care allowance: Need categories and benefit levels 2009



| Levels | Care need (per month) | Care allowance (per month) 2009 | | Share of of recipients in need category x % |
|--------|--------------------------------|---------------------------------------|------------|--|
| | | EUR | JPY | |
| | Ø hours of care (per month) | | | |
| 1 | 50 hours | 154.20 | 18,625.80 | 22 |
| 2 | 75 hours | 284.30 | 34,340.60 | 34 |
| 3 | 120 hours | 442.90 | 53,497.89 | 17 |
| 4 | 160 hours | 664.30 | 80,240.80 | 15 |
| 5 | 180 hours ²⁾ | 902.30 | 108,988.82 | 8 |
| 6 | 180 hours ²⁾ | 1,242.00 | 150,021.18 | 3 |
| 7 | 180 hours ²⁾ | 1,655.80 | 200,000.08 | 2 |

²⁾ Additional requirements for eligibility:

Level 5: exceptional care need (e.g. at requiring at least 5 units of care one of which has to be provided at night);

Level 6: unpredictable/ erratic care needs day and night or need for permanent supervision to avoid endangerment of self or others;

Level 7: Impossibility of hormic movements of extremities (arms and legs) or necessity for life-supporting equipment.

„24-hour care allowance“

- **introduced on 1 July 2007**
- **funded by the federal state (60%) and the provinces (40%)**
- **eligibility criteria:**
 - care client is eligible for a universal long-term care allowance of level 3* or higher
 - his condition necessitates 24-hour care
 - net income of the care client < EUR 2,500 per month
 - home care provided by two care workers from Austria or another EU Member State based on a contract.
- **benefit level: 60.395 JPY or 132.869 JPY depending on whether personal care workers are self-employed or not.**

