

Eigen bijdrage aan ouderenzorg

Co-payments on long-term care in the Netherlands:
Distribution, recent evolution and impact on
nursing home entry

Marianne Tenand¹ Pieter Bakx¹
Judith Bom¹ Bram Wouterse¹

¹ESHPM, Erasmus University Rotterdam

NETSPAR Taskforce
February, 13th 2020
Utrecht

Co-payments in the Dutch long-term care system

Eigen bijdrage

‘Ouderen in de problemen door hoge zorgkosten’

De eigen bijdragen voor zorg zijn voor ouderen zo hoog, dat ze nauwelijks geld overhouden. Die kosten moeten omlaag want ouderen komen in de financiële problemen, zeggen meerdere ouderenorganisaties.



Source: *Trouw*, September 10th 2019

- Own contributions, or **co-payments**, on long-term care for the elderly (*eigen bijdrage aan ouderenzorg*): are they so big?

Objectives of our research/ this presentation

Two directions:

- 1 Document the **magnitude** and **distribution** of co-payments among the elderly using micro-data
 - Who pays more? The poorer or the richer?
 - How does the use of long-term care services weigh on co-payments?
 - How has this changed with the recent reforms?

→ A descriptive analysis

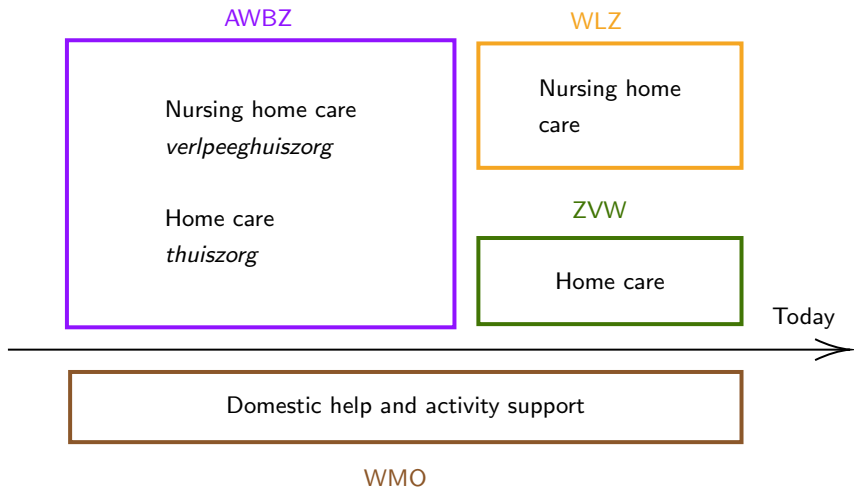
- 2 Estimate the **impact of co-payments on nursing home entry** (*verpleeghuis gebruik*)
 - Do the elderly postpone a nursing home entry when out-of-pocket costs become higher?
 - Take advantage of a reform

