

***The reform of the Italian cash-for-care system in  
times of economic recession  
An example of evidence-based users' lobby***

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# *Outline*

## *1. The context*

The Indennità di Accompagnamento (IA) in the Italian LTC system

## *2. July 2011*

The Italian government puts forward a bill to introduce means-test

## *3. November 2011*

The national Third Sector umbrella body presents a policy report against means-test

## *4. February 2012*

The (new) government decides

## *The context*

# **The Indennità di Accompagnamento (IA) in the Italian LTC system**

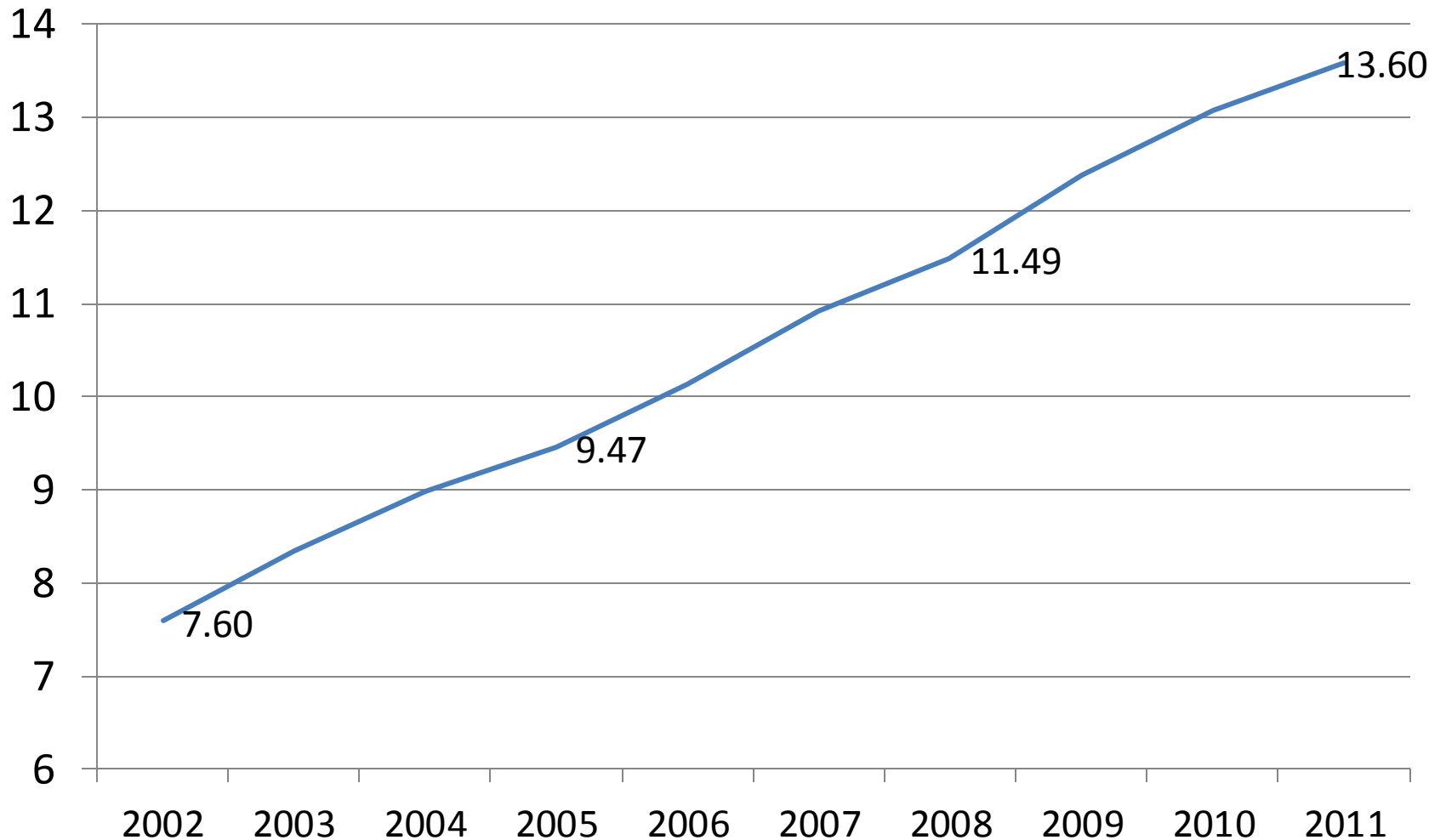
# The indennità di accompagnamento (IA)

- A cash benefit
- Available to severely disabled people of any age according to need
- Not means-tested
- Amounts to €492 a month for all users
- No restrictions over its actual use and no care plan