Public provisions for formal care

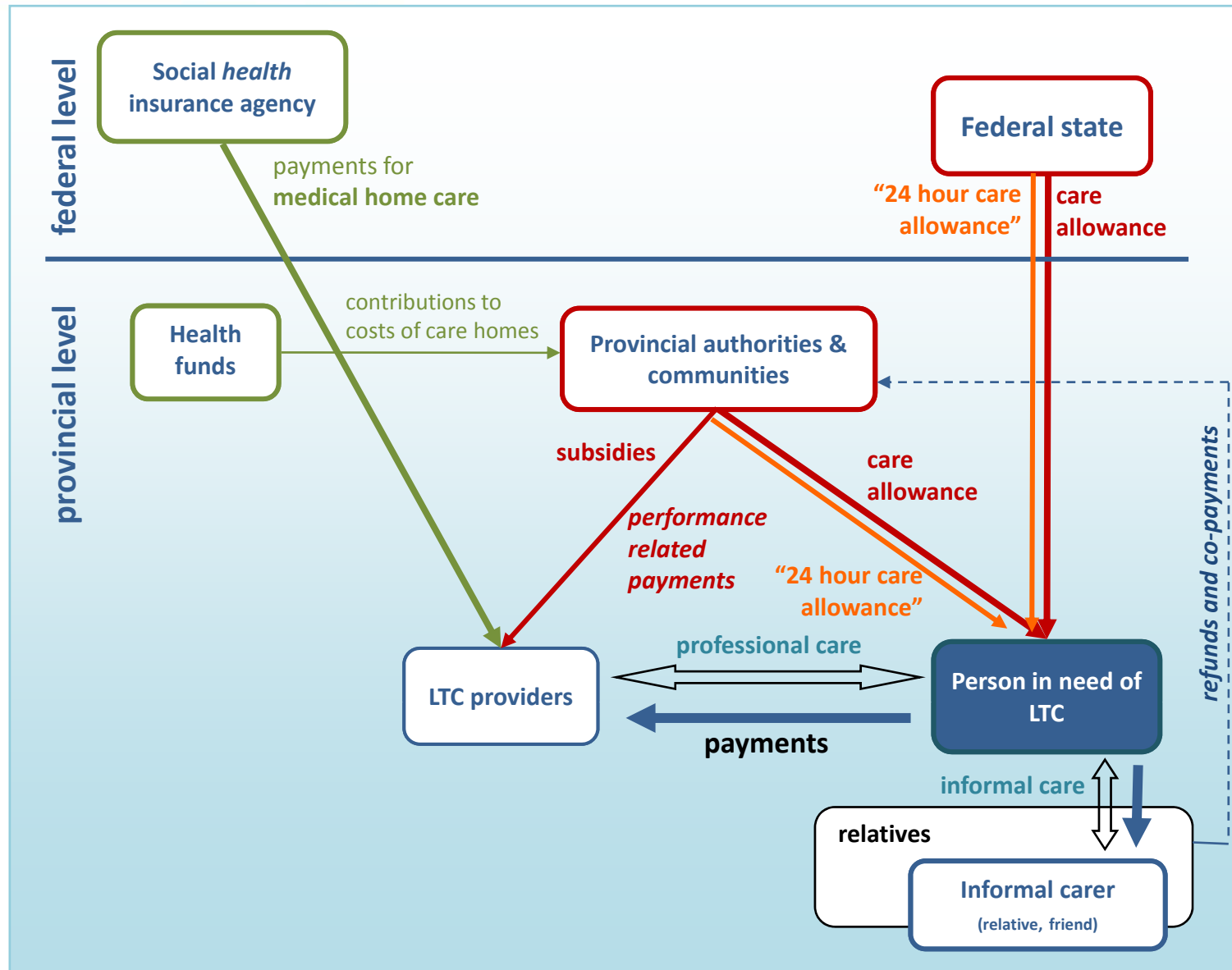


- **Care clients generally pay their own way, BUT**
 - universal care allowance strengthens clients' purchasing power
 - means-tested social assistance
 - efforts to limit service charges for users of formal care services
 - all provinces administer daily charges for institutional care
 - price caps for professional home care services in some provinces
 - public funding for home care agencies and nursing homes (service contracts, grants)

