New Entitlement Rules for Germany's Long-term care insurance

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Heinz Rothgang
SOCIUM Research Center on Inequality and Social Policy
University of Bremen, Germany

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Agenda

I. The rationale for the reform

II. The road to the reform

III. New entitlement rules

IV. Last minute adjustments in the assessment matrix and transfer rules

V. New settings for benefits

VI. A most generous reform in a period of permanent austerity

I. Rationale for the reform

- Strict cost control was a political prerequisite for the introduction of LTCI in 1994

- One element of cost control was a tight definition of the “need of long-term care” and thus a tight entitlement rule

I. Definition of dependency *before* the reform

Definition of dependency

	Level I	Level II	Level III
Need of care with basic ADLs	At least once a day with at least two ADLs	At least thrice a day at different times of the day	Help must be available around the clock
Need of care with instrumental ADLs	More than once a week	More than once a week	More than once a week
Required time for help in total	At least 1.5 hours a day, with at least 0.75 hours for ADLs	At least 3 hours a day with at least 2 hours for ADLs	At least 5 hours a day with at least 4 hours for ADLs

Source: §15 Social Code Book (Sozialgesetzbuch XI, SGB XI).

I. Major types of benefits

Amount of LTCI Benefits (Major Types of Benefits) in 2010

	Home care		Day and night care	Nursing home care
Level	Cash benefits	In-kind benefits	In-kind benefits	In kind benefits
I – moderate	225	440	440	1,023
II – severe	430	1,040	1,040	1,279
III – severest	685	1,510	1,510	1,510
Special cases		1,918		1,825

Note: Sums are given in Euros per month

Source: §§ 36-45 SGB XI.

I. Rationale for the reform

- Strict cost control was a political prerequisite for the introduction of LTCI in 1994
- One element of cost control was a tight definition of the "need of long-term care" and thus a tight entitlement rule
- Since the end of last century the Department of Health acknowledges that the entitlement is too tight neglecting in particular the needs of people with dementia
- Most people with dementia receive LTCI benefits but the testified level of dependency is insufficient
- Hence there is a need for reform

Two processes were started

1. An (expert) commission to check the definition of entitlements and later to change it

   a) 2006-2009: 1st commission
      - Report in 2009: suggestion of a new assessment and a new definition of entitlement
      - 2nd Report in 2009: more detailed suggestions for the design

   b) 20012-13: 2nd expert commission
      - 3rd report in 2013: suggestions for the implementation of a new definition of entitlement

   c) 2015/17: Introduction of new entitlement rules starting on January 1st 2017 (Pflege-Stärkungsgesetz I, II and III)

   d) 2015 onwards: 3rd expert commission to accompany the implementation process

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Two processes were started

2. Legislation to improve benefits for people with demential
   a) 2002 - Pflegeleistungs-Ergänzungsgesetz:
      Introducing new benefits for people with dementia in home care
   b) 2008 – Pflege-Weiterentwicklungsgesetz:
      Increasing amount of benefits and for the first time granting it to people which are not assigned to care level I or higher
   c) 2013 – Pflege-Neuausrichtungsgesetz:
      For the first time: regular cash and in kind benefits for people with dementia not assigned to care level I or higher

- Legislation was introduced shortly before the general election 2009 and 2013 as the introduction of a new definition was not possible until then

III. New entitlement rules

Assessment Modules
1. Mobility 2. Cognitive abilities 3. Behaviour and mental problems 4. ADLs 5. Coping with illness and therapy 6. Social participation

Modul 1	Mobilität	10%
Module 2 & 3	Kognition und Verhalten	15%
Modul 4	Selbstversorgung	40%
Modul 5	Umgang mit krankheitsbedingten Anforderungen	20%
Modul 6	Gestaltung des Alltagslebens, soziale Kontakte	15%

III. New entitlement rules

- Advantages
  - Systematic integration of dimensions that have not been considered before
  - Fairer distribution of scarce resources
  - Encompassing assessment as basis for care planning
  - More adequate assessment for children
  - Explicit consideration of need for rehabilitation
  - Successful testing of reliability and practicability
- Problems
  - Too complex scoring system

