

# Long term care, wealth and housing

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# Summary

- This paper to investigate the association between LTC expenditure and wealth (housing).
- Data: WoON 2009 survey with admin data LTC use
- A two part model is used to estimate the partial correlation between LTC consumption and wealth after accounting for health status and other characteristics (no income).
- Second part log-gamma model

# Summary (2)

- Results
  1. (The incidence of ) LTC (ZZV, ZMV) consumption in period 2009-2011 is negatively correlated with (cf. Tables 1 and 2)
    - a) total (financial) wealth in 2009
    - b) home ownership in 2009
  2. Multivariate analysis: incidence of LTC expenditures (Table 7):
    - a) The incidence of ZZV and ZMV consumption positively associated with 'elderly dwelling'
    - b) Incidence of ZMV consumption negatively associated with home ownership and residual wealth (excluding home equity)
    - c) Incidence ZZV not partially correlated with wealth and home ownership

# Summary (3)

3. Multivariate analysis:  $\ln(\text{LTC expenditures})$  given incidence (Table 8):
  - a) The amount of ZZV and ZMV consumption positively associated with 'elderly dwelling'
  - b) Amount of ZMV consumption negatively associated with home ownership but not with residual wealth (excluding home equity)
  - c) Amount ZZV not partially correlated with wealth and home ownership
4. Dummy 'elderly dwelling' endogenous' IV estimation two part model (Table 9). Very large coefficient for elderly dwelling
5. 2SLS, no effect wealth, positive effect home ownership for ZZV, negative for ZMV

## Summary (4)

- “Higher compulsory co-payments would expectedly have the most disadvantageous effect on elderly individuals with lower wealth, who appear to be the most intensive users of LTC. “
- “Because wealth distribution is skewed to the left with high LTC costs associated with lower wealth, increased co-payments may possibly deplete meagre wealth resources or even prevent individuals with low wealth from using the necessary care.”
- “A system of compulsory co-payments for LTC based on wealth might thus cut overall LTC costs however at the cost of potential users of LTC, jeopardising participation in LTC use for those in need, particularly among the lower wealth cohorts.”

# Comments (1)

- Conclusions drawn by the authors rather bold (see previous page) given that you have estimated associations. Behavioral responses.
- Additional analysis: How much would LTC users have co-paid if you apply the co-payment rules introduced in 2014 would have been already in place from 2009 onwards? This in comparison with the old rules
- I suspect that the new rules in 2014 do not affect the co-payments of renters with low financial wealth.
- However, there might be a serious increase in co-payments for home owners with low financial wealth

# Comments: data

- No direct info on co-payments in the data? Such info useful in predicting LTC consumption.
- “We select the persons aged 55 and above from WoON 2009 and are able to observe their use of LTC in the three years that follow”. 2 observations in the data for couples? In that case you should compute s.e’s which are clustered at the household level.
- People living in nursing homes not in the dataset
- You exclude the persons with CIZ indication but do not show up in the data about actual LTC use. Can you characterize these people?
- Why do you use WoON 2009 as the base dataset and not POLS (more info on health)
- Statement made in footnote 7 incorrect
- Provide a definition of the variable ‘elderly dwelling’

# Comments: multivariate analysis

- Logit model: compute average marginal effects
- Second part, two part model: Why a log-gamma model (variance is proportional to the mean. The reasoning presented on page 16 does not convince me. I would have a standard two part model.
- Motivate more clearly why you include the dummy 'elderly dwelling' as a rhs variable in the model. I would not have included this variable.
- I would include income in the models
- The standard errors presented in Tables 9 and 10 are not correct. F-test first stage regression