

Further information

The most recent projections are summarised in PSSRU Discussion Paper 2514, Future Demand for Social Care, 2005 to 2041: Projections of Demand for Social Care for Older People in England (Wittenberg et al., 2008)

Research Programme Summary

Financing Long-Term Care for Older People

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The financing of long-term care for older people is a highly topical issue, especially in view of demographic trends and potential changes in patterns of care or policies. A number of key questions arise. How many older people are likely to require long-term care services in thirty or forty years' time? How much are these services likely to cost? Will the cost to public funds prove affordable? How should costs be divided between public expenditure and private sources of finance?

The Long-Term Care Finance (LTCF) programme has developed a model to make projections of demand for long-term care by older people and associated expenditure, under clearly stated assumptions. Current work includes model **update and development** to address policy questions, work on identifying long-term care needs for older people within the **ESRC-funded MAP2030 study**, and a contribution to **modelling care and support for the forthcoming Green Paper** (see the following page).

Recently completed work has included the development of a new model projecting demand and associated expenditure for **long-term care for the younger adult population** (aged 18–64) for the Strategy Unit (Cabinet Office) and the Department of Health (Wittenberg et al., 2008a). In addition, the team has updated the PSSRU's projections of demand for **long-term care and associated expenditure for the older population** (aged 65 and over) in England to 2041 (Wittenberg et al., 2008b).

The programme includes a research stream on **informal care**, which undertakes analyses of the supply of and demand for informal care, now and in future years. Recent work has included projections of the supply of informal care for younger adults and older people in England to 2041, for the Strategy Unit and Department of Health (Pickard 2008a, Pickard 2008b). Two reports based on this work are described on page 36 of this Bulletin. Ongoing work includes two projects. The first aims to link projections of the future supply of informal care to the future supply of the long-term care workforce. The second aims to incorporate the future availability of adult children into the LTCF model, drawing on analyses of the English Longitudinal Study of Ageing (Pickard 2008c).

Key publications

Wittenberg R., Malley, J., Comas-Herrera, A., Fernández, J.L., King, D., Snell, T. and Pickard, L. (2008a) Future Demand for Social Care, 2005 to 2041: Projections of Demand for Social Care and Disability Benefits for Younger Adults in England, Report to the Strategy Unit (Cabinet Office) and the Department of Health, PSSRU Discussion paper 2512, Personal Social Services Research Unit, London

Wittenberg, R., Pickard, L., Malley, J., King, D., Comas-Herrera, A. and Darton, R. (2008b) Future Demand for Social Care, 2005 to 2041: Projections of Demand for Social Care for Older People in England, Report to the Strategy Unit (Cabinet Office) and the Department of Health, PSSRU Discussion Paper 2514, Personal Social Services Research Unit, London.

Pickard, L. (2008a) Informal Care for Younger Adults in England: Current Provision and Issues in Future Supply, England 2005–2041, Report to the Strategy Unit (Cabinet Office) and the Department of Health, PSSRU Discussion Paper 2513, Personal Social Services Research Unit, London.

Pickard, L. (2008b) Informal Care for Older People Provided by their Adult Children: Projections of Supply and Demand to 2041 in England, Report to the Strategy Unit (Cabinet Office) and the Department of Health, PSSRU Discussion Paper 2515, Personal Social Services Research Unit, London.

Pickard, L. (2008c) Sources of Informal Care: Comparison of ELSA and GHS. PSSRU Discussion Paper 2598, Personal Social Services Research Unit, London.

The Long-Term Care Projections Model

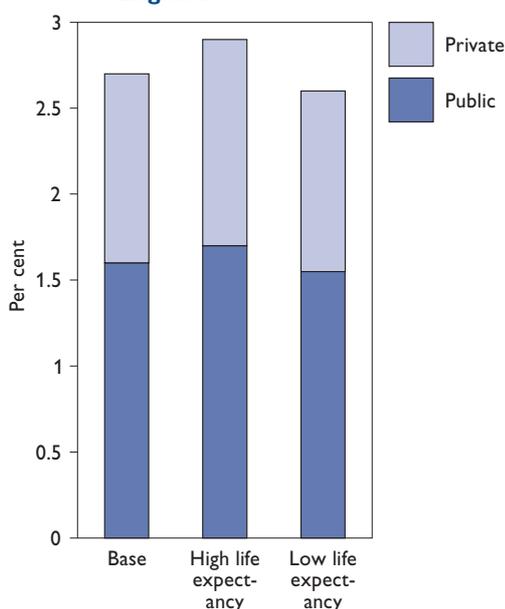
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Background The PSSRU Long-Term Care Finance model is capable of addressing questions in the current policy debate as to possible changes in the patterns of care and future demand. Some of these issues have been examined using earlier versions of the model and the results widely disseminated (Wittenberg et al., 1998, 2001, Hancock et al., 2003, 2007). The latest version of the model incorporates up-to-date data from various sources, including 2006-based population projections from the Office for National Statistics (ONS), the number of local authority supported care home residents and home care users from 2006/7 Information Centre data, and information on intensity of service receipt from the 2005 PSSRU survey of local authority home care. Projections are made for England to 2032.

The base case of the model assumes a constant rate of prevalence of disability by age and gender, that the supply of informal care will rise in line with projected demand and that the probability of receiving care, by age, gender, disability and household composition, remains constant.

Preliminary findings ONS population projections indicate that by 2032, the population aged 65 and over in England will increase by 66% from 8.1 to 13.4 million persons. Under the assumptions above, the model projects that expenditure on long-term care, as a percent of GDP, will need to rise by 83%, from 1.5% to 2.8% by 2032 to meet demand. Public spending would need to increase from 0.9% to 1.6%, an increase of 76%. Private spending would need to increase by 92% from 0.6% to 1.2% of GDP.

Figure 1 Projected public, private and total expenditure on long-term care as a percentage of GDP under different assumptions about life-expectancy, 2032, England



ONS variant population projections are used to test the sensitivity of the model. Under the high life expectancy variant, the older population would increase by 71.3%. Both total and public expenditure on long-term care would need to rise by a further 10%, by 93% and 86% respectively, compared to standard population projections. The low life expectancy variant projects a 60% increase in the older population. Under this variant, a 66% increase in public and a 72% increase in total expenditure is required to meet demand for long-term care. Figure 1 indicates the projected public, private and total expenditure on long-term care in 2032.

Sensitivity analysis around the assumption that informal care supply will rise with demand is in progress. While the supply of care by spouses is likely to rise with demand, the supply of care by children is projected to be lower than demand. Demand for informal care from children by disabled older people is likely to rise by 67% between 2006 and 2032. However, the supply of intense care by children is projected to rise by only 21% during the same period. By 2032, there is projected to be a shortfall of nearly 200,000 care-providers, or 200,000 fewer disabled older people receiving informal care.

References

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- Hancock, R., Juarez-Garcia, A., Comas-Herrera, A., King, D., Malley, J., Pickard, L. and Wittenberg, R. (2007) Winner and losers: Assessing the distributional effects of long-term care funding regimes, *Social Policy and Society*, 6, 3, 379–395.
- Wittenberg, R., Pickard, L., Comas-Herrera, A., Davies, B. and Darton, R. (1998) *Demand for Long-term Care: Projections of Long-term Care Finance for Elderly People*, PSSRU, University of Kent, Canterbury.
- Wittenberg, R., Pickard, L., Comas-Herrera, A., Davies, B. and Darton, R. (2001) Demand for long-term care for older people in England to 2031, *Health Statistics Quarterly*, 12, 5–17.