Health and Social Care Committee

HSC(4)–03–12 paper 5
Models of ownership for residential care for the elderly in EU member states

Follow-up action from Health and Social Care Committee meeting on 8 December 2011

At the Committee’s meeting on 8 December 2011 Mick Antoniw AM asked for information on the different systems of ownership of care provision that exist throughout the EU.

Provision of long-term care services for the elderly by sectors in EU member states

From January 2009, partners from 20 EU member states have developed the Assessing Needs of Care in European Nations\(^1\) (ANCIEN) research project, which has looked at different long-term care systems for the elderly in 21 EU member states. One of the areas looked at in the research project is whether long-term care systems in EU member states are predominantly provided and financed by the public or private sectors. Reports providing further detail on long-term care systems within individual member states are available on the ANCIEN website.\(^2\)

A study by two researchers involved in the ANCIEN project provides an estimate of public and private (including non-profit) provision of long-term care services across 13 EU member states. Figure 1 below shows the level of private sector provision in home-based care and institutional care in these member states.

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\(^1\) Assessing Needs of Care in European Nations, [Home](#) [accessed 10 January 2012]

\(^2\) Assessing Needs of Care in European Nations, [Most recent reports](#) [accessed 10 January 2012]
It can be seen from Figure 1 that there are differences in the proportion of long-term care provided by the public and private sector across EU member states. In the Netherlands virtually all long-term care is provided by the private sector, and the majority of institutional care is provided by the not-for-profit private sector.³ In Germany the not-for-profit private sector provides the majority of institutional and home-based long-term care services, although Riedel and Kraus note that increasingly long-term care is being provided by profit-making private sector firms in Germany.⁴ Denmark, Finland and Sweden are cited as examples of the Scandinavian welfare system, which typically has high levels of public provision of services. Of the other countries covered in the ANCIEN study, the only one with a comparable level of public ownership in providing long-term care is Slovenia. In these countries there appears to be less provider choice than in other EU member states.⁵

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Footnotes:
⁴ Ibid. page 16
⁵ Ibid. page 23
Private provision typically plays less of a role in institutional care than home-based care across EU member states, and Riedel and Kraus state that this is particularly the case in the newer EU member states, citing Slovakia as an example.

A study by Reimat (2009) provides greater detail on the weight of public, non-profit and for-profit services for 7 EU member states (Czech Republic, France, Germany, Italy, the Netherlands, Sweden and the United Kingdom), and this is provided below in Figure 2. It can be seen that of these 7 member states, the UK has the highest proportion of for-profit services in the private sector providing long-term care.

**Figure 2: Weight of public, non-profit and for-profit services in long-term care provision, 2006**

![Figure 2: Weight of public, non-profit and for-profit services in long-term care provision, 2006](image)


**Types of long-term care models in EU member states**

Kraus et al looked at two different ways of categorising the different approaches towards long-term care for the elderly in EU member states in a recent study.6

The first way they identified of categorising member states was according to how care is organised and financed across 21 different nations for which qualitative data was available. The variables included when assessing organisation of care included information on entitlements to services, availability of cash benefits, provider choice, quality assurance and integration of care. The measures used to assess financing of long-term care systems for the elderly included public expenditure for long-term care as a proportion of GDP and cost-sharing. The four clusters of countries identified by Kraus et al using this approach are set out in Table 1.

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Table 1: Types of long-term care systems for the elderly in EU member states based on organisation and financing of long-term care

<table>
<thead>
<tr>
<th>Countries in cluster</th>
<th>Characteristics of long-term care system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium, Denmark, France, Germany, the Netherlands, Sweden</td>
<td>Highly developed organisational system with relatively high levels of public financing.</td>
</tr>
<tr>
<td>Austria, England, Finland, Italy, Latvia, Spain, Slovenia</td>
<td>Moderately developed organisational system with moderate levels of public financing.</td>
</tr>
<tr>
<td>Bulgaria, Czech Republic, Estonia, Slovakia</td>
<td>Highly developed organisational system with relatively low levels of public financing.</td>
</tr>
<tr>
<td>Hungary, Lithuania, Poland, Romania</td>
<td>Less developed organisational system with relatively low levels of public financing.</td>
</tr>
</tbody>
</table>


The second approach used by Kraus et al considered public expenditure on long-term care as a share of GDP, private expenditure as a share of long-term care spending, informal care recipients aged 65 and over as a percentage of the population aged 65 and over and informal care support. Results were obtained for 14 countries for which quantitative data was available. The clusters identified by Kraus et al using this method are set out below in Table 2.
Table 2: Types of long-term care systems for the elderly in EU member states based on care use and financing of long-term care

<table>
<thead>
<tr>
<th>Countries in cluster</th>
<th>Nature of long-term care system</th>
<th>Characteristics of long-term care system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium, Czech Republic, Germany, Slovakia</td>
<td>Oriented towards informal care. Low levels of private financing.</td>
<td>Low public spending, low private spending, high levels of informal care use and support, cash benefits modest.</td>
</tr>
<tr>
<td>Denmark, the Netherlands, Sweden</td>
<td>Generous, accessible and formalised.</td>
<td>High public spending, low private spending, low informal care use, high informal care support, cash benefits modest.</td>
</tr>
<tr>
<td>Austria, England, Finland, France, Spain</td>
<td>Oriented towards informal care, high levels of private financing.</td>
<td>Medium public spending, high levels of private spending, high levels of informal care use and support, cash benefits high.</td>
</tr>
<tr>
<td>Hungary and Italy</td>
<td>High private financing, informal care seems a necessity.</td>
<td>Low public spending, high private funding, high informal care use, low informal care support, cash benefits medium.</td>
</tr>
</tbody>
</table>