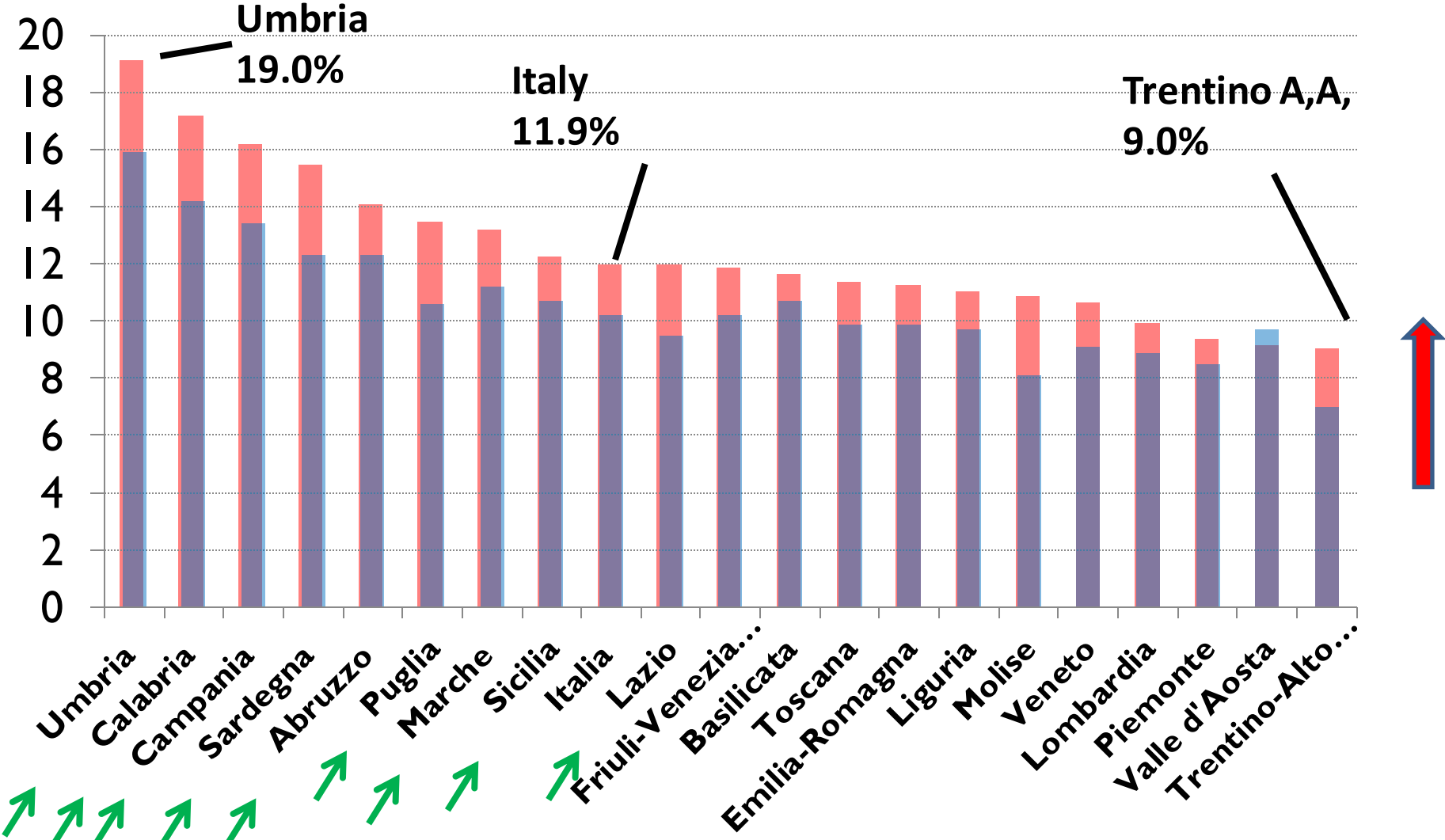
# Long-Term Care Services users among Italian people aged 65+ (2010)

	% users
Home Care (health + social care inputs)	5.1
Residential care	3.0
<b><u>IA holders</u></b>	<b><u>11.9</u></b>
Older people privately employing a Migrant Care Worker	6.9

# Trend of IA expenditure (2002-2011, bill. €)



# People aged 65+ receiving IA, by Region, 2008



*July 2011*

**The Italian Government  
puts forward a bill to  
introduce means-test**



# *The bill*

- July 2011: the Berlusconi government presents a bill for an overall reform of the social policy system
- According to the bill, *inter alia*, a means-test is to introduce among the criteria to receive IA

# *The bill*

Arguments to means-test IA according to the government:

- IA has to contribute to savings in the public budget
- Well-off people should not receive IA
- The growth of the IA expenditure is to slow down

*November 2011*

**The national third sector umbrella  
body presents a policy report  
against means-test**

# ***The policy report***

-In August 2011 the national third sector umbrella body (Forum nazionale del Terzo Settore) asked C. Gori to coordinate a group in charge of delivering an evidence-based assessment of the bill (C. Chiatti & M. Di Rosa were part of it).