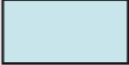


Public provisions for formal care services

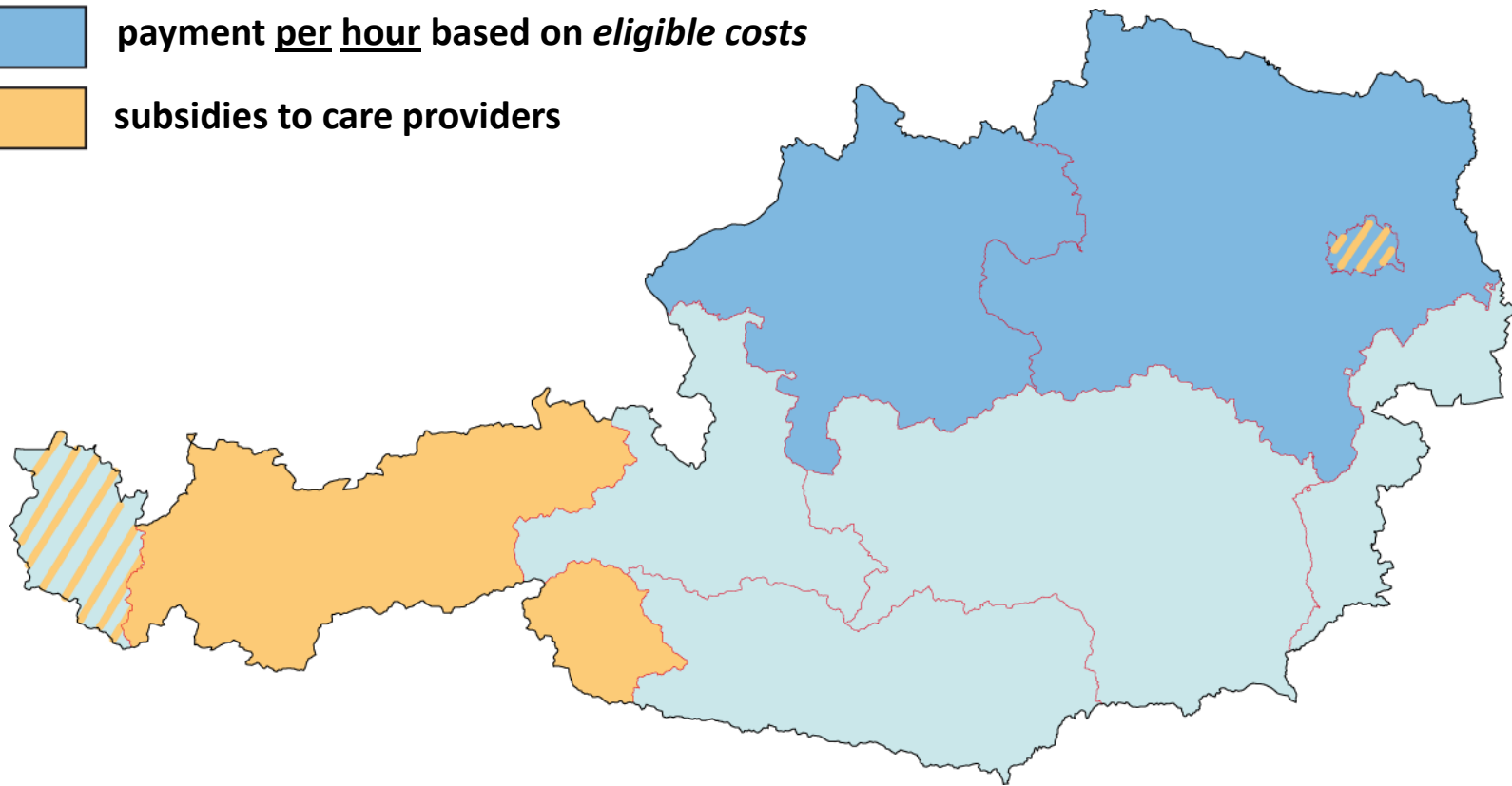
- **responsibility of nine provincial authorities**
- **public funding agents:**
 - provincial authorities
 - local communities
 - provincial health funds („Gesundheitsfonds“)
 - social health insurance (medical home care only)
- **funding models depend on the type of social service (domiciliary care/ institutional care)**

