

Co-payments for Elderly Care

“The financial risks of nursing home care are greatest for low-income individuals”

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There are vast differences in the amount of coinsurance seniors have to pay for elderly care. In general, low-income care recipients spend a greater proportion of their income on coinsurance than higher-income recipients. The coinsurance rates for nursing home care, in particular, represent a financial risk for older individuals with a low income. This group needs more long-term care, especially more nursing home care.

Principal Findings

- Administrative data were analyzed to determine which income groups spend the most on coinsurance and what impact the 2015 reforms have had on that distribution.
- The poorest 20% pay the lowest coinsurance. For the remaining 80%, the reverse is true: the richer they are, the smaller the share of income they contribute for their elderly care.
- Policy changes in the past several years have primarily resulted in decreases to the coinsurance paid for home care.
- As the coinsurance for nursing home care presents the largest financial risk, the positive effect of these decreases on the financial risk for the elderly has been limited.

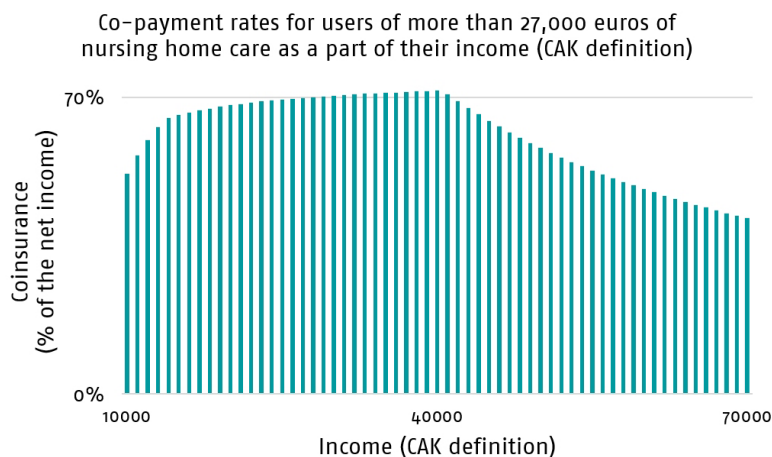


Figure: Coinsurance as a percentage of income is largest for seniors with an income of 40000 euros.

Key Takeaways for the Industry

- Co-payment rates for long-term care contribute substantially to financial risk after retirement.
- A greater understanding of behavioral effects is needed to improve the design of coinsurance.
- Measures to encourage home care by means of coinsurance lead to a relatively high financial burden for low-income seniors who can not arrange in-home for themselves.



Want to know more? Read the paper
‘Coinsurance for Elderly Care’ (only in Dutch)