IV. Last minute adjustments and automatic transfer

- Two studies were conducted in 2014/5 in order to check practicability (MDS) and amount of time spent in different grades (University of Bremen)
- The studies showed that too many people would end up in care grade lower than in the old system
  → last minute adjustments
- All beneficiaries of the system are automatically transferred into the new system

IV. Last minute adjustments in the assessment matrix

Tabelle 1: Schwellenwerte der Grade der Beeinträchtigung in der ursprünglichen Bewertungssystematik des Expertenbeirats

		Level of help needed									
		0		1		2		3		4	
	Gewicht	von	bis	von	bis	von	bis	von	bis	von	bis
Modul 1	**10%**	0	1	2	3	4	6	7	9	10	15
Modul 2	**15%**	0	1	2	5	6	10	11	16	17	33
Modul 3		0	0	1	2	3	4	5	6	7	45
Modul 4	**40%**	0	3	4	9	10	24	25	39	40	57
Modul 5	**20%**	0	0	1	1	2	3	4	5	6	12
Modul 6	**15%**	0	1	2	3	4	6	7	11	12	18

Quelle: BMG 2013.

Tabelle 2: Schwellenwerte der Grade der Beeinträchtigung im PSG

		Grad der Beeinträchtigung									
		0		1		2		3		4	
	Gewicht	von	bis	von	bis	von	bis	von	bis	von	bis
Modul 1	**10%**	0	1	2	3	4	**5**	**6**	9	10	15
Modul 2	**15%**	0	1	2	5	6	10	11	16	17	33
Modul 3		0	0	1	2	3	4	5	6	7	45
Modul 4	**40%**	0	**2**	**3**	**7**	**8**	**18**	**19**	**36**	**37**	57
Modul 5	**20%**	0	0	1	1	2	3	4	5	6	12
Modul 6	**15%**	0	**0**	**1**	3	4	6	7	11	12	18

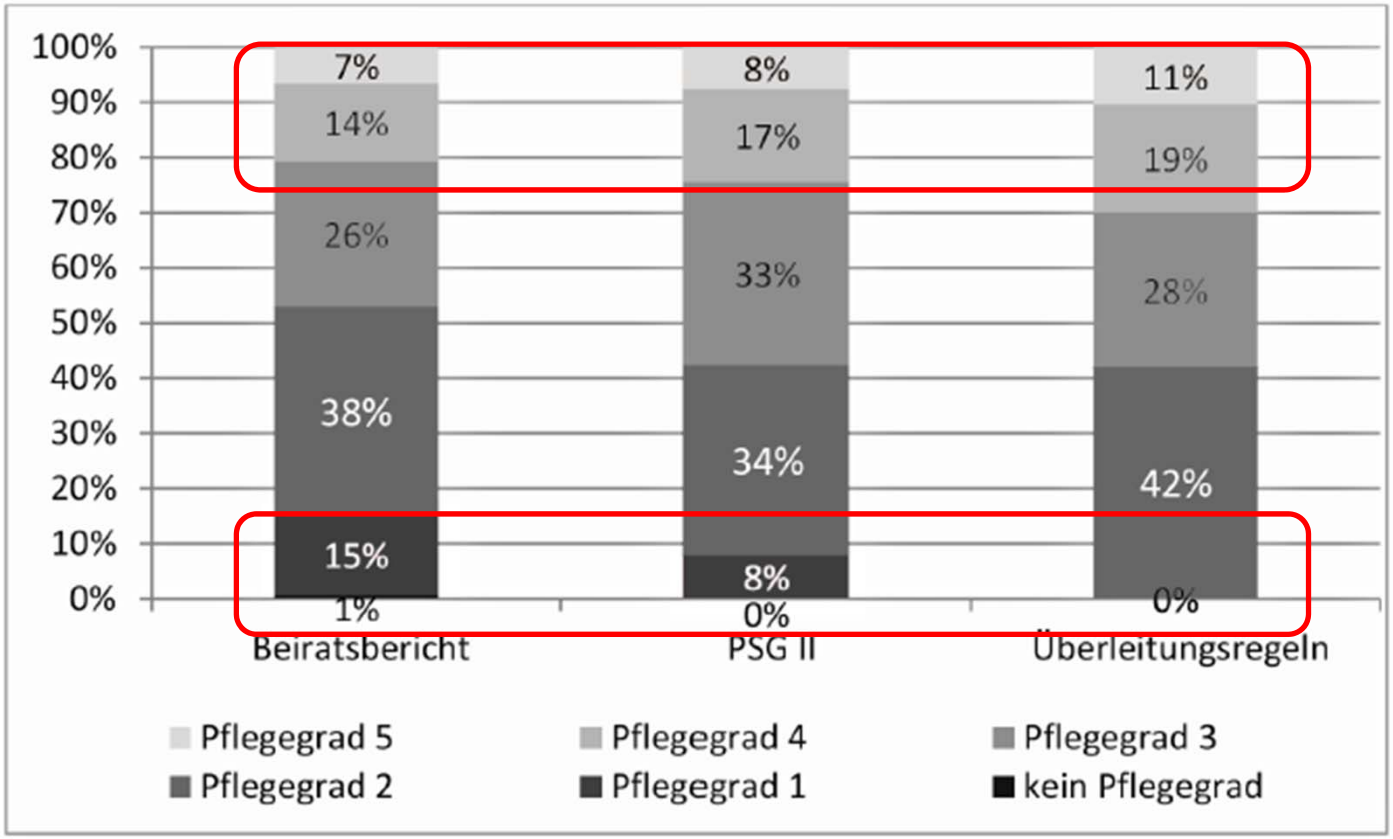
Quelle: BMG 2015.