Payment flows in Austria's long-term care system: overview

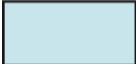



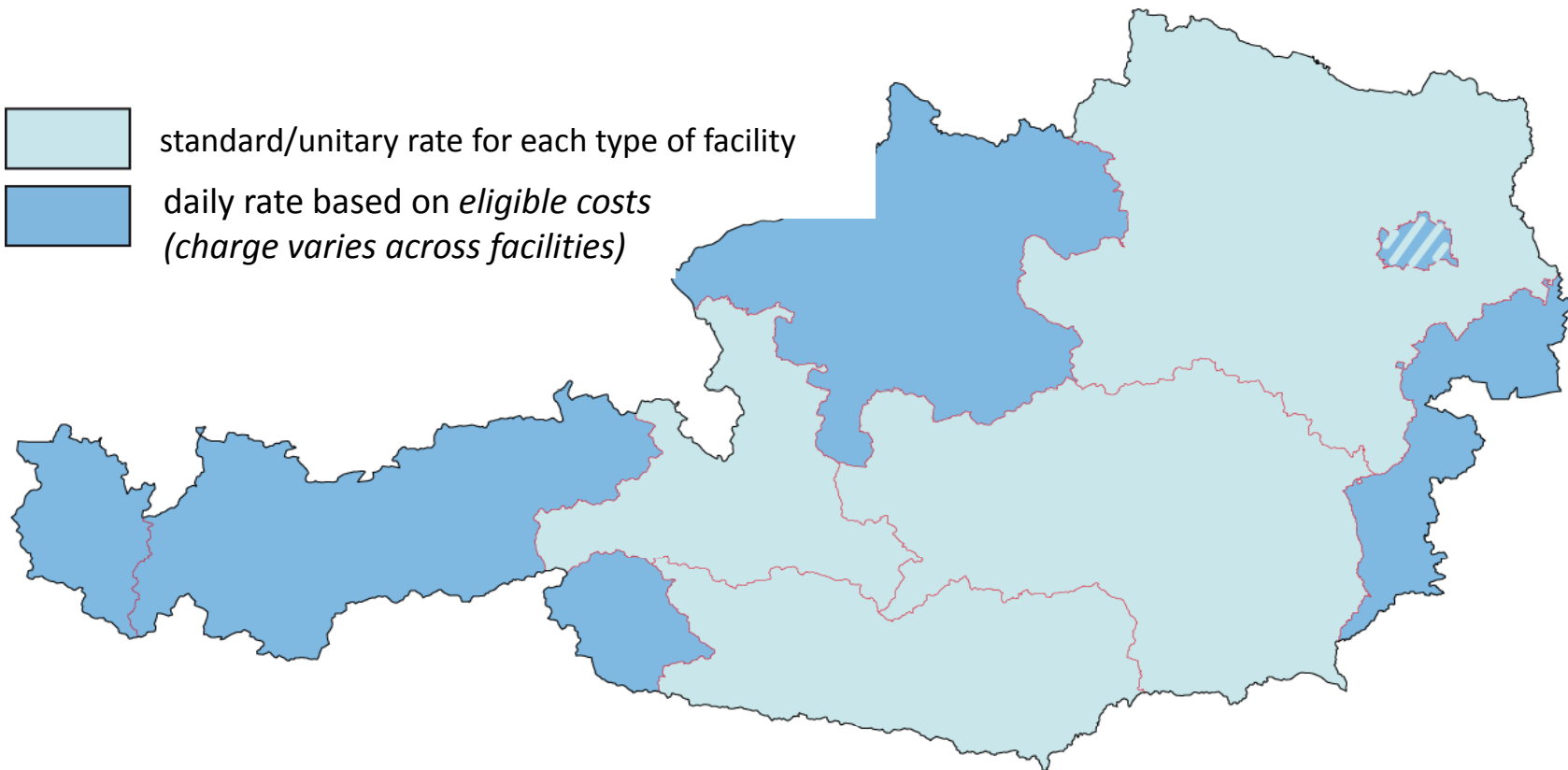
Provincial funding for home care agencies

-  *flat-rate payment per hour* of care provided
-  payment *per hour* based on *eligible costs*
-  subsidies to care providers



Administered *daily rate* for institutional care

-  standard/unitary rate for each type of facility
-  daily rate based on *eligible costs*
(charge varies across facilities)



Public spending on long-term care Austria 2006, JPY (billions)

| | Total | Care allowance | | Social care services | | |
|----------------------|--------|------------------------|---------------------------|----------------------|-------------------------|--------------------|
| | | Federal care allowance | Provincial care allowance | Home care | Semi-institutional care | Institutional care |
| JPY (billion) | 393,5 | 195,8 | 36,7 | 28,6 | 10,8 | 121,5 |
| In % | 100,00 | 59,1 | | 40,9 | | |

≈ 1,3% of GDP

Challenges ahead and the current debate

- **pronounced population aging between 2030 and 2050, increase**
 - ... in the number of care recipients (+41% or more by 2050)
 - ... in long-term care spending (+66% or more by 2050)
- **new agreement on how to share burdens and responsibilities between the federal and the provincial level**
- **inflation adjustment of benefits**
- **recruiting, training and retaining professional care workers**