

The Economics of Housing and Care for Older People

PSSRU Evaluation of the ECH Funding Initiative

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Economics of Housing and Care for Older People

- Focus on Costs:
 - Some emerging findings on development costs
 - Some emerging findings on operating (revenue) costs
- Next steps: Cost-Effectiveness Analysis

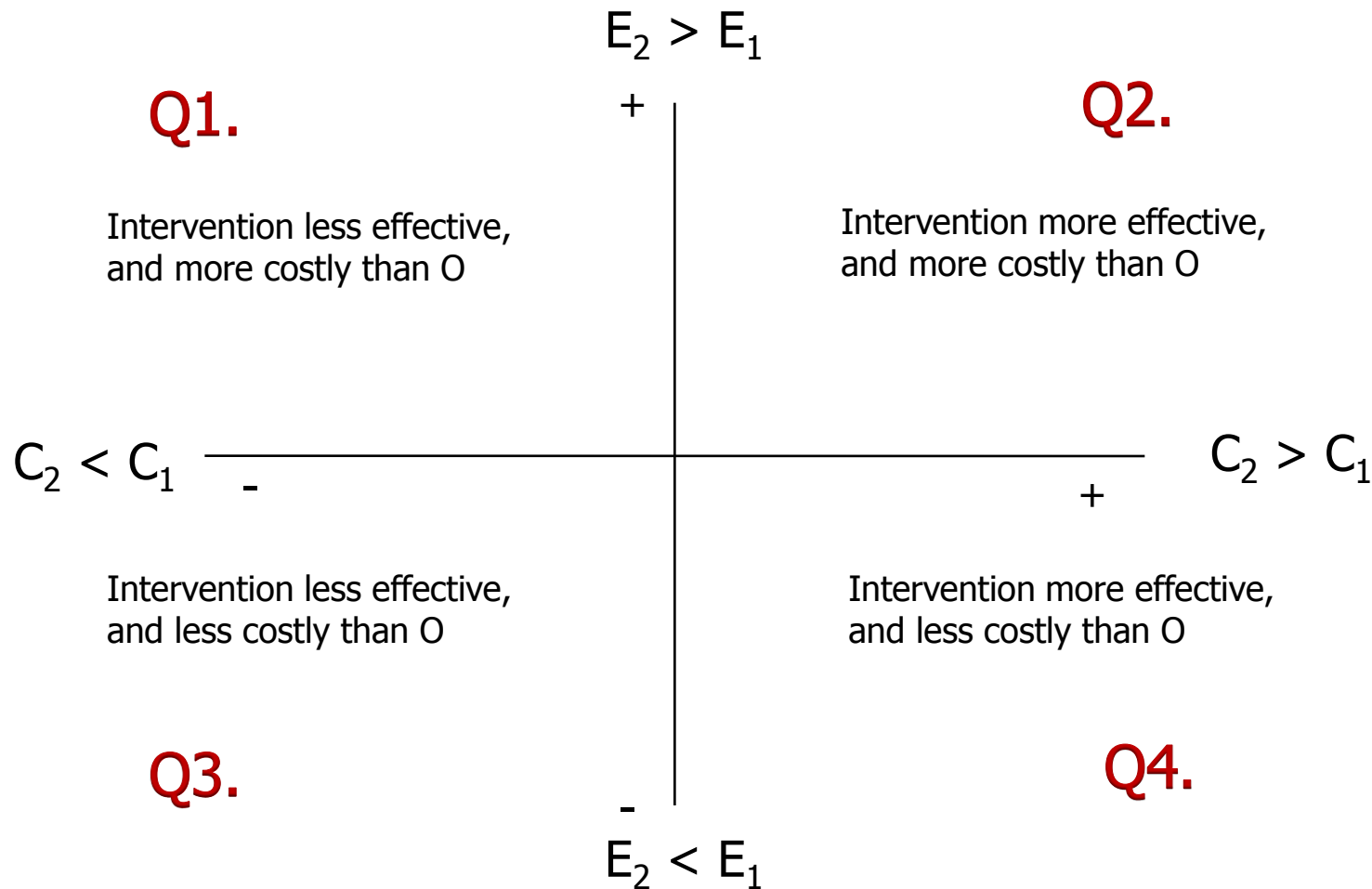
Costs

- Greatest lack of evidence in terms of costs
- Costing methodology
 - Comprehensive; social perspective
 - Reflecting variations
 - Comparisons on a like-with-like basis
 - Costs in relation to outcomes
- Costs in context of outcomes: Is it worth it?

Costs and Outcomes

- Relevant question in current context:
 - A new but expanding area, but is capital expenditure on ECH justified?
 - Is ECH more cost-effective than care homes, than sheltered housing, than care in the community, or other alternatives?
- To answer questions, need to identify costs and the outcomes they were incurred to achieve

Cost-Effectiveness Plane



The Extra Care Housing Initiative: PSSRU Evaluation (19 Schemes)

- 2004/05
 - 2 retirement villages: 258 & 270 units
 - 7 new-build: 344 units (38-75)
- 2005/06
 - 1 retirement village: 242 units
 - 9 new-build/remodelled: 372 units (35-48)
- Opening dates: 7 in 2006, 8 in 2007, 4 in 2008

ECH Capital Cost Funding: 2004/05 – 2008/10

Financial year	Fund	Bids	Successful bids	
			No.	Units
2004/05	£29.0m	205	16	1422
Pre-allocated	£17.7m		6	306
2005/06	£40.3m	>140	21	1238
2006/07	£20.0m		5	
2007/08	£40.0m	43	14	967
2008/10	£80.0m	61	25	2035