IV. Last minute adjustments in the assessment matrix

	Proposal from Expert Commission	Definition in the Reform Act
Pflegegrad 1	**15 bis unter 30**	**12,5 bis unter 27**
Pflegegrad 2	**30 bis unter 50**	**27 bis unter 47,5**
Pflegegrad 3	**50 bis unter 70**	**47,5 bis unter 70**
Pflegegrad 4	**70 bis unter 90**	**70 bis unter 90**
Pflegegrad 5	**90 und mehr**	**90 und mehr**

IV. Transfer rules

Abbildung 1: Pflegegradverteilung in der Stichprobe der Erprobungsstudie nach Bewertungssystematik gemäß ...



Quellen: eigene Berechnungen basierend auf BMG 2013, Kimmel et al. 2015, BMG 2015.

V. New amounts of in kind benefits in home care

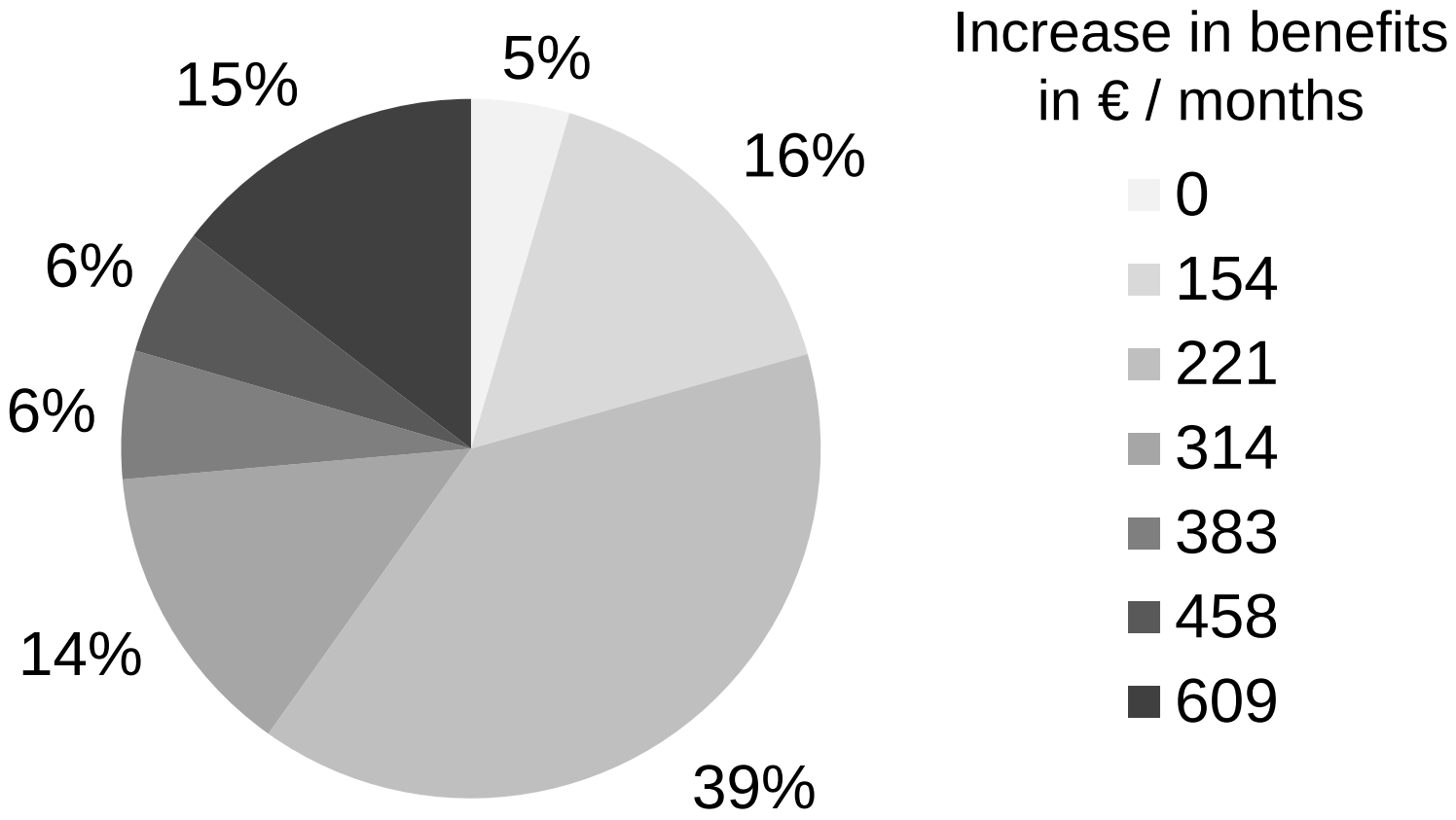
Tabelle 4: Leistungshöhen für Pflegesachleistung[2] (N=360 Tsd.)

Personenzahl 2014	Einstufung alt	Leistungsbetrag alt (§ 36 + § 123)	Leistungsbetrag neu (§ 36)	Einstufung Überleitung	Differenz der Leistungsbeträge
21.202	Stufe 0 +EA	231	689	PG 2	458
140.972	Stufe I	468	689	PG 2	221
52.442	Stufe I + EA	689	1298	PG 3	609
57.861	Stufe II	1144	1298	PG 3	154
49.500	Stufe II + EA	1298	1612	PG 4	314
14.224[3]	Stufe III	1612	1612	PG 4	0
21.336.	Stufe III + EA	1612	1995	PG 5	383
2.144	Härtefälle	1995	1995	PG 5	0
	Härtefälle + EA	1995	1995	PG 5	0

Multiplying the number of people in each (old) care level with the difference in the amount of benefits in new and old system yields excess expenditures of 1.2 billion Euro

