

Better Coinsurance Risk Sharing in Nursing Home Care

“Long-term nursing home care constitutes a considerable financial risk for the middle class”

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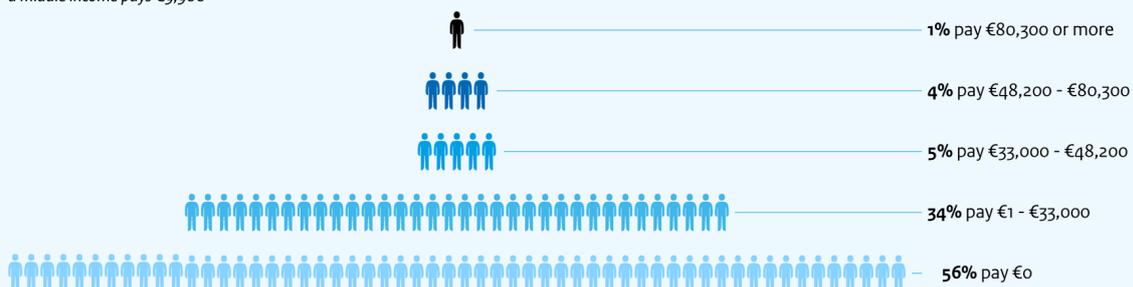
One in five older people in the Netherlands will need nursing home care during their lifetime. Users must pay a portion of the cost themselves, as determined by their income- and wealth-dependent co-payment. This co-payment constitutes a considerable financial risk for middle-class seniors who need long-term nursing home care. For this group, the annual cost of such care can exceed 70% of their net income.

Principal Findings

- Three quarters of seniors require no nursing home care, or at most a year, but 10% remain in nursing homes for longer than four years; in such cases, the coinsurance amounts pile up.
- Coinsurance rates as a percentage of income are highest for middle-income seniors. They run the risk of paying tens of thousands of euros total in coinsurance.
- The coinsurance system could be designed differently, for example, by immediately including home equity.
- Seniors who own a home would then pay more on average, but their risk would decrease.

Lifetime co-payments are distributed unequally

on average, a 70-year old with a middle income pays €9,900



Key Takeaways for the Industry

- By designing coinsurance rates different, the government could limit the financial repercussions of coinsurance without it costing any money.
- The real pressure on income and net worth could be decreased by immediately incorporating home equity and giving the return from this back to seniors in the form of lower contributions from their income or limiting the period for paying coinsurance to a maximum of six years.
- These measures would create significant economic gains for most older people.



Want to know more? Read the paper

“Betere risicospreiding van eigen bijdragen in de verpleeghuiszorg” (in Dutch only)