-The policy report was made public in November

- It argued against means-testing IA

-The report (in Italian!) is downloadable here:  
[www.forumterzosettore.it](http://www.forumterzosettore.it)

# ***Means-testing IA?***

- *Argument for (government)*

IA has to contribute to savings in the public budget

- *Argument against (third sector report)*

Just 3-5% of the savings needed in the period 2012-2014 could be found here (means-test can be introduced only for new claimants)

# Impact of the reform in monetary terms

## Decrease of IA expenditures in two simulated scenarios

ISEE threshold*	Decrease of new IA holder (%)*	Budget savings (mil, €)*		
		2012	2013	2014
40,000	- 24.2	506	1,013	1,519
30,000	- 37.5	735	1,471	2,205

- \* The **ISEE** is the “indicator of equivalent economic status”, an indicator used to measure families socioeconomic conditions according to their wealth and income;  
We needed to assume that the distribution of the ISEE among the disabled population was identical to that of the general population, This assumption leads to over-estimate the savings,

# ***Means-testing IA?***

- *Argument for (government)*

Well-off people should not receive IA

- *Argument against (third sector report)*

Several people excluded don't have enough resources to meet to costs of (high needs) care

# Who would loose the right to IA?

	ISEE € 40.000			ISEE € 30.000		
	Median	Stand.Dev.	% excluded families	Median	Stand.Dev.	% excluded families
<b>The middle class families</b>			<b>(53.4%)</b>			<b>(78.8%)</b>
Employment income	0	(±9,021)	++	0	(±13,919)	+
Pensions and allowance	16,900	(±25,956)	+++	13,000	(±12,790)	+++
Business income	0	(±8,620)	+	0	(±18,939)	+
Property income	10,758	(±7,236)	+	8,765	(±5,474)	+
Home value	300,000	(±150,383)	+	250,000	(±145,702)	+
Other real estates value	0	(±172,940)	+	0	(±151,623)	+
Persons in the household	2	(±0,5)	+	2	(±1,0)	+
<b>The middle-class pensioners</b>			<b>(40.6%)</b>			<b>(13.1%)</b>
Employment income	27,000	(±24,157)	+++	42,000	(±21,424)	+++
Pensions and allowance	0	(±12,659)	+	0	(±6,604)	+
Business income	0	(±27,442)	+++	0	(±7,416)	+++
Property income	11,860	(±7,758)	++	11,058	(±6,576)	++
Home value	320,000	(±205,908)	++	350,000	(±232,487)	++
Other real estates value	2,000	(±202,710)	++	0	(±140,171)	+
Persons in the household	3	(±0,9)	+++	4	(±0,9)	+++
<b>The wealthy pensioners</b>			<b>(6.0%)</b>			<b>(8.1%)</b>
Employment income	0	(±14,831)	+	0	(±15,912)	+
Pensions and allowance	18,850	(±19,314)	+++	23,400	(±46,832)	+++
Business income	800	(±40,236)	++	0	(±26,274)	++
Property income	39,696	(±32,796)	+++	29,139	(±25,651)	+++
Home value	850,000	(±510,544)	+++	500,000	(±452,168)	+++
Other real estates value	300,000	(±1,045,679)	+++	260,000	(±758,623)	+++
Persons in the household	3	(±1,1)	++	2	(±0,9)	++



# ***Means-testing IA?***

- *Argument for (government)*

Well-off people should not receive IA

- *Argument against (third sector report)*

What does the international experience suggest?

# National cash for care schemes in Europe

	Name	Means-tested?	Amount varies according to need?	Amount varies according to financial resources?
<u>Italy</u>	<i>IA</i>	No	No	No
<u>Austria</u>	<i>Long-term care allowance system</i>	No	Yes	No
<u>France</u>	<i>APA</i>	No	Yes	Yes
<u>Germany</u>	<i>Pflegegeld (PG)</i>	No	Yes	No
<u>Spain</u>	<i>Prestacione economica (PE)</i>	No	Yes	Yes
<u>Netherlands</u>	<i>Personal Budget</i>	No	Yes	Yes

# ***Means-testing IA?***

## *- Argoment for (goverment)*

The growth of the IA expenditure is to slown down

## *- Argoments against (third sector report)*

Causes of the growth:

- increase in care needs
- lack of a national assessment tool
- weakness of policies against poverty

*February 2012*

**The (new) government  
decides**

# ***Means-test is withdrawn***

- The policy report provided an evidence based reference for Third Sector and users organizations to criticize the bill. It was widely used by them in order to campaign against the introduction of the means-test for IA
- Meanwhile, the Berlusconi government had been replaced by the Monti government
- The new Italian government decided to withdraw the bill