→ An econometric (causal) analysis

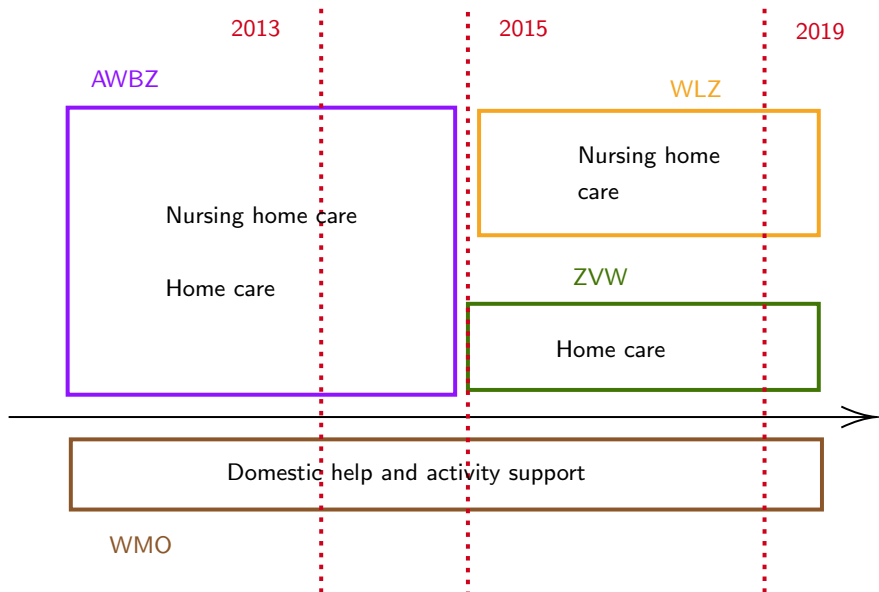
Outline

- 1 Long-term care and co-payments in the Netherlands
- 2 Who pays what?
- 3 Impact of co-payments on nursing home entry

The Dutch long-term care system and co-payments



Recent reforms



Co-payments on AWBZ, WLZ, ZVW and WMO

- **Nursing home stays** (AWBZ and WLZ)
 - Co-payment depends household composition, personal circumstances and **income**
 - Possibility to opt for VPT (*Volledig Pakket Thuis*) or MPT (*Modulair Pakket Thuis*), with lower co-payment
- **Home care**
 - Via AWBZ (until 2014) and WMO (until 2018):
co-payment calculated based on (i) hourly rate, (ii) hours received, (iii) minimum co-payment, (iv) co-payment cap
 - Higher **income**, higher co-payment cap
 - ZVW-funded district nursing care: 0 co-payment
 - WMO (since 2019): same rate for all (€17.50/4 weeks)

Data

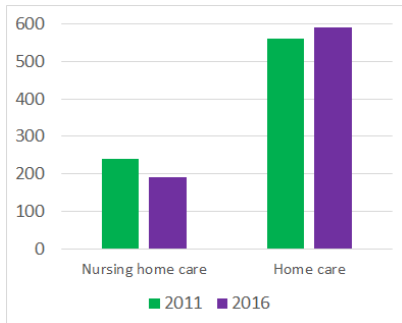
- An empirical investigation using **individual-level administrative data**
 - Access via CBS remote environment
- **Linkage** of different datasets:
 - ① Co-payments: recorded by CAK
 - ② AWBZ- and WLZ-funded care services used: recorded by CAK
 - ③ ZVW-funded district nursing care used: recorded by Vektis
 - ④ Income and wealth: calculated by CBS
 - ⑤ Demographic characteristics and death: Population registers
- Link official **tariffs** of care services
- Years **2011 to 2016**
- Focus on the individuals **aged 65 or older**

Outline

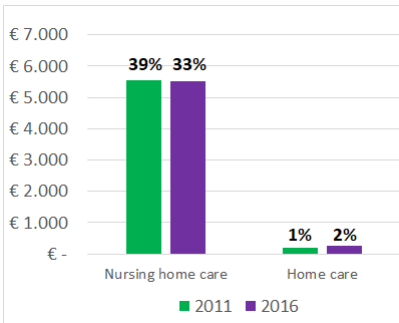
- 1 Long-term care and co-payments in the Netherlands
- 2 Who pays what?
- 3 Impact of co-payments on nursing home entry

Variation in co-payments across and within type(s) of care

- in 2016, 18% of the 65+ used home care and 6% stayed in a nursing home



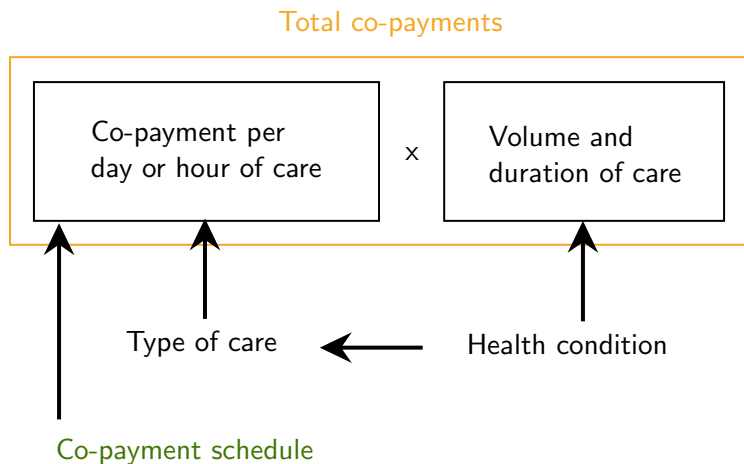
Number of users (in thousands)