V. Distribution of effects for in kind benefits

Increase of benefits (€ / month) and share of beneficiaries



V. New amounts of cash benefits in home care

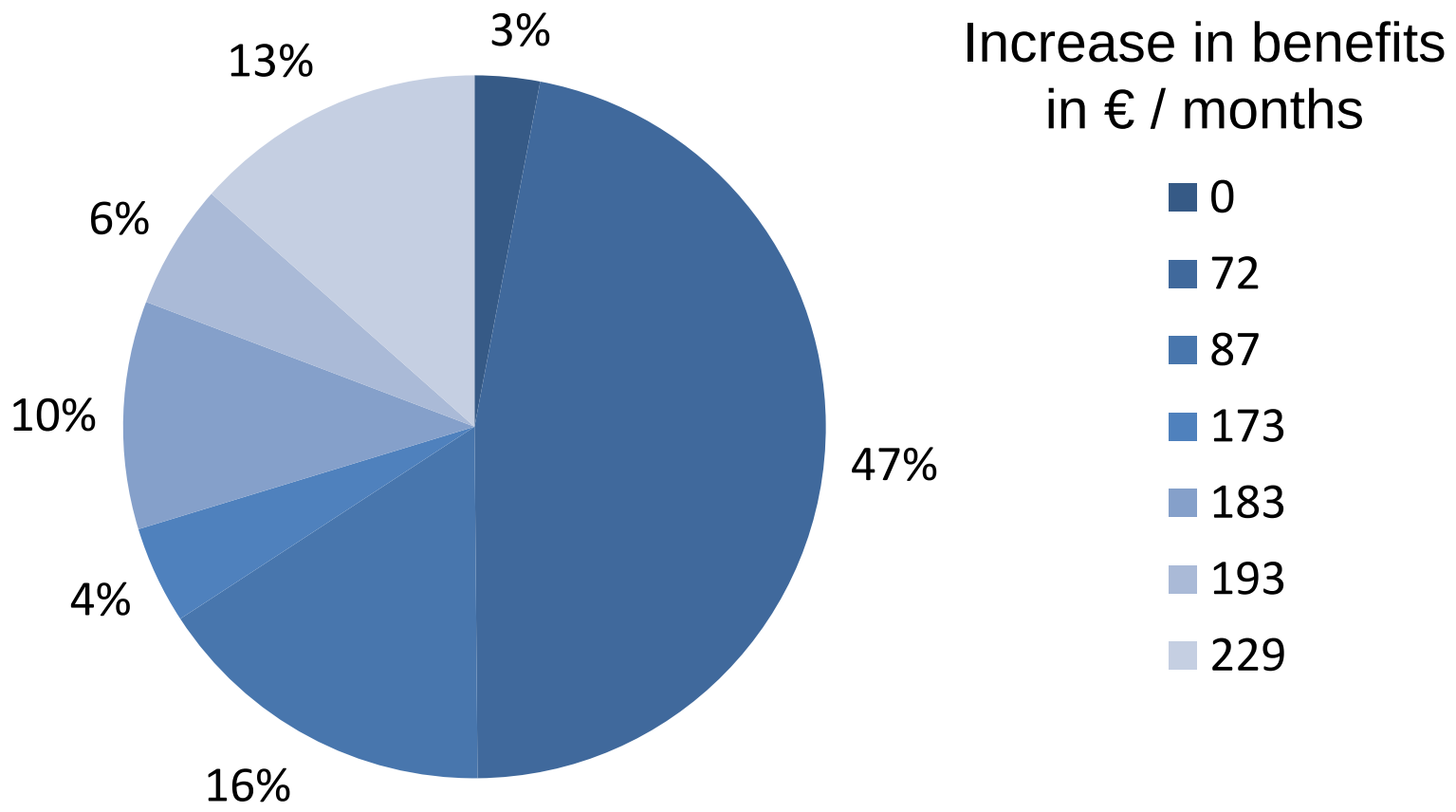
Tabelle 5: Leistungshöhen für Pflegegeld (N=1,464 Mio.)

