Discussion: Preferences of elderly people for housing and long-term care

Jim Been

1Department of Economics, Leiden University and Netspar

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Elicit preferences for housing and private care possibilities.

- Stated Preferences method.
- Hypothetical situations.
- Choice model of simultaneous housing and care decisions.
A system of public care has been in place in the Netherlands since 1968.

Highest level of public LTC in the Netherlands (see Figure).

Everyone covered under AWBZ...

...but some form of income-dependent cost-sharing.

Long-term care costs are rising (8% of GDP in 2060).

Out-of-pocket spending is rising.
I.1. WHY THE QUALITY OF LONG-TERM CARE MATTERS

Figure 1.4. Public long-term care expenditure (health and social components), as a share of GDP, 2010 (or nearest year)

Notes: Based on the definition in the 2012 Joint Health Accounts Questionnaire (JHAQ) of the System of Health Accounts (SHA), long-term care expenditure comprises long-term (health) care and social services of long-term

53-59% chance of entering a nursing home (Hurd et al. 2014).
Average duration is just over 1 year (Hurd et al. 2014).
High wealth in housing at retirement (Knoef et al., 2015).
Housing as self-insurance (Davidoff 2010).
Tradeoff *rent* and *rent + care*.

- Neglects forms of LTC.
  - At home.
  - In the community.
  - Assisted living facilities.
  - Nursing homes.
- Neglects informal care (important component).
- How do homeowners (e.g. potential renters) fit in the analysis?
Unobserved heterogeneity

- Mixed logit model.
- Random/Halton draws?
- “...account for the panel structure of the data,...”
- December 2015 (source: PGGM), March 2016 (source: Bouwinvest).
- Multiple answers at one point in time?
Interpretation

Can we say something about...

- preferences for smaller houses to finance care in old-age?
- preferences to move to rental houses?
- need for private LTC insurance?
- need for reversed mortgages?