

Further information

The most recent projections are summarised in PSSRU Research Summary 33, Forty Years On: Future Demand for Long-Term Care in England (www.PSSRU.ac.uk). For further information on this programme of work, contact R.Wittenberg@lse.ac.uk.

Financing Long-Term Care for Older People

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The policy question

How best to finance the long-term care of older people is the subject of considerable national debate in the UK. The Report of the Royal Commission on Long Term Care in 1999, followed by the introduction of free personal care in Scotland in July 2002, has led to continuing pressure for further reform of the financing system in the rest of the UK. The essence of the debate on long-term care is about how far people should fund their own care and how far they should be publicly funded. Underlying the debate are concerns about the future affordability of long-term care.

The PSSRU long-term care financing model

The PSSRU long-term care financing programme, funded by the Department of Health, has developed a model to make projections of demand for long-term care by older people and associated expenditure, under clearly specified assumptions (Wittenberg et al., 1998, 2001, 2005). The aim is to inform the debate about long-term care finance.

The model produces three kinds of projections: numbers of disabled older people likely to require long-term care, long-term care health and social services that will be required to meet demand, and public and private expenditure on those services. Most recently, the research team has concentrated on updating and improving the model, including new work on dependency and informal care.

Disability and needs for assistance

Disability is a crucial driver of demand for long-term care. The section on disability in the projections model has recently been updated and expanded, using data from the 2001/2 General Household Survey (GHS). It now includes six categories of disability, ranging from no disability to inability to perform two or more activities of daily living (ADL) without help.

There are about 2.35 million disabled older people in England (2003). Of these, approximately two million live in their own homes and around 350,000 in residential care homes, nursing homes or long-stay hospitals. Almost 600,000 of those in their own homes are unable to perform at least one ADL without help: of those aged 85 and over living at home 18% of men and 21% of women are in this category.

Sources of informal care

Receipt of informal care is an important factor affecting need for long-term care services by older people (Pickard et al., 2000). It is important to distinguish between informal care by spouses and by children: whereas care by spouses is likely to increase in future years, care by children may decrease. A reduction in the supply of care by children may arise from such factors as the continuing expansion of women's employment, decline in co-residence of older people with their children and (beyond 2025) rising numbers of childless older people.

Recent improvements to the model, involving new analyses of the 2001/2 GHS, mean that disabled older people in the model are now divided into

Past and future research

The programme has produced projections for a number of agencies, including

- Department of Health
- Royal Commission on Long Term Care
- European Commission
- Institute for Public Policy Research
- Joseph Rowntree Foundation

The research team has participated in a project to make comparable projections for four European countries (Comas-Herrera et al., 2005), and is providing advice to the European Commission on methodologies for producing projections. We recently prepared projections for two local authorities in England and local authorities in

Wales to aid local planning of care services.

Current work includes extending the projections model, so that it can produce workforce projections. We are also developing further scenarios on trends in disability and patterns of care. The team has been commissioned, in collaboration with the Universities of Essex and Birmingham, by the Nuffield Foundation to prepare analyses on a range of financing options. New projections have also been commissioned by the Alzheimer's Research Trust, the Disability Rights Commission and the National Assembly for Wales.

those receiving help from their children, from their spouses and from others. The analyses show that approximately 85% of disabled older people currently receive some informal help. Of those who receive informal help, over 80% do so from either their children or their spouses, with approximately equal numbers receiving help from each source of care. Nearly 90% of the disabled older people who receive informal care from their children are single (widowed, divorced, separated or never married).

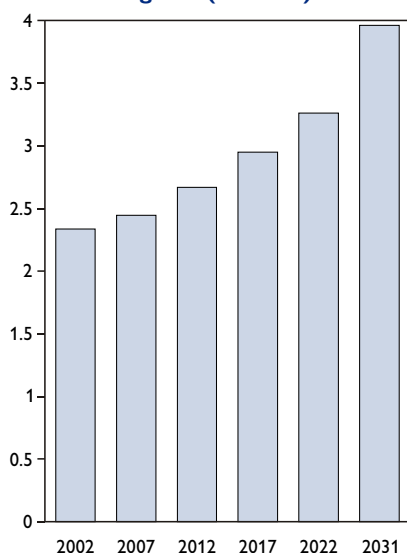
Key projections

The model projects that the number of disabled older people is likely to increase by nearly 70% between 2002 and 2031 (figure 1), if age-specific disability rates remain constant. This is on the basis of the latest official population projections. Care by spouses is likely to increase significantly in future years, in view of the official marital status projections. Over the next thirty years, spouse care is likely to become a more important source of informal care for disabled older people than care by their children. Yet care by children will still need to increase by over 60% in the next 30 years, if the proportion of older people (by age and marital status) receiving care from their children is to remain the same as today.

Demand for long-term care services is projected to increase markedly, even if informal care rises in line with demand. The model projects that, to keep pace with demographic pressures over the next 30 years, residential and nursing home places and home care hours would need to expand by around 75%. The model also projects that long-term care expenditure would need roughly to treble in real terms over the next 30 years to meet demographic pressures and to allow for likely real rises in care costs. This projection is highly sensitive to the projected growth in the numbers of older people, future disability rates and future real rises in care costs.

An important message from the programme has been that policy-makers need to plan for uncertainty, since projections of future long-term care expenditure are sensitive to various factors, especially trends in disability and in real unit costs of care.

Figure 1 Projected numbers of people aged 65 and over with disability, 2002–2031, England (millions)



References

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