Personenzahl 2014	Einstufung alt	Leistungsbetrag alt (§ 37 + § 123)	Leistungsbetrag neu (§ 37)	Einstufung Überleitung	Differenz der Leistungsbeträge
84.223	Stufe 0 + EA	123	316	PG 2	193
685.944	Stufe I	244	316	PG 2	72
197.037	Stufe I + EA	316	545	PG 3	229
233.327	Stufe II	458	545	PG 3	87
153.596	Stufe II + EA	545	728	PG 4	183
43.825	Stufe III	728	728	PG 4	0
65.738	Stufe III + EA	728	901	PG 5	173

Multiplying the number of people in each (old) care level with the difference in the amount of benefits in new and old system yields excess expenditures of 2.0 billion Euro

V. Distribution of effects for in kind benefits

Increase of benefits (€ / month) and share of beneficiaries



V. Benefits in nursing home care

- By now the private co-payment in nursing home care was the higher the higher the level of care was
- Now the private co-payment in any nursing home is identical for all care grades
- In order to achieve this benefits and daily rates are adjusted

V. Benefits in nursing home care (€/month)

Personenzahl 2014	Einstufung alt	Leistungs-betrag alt	Leistungs-betrag neu	Einstufung Überleitung	Differenz der Leistungs-beträge
136.175	PS I	1.064	770	PG 2	-294
116.001	PS I + EA	1.064	1.262	PG 3	198
77.156	PS II	1.330	1.262	PG 3	-68
198.400	PS II + EA	1.330	1.775	PG 4	445
7.164	PS III	1.612	1.775	PG 4	163
136.117	PS III + EA	1.612	2.005	PG 5	393
358	Härtefall	1.995	2.005	PG 5	10
6.802	Härtefall+EA	1.995	2.005	PG 5	10

Quellen: SGB XI idF nach PSG I, BMG (2015a)

- Multiplying the number of people in each (old) care level with the difference in the amount of benefits in new and old system yields excess expenditures of 1.4 billion Euro benefitting people in need of long-term care but not nursing home providers

V. Benefits in nursing home care

- By now the private co-payment in nursing home care was the higher the higher the level of care was
- Now the private co-payment in any nursing home is identical for all care grades
- In order to achieve this benefits and daily rates are adjusted
- As a result co-payment is lower for those in (former) care levels II and III and would be higher in care level I.

V. Benefits in nursing home care

Tabelle 3.8 Leistungshöhen und Eigenanteil bei stationärer Pflege (in €/Monat)

Einstufung alt	Leistungs-betrag alt	Durch-schnittlicher Eigenanteil alt	Leistungs-betrag neu	Durch-schnittlicher Eigenanteil neu	Einstufung Überleitung
PS I	1.064	391	770	580	PG 2
PS I + EA	1.064	391	1.262	580	PG 3
PS II	1.330	596	1.262	580	PG 3
PS II + EA	1.330	596	1.775	580	PG 4
PS III	1.612	815	1.775	580	PG 4
PS III + EA	1.612	815	2.005	580	PG 5

Quellen: Statistisches Bundesamt (2015d), SGB XI idF nach PSG I, BMG (2015a) (eigene Berechnung)

V. Benefits in nursing home care

- By now the private co-payment in nursing home care was the higher the higher the level of care was
- Now the private co-payment in any nursing home is identical for all care grades
- In order to achieve this benefits and daily rates are adjusted
- As a result co-payment is lower for those in (former) care levels II and III and would be higher in care level I.
- However, for all those already leaving in nursing homes the old level of co-payment is guaranteed.
- The Department of Health estimates expenditure for the latter as another 0.8 billion € for a period of 4 years

VI. A most generous reform

- Due to the reform about 2.5 out of 2.7 people in need of LTC are better of while virtually nobody has lower benefits (home care) or higher co-payments (nursing home care)
- New “cases”
  - Home care: 85% will be better off
  - Nursing home care: 2/3 will be better of
- All in all expenditure and contribution rate increase by about 25%

VI. A most generous reform

Why is such a generous reform possible?

- More then 10 years discussion produced high aspirations
  → DoH wanted to make sure nobody would loose
- Parallel process caused increased benefits that were not cut back when the new entitlement rules were introduced
- High employment and high amounts of contributory income make an expansive reform possible.

The end

Thank you for your attention!