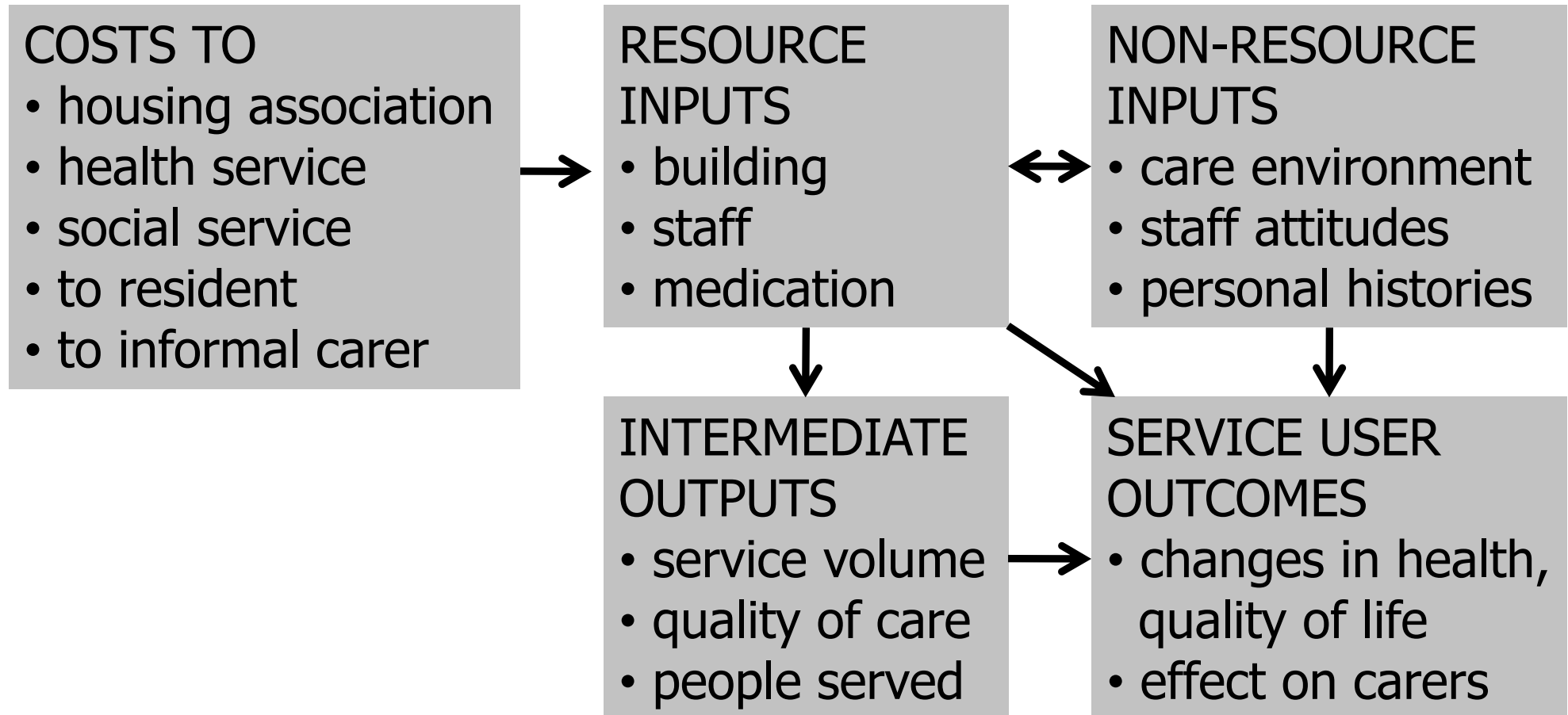
Dev Costs I: Findings

- Not straight-forward to compare development costs
- Average cost per m² across 19 schemes
- Cost per standard flat (i.e. cost per m² x average area of flats across schemes)
- In comparison to Tinker et al.'s study
 - Remodeling no less expensive than new-build
(Methodology: no land, less communal facilities)
 - vs. £64,300

Dev Costs II: Findings

- Sources of capital funding; funding ratio
 - Viability of rent-only schemes / mixed tenure
 - (Cross-)Subsidies: LA land, Sales Incomes
- Impact of current economic climate
 - Stalled sales: housing assets
- Development Cost Overruns
 - As percentage of budgeted costs
 - Delays: land negotiations, planning consent, construction difficulties, design changes
- But dev. costs only one of the cost elements

