

Disruptive institutional change and gradual transformation: Long-term Care Insurance in Germany

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Structure

- ***European comparative project:***
Policy developments within long-term care

Example: Germany

- ***Structure of the presentation:***
 - Problem pressure
 - Content of policy change
 - Policy development: Actors and ideas

Problem pressure

Background

Since 1961:

Means-tested „Assistance to Care“ scheme

- ***Social policy debate since the end of the 1970s:***
Risk of impoverishment due to the use of residential care services – middle classes
Lack of home-based services
- ***Fiscal debate:***
Increasing social assistance costs: High burden on local levels

Disruptive versus gradual transformation

Thelen/ Streeck (2005)

- *Disruptive policy change - Replacement*

With the introduction of Long-term Care Insurance (LTCI):

- Introduction of universal social rights and benefits
- Establishment of an insurance-based funding scheme
- Restructuring of mode of care provision
- Restructuring governance

Gradual transformation

Since establishment:

- ***Gradual transformation***
 - Public support for people suffering dementia illness
 - Further development of care infrastructure
 - Public support for complementary private insurance plans

Disruptive policy Change: Social rights and benefits

- ***Basic ideas: Universalism and cost containment***

Schemes	Assistance to Care	Long-term Care Insurance
<i>Institutional design:</i>		
- Eligibility criteria	Means-tested	Universal
- Level of public support	Needs-based	Flat rate, medium
- Threshold	Household assistance	Bodily care
<i>Beneficiaries</i>	Ca. 563 000 (1994)	2,34 Mill (2009) 11.5% 65+

Financing

Schemes	Assistance to Care	Long-term Care Insurance
<i>Institutional design</i> Mode of financing Principles	Tax-financing	Social LTCI (89%) and mandatory private LTCI (11%) Defined contribution scheme
Results		Split financial developments

Care provision

Schemes	Assistance to Care	Long-term Care Insurance
<ul style="list-style-type: none"> - Types of benefits - Care infrastructure 	<p>Cash payments/ services</p> <p>Cooperation: Local levels and non-profit providers</p>	<p>Cash payments/ services: Free choice</p> <p>Care market, contract management Care Insurance funds/ for- and non-profit providers on equal terms</p>
<ul style="list-style-type: none"> - Results 		<p>65% cash payments Strong increase: For- profit providers</p>

Governance

Schemes	Assistance to Care	Long-term Care Insurance
Structure	Centrally-framed local responsibility	Centrally framed: Strong federal responsibility

Policy development

- ***Federalist, corporatist system***
Negotiation and compromise between
 - Federal level: Christian-democratic/liberal government
 - Second chamber (Federal States):
Social-democratic Party
- Local levels, employer organisations and unions, health insurance funds
- Welfare associations, association of private services, advocacy organisations, professional organisations
- **Social policy- versus fiscal oriented actors**

Policy development: Mode of financing (1,2)

- ***Basic ideas:***
Individual responsibility, role of market versus social responsibility, role of public schemes, redistribution
- ***In the course of establishment:***
Private insurance-, social insurance- or tax-based scheme
- Private insurance scheme: Liberal Party, employer organisations, private business
- Social insurance scheme: Christian-democratic Party, Social-democratic Party
- ***Impact of private insurance companies:***
Social- and mandatory private insurance scheme
(Health insurance schemes)

Policy development: Mode of Financing (2,2)

Since 2000

Problem pressure and debate:

- Demographic change and sustainable financing
- Deficit within framework of social LTCI
Surplus within private LTCI

Citizen insurance (Left-wing camp)

- One unified financing scheme to avoid different risk structures
- Besides wages other types of incomes should be considered
- Balance payments

Capital-funded private insurance (Right-wing camp)

- Sustainable financing in the future
- From 2013: Introduction of public support for voluntary private insurance plans

Conclusion (1,2)

Introduction of Long-term Care Insurance

Univeralism and cost containment

- Social rights and benefits: Medium level
- Mode and principles of financing
- Care provision: Family and market
- Governance: Strong regulatory role of federal level

Actors:

Social-policy- versus fiscal-oriented actors:

Health policy related actors: Universalism and cost increase

Conclusion (2,2)

Gradual transformation:

Consensus, no basic change:

- Dementia illness, development of care infrastructure

Controversy:

- Complementary private insurance plans

Starting-point for a more fundamental change?

Publication

- Theobald, H. / Hampel, S. (forthcoming). Radical Institutional Change and Incremental Transformation: Long-Term Care Insurance in Germany

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Thank you for your attention

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