Co-payments paid by users
(median, in €/year and as % of
annual income)

- Median *all-year* nursing home resident paid €9,218 in 2016

What contributes to heterogeneity in co-payments



Factors contributing to heterogeneity in co-payments

- ① **Time spent using care:** compute co-payments over the past 5 years of life for those who died in 2016
 - 87% have used some care
 - 41% have used nursing home care at least some time
 - Those who have stayed continuously in a nursing home paid on average €55,000

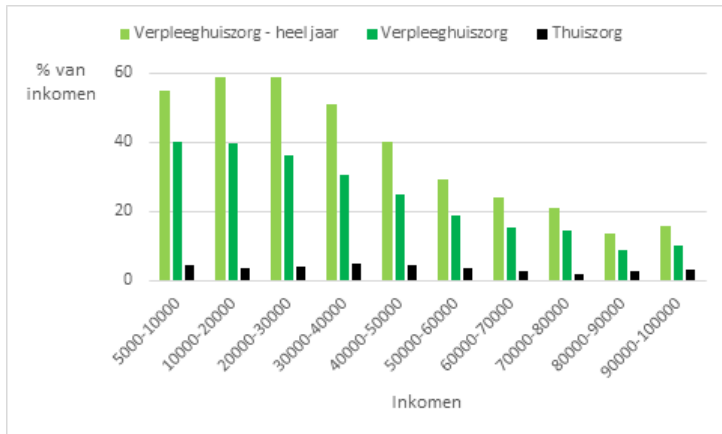
- ② **Health trajectory at the end of life:** co-payments differ substantially across **causes of death**

	% using nursing home	% expenditure on curative care	Average co-payments
Dementia	94%	9%	€27,500
Stroke	55%	27%	€9,600
Lung cancer	9%	77%	€1,500

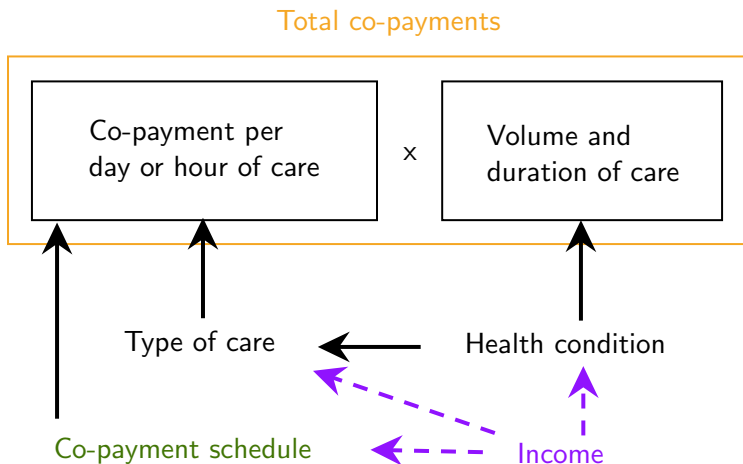
Co-payments differ across income groups

- High-income care users pay lower co-payments than poorer recipients

Figure 1: Co-payments paid in 2016, as a % of annual income, depending on income (average, conditional on use)



