



Dr. Johannes Geyer, Research Associate in the Department of Public Economics at DIW Berlin

SIX QUESTIONS TO JOHANNES GEYER

»Long-term home care recipients are often women who live alone«

1. Dr. Geyer, how many people in Germany claim benefits from long-term care insurance and what development has been observed in recent years? Currently, approximately 2.6 million people receive benefits from long-term care insurance funds and this figure has increased by over 40 percent since 1998. Around two-thirds of benefit recipients are cared for at home and one-third in a nursing facility.
2. How can this increase be accounted for? This development is primarily a result of demographic change, or more precisely, an aging population. The risk of requiring long-term care increases from around the age of 80 in particular; in the 80-85 age group, the share of people requiring long-term care is 20 percent; and beyond this age, the risk of long-term care increases sharply. The older population has grown in recent years and will also continue to increase in future.
3. What income do those requiring long-term home care have? The weighted income of care households is slightly over 20,000 euros a year and the corresponding figure for households with no long-term care recipients is approximately the same. What differs is the composition of this income. Households with care recipients are far more dependent on public transfer payments, while other households tend to earn their income from employment. Moreover, care households are less likely to have capital income, and, those that do have fewer assets than comparable households without care recipients.
4. What are the reasons behind these discrepancies in assets? We cannot fully explain the difference in assets between the households with and without long-term care needs. It is likely that the care situation is so cost-intensive that some of the household assets have already been used for care-related expenses. We know that those requiring care are older than the remainder of the population. In other words, we are already at a later point in our lives by the time we require care. Another important factor here is that many of those in need of care are women living alone. Women typically have fewer assets than men and, if they live alone in old age, they have probably already consumed much of what they had. This is one possible reason for the major discrepancies in assets between these two groups.
5. Long-term care insurance only provides contributions toward the actual cost of care. To what extent can the affected households finance the remaining costs from their current income? Here, we must draw a distinction. The proportion of people being cared for at home who actually need to claim financial assistance from long-term care insurance is under eight percent. This figure is not particularly low but it is still considerably lower than the percentage for residents in nursing homes whose financial contributions are much higher and where, relatively speaking, contributions from long-term care insurance are lower. Here, the rate of claims for supplementary social welfare benefits has increased to more than 40 percent.
6. Do benefits from long-term care insurance need to be adjusted to bring them in line with the cost situation and price trends? In order to maintain the level of social services, long-term care insurance must be in line with current prices and wages, otherwise the contributions will increasingly lose their real value. This is the situation we found ourselves in from 1995 to 2008. Since 2008, benefits have been increased gradually. From 2015 onward, we will see a dynamization of benefits. In specific terms, this means that every three years rates will have to be adjusted in line with inflation. It might have made more sense to anticipate the price trend. Although now, three years later, benefits have been adjusted to take account of price increases, they continue to lag behind price trends. Whatever the case, this is a better approach than keeping benefits at constant levels, although these regulations are likely to undergo further reforms, too.

Interview by Erich Wittenberg



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