

How can private long-term care insurance supplement state systems? AXA-funded study looking at the UK as a case study reports on 30 January 2013

by **Laura Clohessy**

An increasing amount of attention is being paid to the question of how we continue to finance care. With concerns about the ageing population and the cost of long-term care, to both the individual and state, we must rethink the way we deal with chronic illness and its disabling consequences. This includes consideration of both public and private financing systems and the appropriate balance between public and private responsibilities. Researchers from the Personal Social Services Research Unit, the University of East Anglia, the Nuffield Trust and the University of Barcelona have been exploring how private long-term care insurance can supplement state systems, with the UK as a case study. The **research project**, funded by the AXA Research Fund, began in April 2010, and has involved:

- Consideration of ways in which some of the challenges facing wider take-up of long-term care insurance in the UK could be addressed, including interaction with state funding;
- Estimating the expected life-time costs of care for older people in England, by gender and other characteristics under different patterns of care;
- Consideration of the affordability and attractiveness for different individuals of policies with varying levels of premiums and pay-outs, for a range of assumptions on how insurance would interact with state funding; and
- Preparation of projections to 2032 of public and private social care expenditure under different potential insurance schemes.

This project comes at a crucial time in the Government's timetable for reforming the way long-term care is funded and delivered. The project will end in February 2013.

Although private long-term care insurance creates advantages through pooling the risks of care across the population, there have been difficulties implementing this in the UK. Private voluntary insurance is used more commonly in other countries such as the US and France. This project has looked at other international systems, in order to better understand what circumstances allow for successful private insurance schemes to be developed as supplement to state systems. This has been published in the LSE Companion to Health Policy (Comas-Herrera *et al.* 2012) as a review entitled *Barriers and opportunities for private long-term care insurance in England: what can we learn from other countries?* .

As part of the project the team has also looked at how to measure levels of protection against the risk of high costs of long-term care provided by long-term care protection systems (which can take many forms, ranging from contribution to a national public LTC system through taxation or social insurance contributions, to individual or group purchased private insurance). This research applied risk measures to the public LTC system in Spain and measured how the new public LTC system would mitigate the risk of high cost of care to individuals (see **LSEHSC Blog post**). It found that the introduction of the Spanish public LTC system would guarantee that the highest cost incurred by the majority of the population would be reduced by 30%. The results highlighted the importance of ensuring that LTC systems take into consideration both the severity and the duration of care needs.

The project team, jointly with the **International Long- Term Care Policy Network (ILPN)**, will be hosting a presentation and discussion of the findings of the project at the London School of Economics and Political Science on 30 January 2013 between 13.00 and 17.00. 

The programme for the day:

Chair: Martin Knapp, London School of Economics and Political Science

13.00: Refreshments

13.30: Introduction to workshop and study *Raphael Wittenberg, London School of Economics and Political Science*

13.40: Policy background *Charles Tallack, Department of Health*

13.50: Study of barriers and opportunities: Findings from literature review and discussion with experts *Adelina Comas-Herrera, London School of Economics and Political Science*

14.10: Estimates of life-time costs of care and associated potential insurance premiums *Raphael Wittenberg, London School of Economics and Political Science*

14.50: Affordability of long-term care insurance *Ruth Hancock, University of East Anglia*

15.10: Tea

15.30: US perspective *Joshua Wiener, RTI International Washington*

15.50: European perspective *Christophe Courbage, Geneva Association*

16.10: Industry perspective

16.30: Panel discussion of the implications of the study for policy and practice and for future research

17.00: Conclusion

To register and for more information please email: Pssru@lse.ac.uk

References

Comas-Herrera A, Butterfield R, Fernández JL, Wittenberg R, Wiener JM (2012) Barriers and opportunities for private long-term care insurance in England: what can we learn from other countries? in McGuire A, Costa-Font J (eds.) *Elgar Edward LSE Companion to Health Policy*, Elgar Edward.

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