What contributes to differences in co-payments across individuals

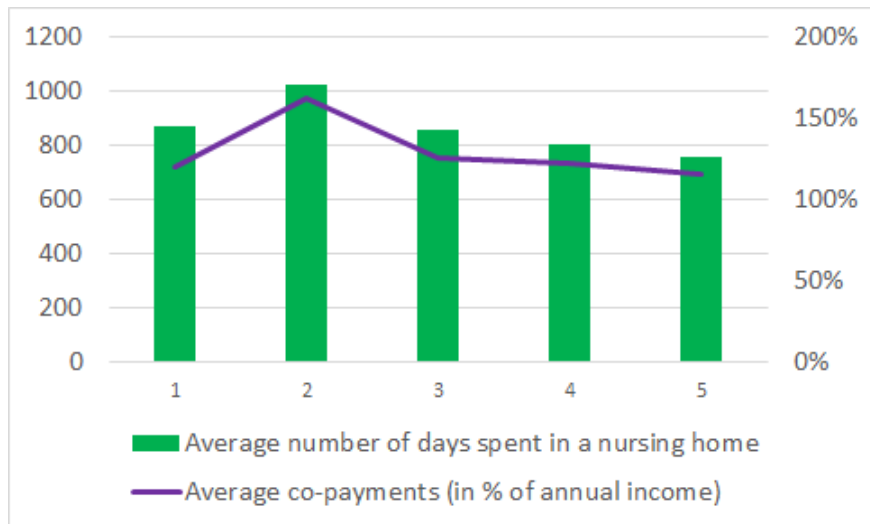


What explains differences in co-payments across income?

- ① **Co-payment schedule:** co-payment increases with income
- ② **Risk of using care** in a given year: 20% poorest elderly are 1.7 times more likely to stay in a nursing home in a given year
- ③ **Time spent using care:**
 - Share of individuals who stayed the entire year in a nursing home = 2x share among the 20% poorest residents, compared with the 20% richest
 - Higher-income elderly use nursing home for less time than lower-income elderly [graph]

⇒ Regressive nature of (2) and (3) offsets the progressivity of (1)

Time spent in a nursing home over 5 last years of life and co-payments, depending on income quintile (decedents 2016)



Changes in co-payments paid between 2011 and 2016

	2011	2016
Nursing home care (<i>verpleeghuiszorg</i>)		
#users	8.4%	6.0%
Median co-payments among users	€5,555	€5,508
Home care (<i>thuiszorg</i>)		
#users	17.5%	18.1%
Median co-payments among users	€185	€267

● Policy changes

- Discontinuation of ZZPs 1-2 in 2012 and 3 in 2013
- Expiration of WTCG discount in 2014
- Capital income addition in 2013
- Transfer of district nursing care to ZVW

● Other trends?

- Elderly eligible for nursing home more likely to use VPT/MPT
- Home care users now with more severe conditions

Zoom on the 2013 'capital income addition' reform

- Until 2012, wealth (financial wealth + secondary real estate) entered the computation of co-payments only via 'box 3'
- In 2013, **additional 8% of box 3-wealth** (beyond a certain threshold) was added to the contribution income
- Group affected: 40% individuals with highest financial wealth
- Impact on co-payments on **home care** was **limited**

Co-payments in 2013, and change between 2012 and 2013, for all-year nursing home residents

<i>Wealth</i> Income	Q1	Q2	Q3	Q4	Q5
Q1	€ 5.541 1%	€ 5.562 2%	€ 5.456 6%	€ 5.819 14%	€ 9.200 34%
Q2	€ 7.327 2%	€ 7.345 2%	€ 7.262 4%	€ 8.856 27%	€ 11.480 44%
Q3	€ 8.656 3%	€ 8.502 1%	€ 8.776 5%	€ 10.680 25%	€ 13.847 49%
Q4	€ 10.850 4%	€ 10.634 2%	€ 11.095 8%	€ 13.136 25%	€ 14.782 36%
Q5	€ 14.292 4%	€ 14.612 4%	€ 15.505 8%	€ 17.523 16%	€ 18.595 15%

Black: average CP in 2013. Purple: average change 2012-2013.

Outline

- 1 Long-term care and co-payments in the Netherlands
- 2 Who pays what?
- 3 Impact of co-payments on nursing home entry

Can co-payments affect nursing home entry?

