

MODELLING FUTURE COSTS OF LONG-TERM CARE

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Modem Launch Event

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- Collaborations: University of East Anglia, University of Newcastle and others

POLICY CONTEXT FOR LONG-TERM CARE FINANCE

Concern over future affordability of long-term care for older people

- highly labour-intensive
- potentially rising expectations
- increasing numbers living to late old age
- uncertainty over numbers who will need care

Debate about the fiscal sustainability of long-term care funding and the appropriate balance between public and private funding

PSSRU LONG-TERM CARE FINANCE PROJECTIONS MODELS

- Projections for disabled older people, for Royal Commission, Department of Health, Wanless Commission, Dilnot Commission etc, exploring different financing systems
- Projections for cognitive impairment, for Alzheimers Research Trust, exploring impact of changing prevalence and patterns of care
- Projections for younger adult groups, for Department of Health, Dilnot Commission

LONG-TERM CARE

- Informal care: Unpaid care by family and friends, especially spouses and adult children
- Social services: Formal home-based services and residential care services
- Health services: Community nursing and therapy services
- Social security: Disability benefits (cash)

PSSRU MACRO MODEL

This produces projections of:

- Numbers of disabled older people
- Numbers of older users of informal care, formal care services and disability benefits
- Public and private expenditure on long-term care (long-term health and social care)
- Workforce providing social care

DRIVERS OF DEMAND FOR CARE

- Life expectancy and mortality rates
- Disability rates - compression or expansion of morbidity and disability
- Household composition and informal care
- Unit costs of care such as the cost of an hour's home care
- Public expectations about long-term care

BASE CASE ASSUMPTIONS FOR PROJECTIONS

- Number of people by age, gender and marital status changes in line with official projections
- Prevalence rates of disability by age and gender remain unchanged (except for learning disability)
- Unit costs are constant to 2015/6 and then rise by 2.0% per year in real terms
- Patterns of care – formal and informal – and the funding system remain unchanged

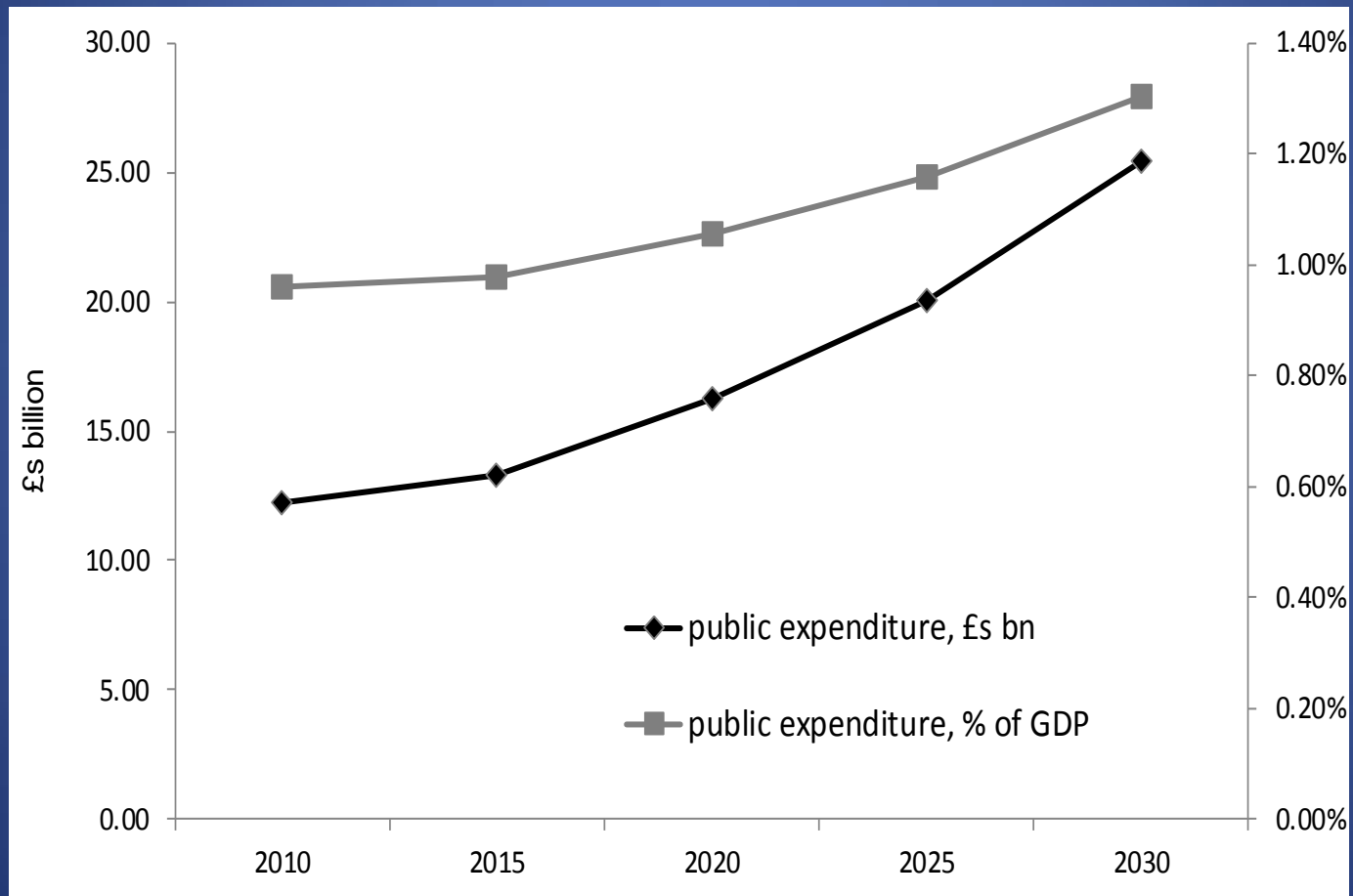
DEMAND PRESSURES, OLDER PEOPLE IN ENGLAND, 2010 TO 2030

- The number of disabled older people is projected to rise by 59% between 2010 and 2030 (from 1.0 in 2010 to 1.6 million in 2030)
- This is sensitive to assumptions about future mortality and disability rates
- The number of older users of care services would need to rise by 63% between 2010 and 2030 to keep pace with demographic pressures
- A higher rise would be required if unpaid care by children did not rise in line with demand

PROJECTED PUBLIC EXPENDITURE ON LONG-TERM CARE FOR OLDER PEOPLE, 2010 TO 2030

- Public expenditure in England on long-term health and social care for older people and on disability benefits used towards care costs is estimated to be £12 billion in 2010
- It is projected to more than double by 2030, to £25.5 billion in 2010 prices, to keep pace with demographic and economic pressures
- This would be a rise from around 0.95% of GDP in 2010 to 1.3% of GDP in 2030

PROJECTED PUBLIC EXPENDITURE ON LONG-TERM CARE FOR OLDER PEOPLE, ENGLAND, 2010 TO 2030



FURTHER INFORMATION

Please see our website www.pssru.ac.uk