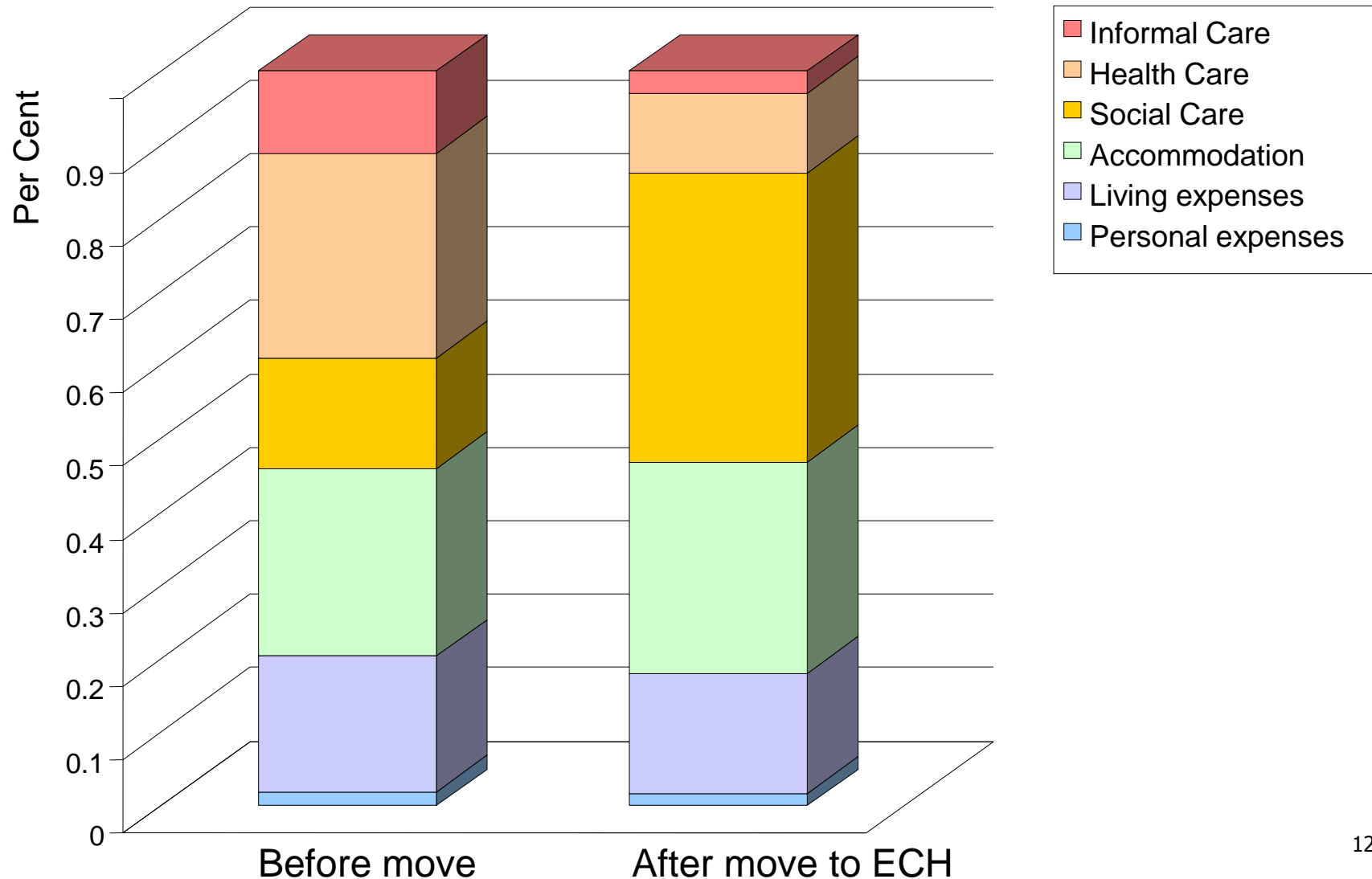
Cost Elements, and Outcome links



Revenue & Indiv-level cost:

- Costing principle:
 - Opportunity cost
 - Estimates for each of the broad cost components
- Accommodation , Social Care, Health Care, Living Expenses:
(Service receipt frequ. x unit cost)
- Estimated Mean costs per person per week
- In-depth JRF study: Costs in relation to Outcomes
 - Level of receipt and costs of services seemed to increase in part due to meeting previously unmet needs
 - Overall costs pp increased but associated with improved outcomes
 - Initial evidence that ECH situated in Q2 of C-E Plane

Before & after costs: JRF study



Cost Data Collected

- Costs: Individual level
 - Receipt of health & social care services & benefits at 6m (467 indivs.) + 18m
- Costs: Scheme-level (19 schemes)
 - Development costs
 - Revenue (operating) costs, i.e. financial accounts after 1 and/or 2 yrs & funding sources (LA) Variation in unit costs: e.g. home care
 - Charges to residents & service charge breakdowns
- Outcomes
 - Functional ability (Barthel, MDS) at 0m, 6m, 18m; Well-being (CASP 19) at 6m +18m

Current/ Further Analyses

- Development Costs of ECH
- Costs and Outcomes of ECH: JRF In-depth study in one scheme
- Current/ future analyses – Dec 2010:
 - Variation in costs: factors (individual & scheme-level)
 - Relationship between costs and outcomes
 - Comparative costs / Cost Effectiveness analysis
 - No ideal comparator: e.g. ppl eligible for ECH but who instead remain home (amended care package) or move to care home
 - Comparator Group: e.g. previous PSSRU studies on care homes with statistical matching & potentially series of comparisons with different data sources in terms of outcomes