- Until now, focus on:

Care use → Co-payments

- In what follows, look at:

Co-payments → Care use

- Focus on **nursing home entry**: do higher co-payments lead the elderly and their family to postpone a nursing home entry?
 - The elderly adjust their use of home care to its price
 - No evidence available for nursing home stays for Europe

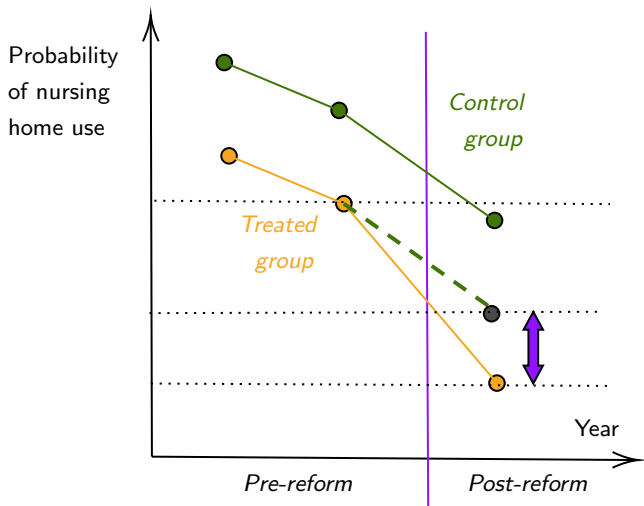
Exploiting the 2013 'capital income addition' reform

- The 2013 reform led to an increase in co-payments for extra time spent in the nursing home for **a specific group**
→ Has nursing home use decreased *in this group*?
- ⚠ Other trends ongoing!
- The evolution in the **group not affected by the reform** (those with low or no capital income) = the **counterfactual** evolution (in the absence of the reform)
→ Implement a **difference-in-differences** approach

Exploiting the 2013 'capital income addition' reform

- The 2013 reform led to an increase in co-payments for extra time spent in the nursing home for **a specific group**
→ Has nursing home use decreased *in this group*?
- ⚠ Other trends ongoing!
- The evolution in the **group not affected by the reform** (those with low or no capital income) = the **counterfactual** evolution (in the absence of the reform)
→ Implement a **difference-in-differences** approach

The difference-in-differences approach: idea



Co-payments lower nursing home entry to a small extent

- Sample of **singles** only, receiving their first indication for nursing home care
- Following the reform, the probability of nursing home entry is 3%-point **lower** than predicted
 - Chance of nursing home entry in the sample is 79%
- Effects significant only for those with **moderate care needs** (ZZP 4)
 - 5%-point lower probability of nursing home entry (baseline rate of 75%)
 - Effect not practically nor statistically significant for ZZP5+

Summary of findings

- Key messages from descriptive analysis:
 - ① **Large heterogeneity** in accumulated co-payments across individuals
 - ② Co-payments on **nursing home care** are considerably larger than co-payments on home care
 - ③ **Higher-income elderly** devote a *lower* share of their income to co-payments
 - ④ The **2013 reform** had led to a large increase in co-payments for a limited group of residents with high assets
- The decision/process to enter a nursing home **depends on co-payments...**
 - ... Only to a small extent

Co-payments in the Netherlands: are their schedule optimal? (1/2)

- **Financial risk** associated with end-of-life long-term care needs remains non-negligible
 - No cap on accumulated co-payments
 - Coverage of nursing home care lower than coverage of home care
- Co-payments may encourage the **efficient use** of care services
 - Yet patients with low care needs already phased out of nursing homes

Co-payments in the Netherlands: are their schedule optimal? (2/2)

- **Fairness** of financing of care
 - Health inequality at old age undoes the progressivity of the co-payment schedule
 - Curative \neq Long-term care \rightarrow End-of-life out-of-pocket costs depends on one's **cause of death**

\rightarrow Several (conflicting) dimensions

- Analyses based on **administrative micro-data** can highlight the trade-offs
 - *Ex post* evaluations of reforms
 - *Ex ante* evaluations
 - Based on what we understand of individual behaviors

Thanks for your attention!

tenand@eshpm.eur.nl

Netspar Design Paper (soon) available:

'Eigen bijdrage aan ouderenzorg'

Bakx, Pieter; Bom, Judith; Tenand Marianne
& Wouterse, Bram.