

# **A critical view of Italy's LTC reform proposals from a German perspective**

**International Expert Workshop  
The reform of the long-term care system in Italy:  
challenges and proposals in an international perspective  
7<sup>th</sup> September, 2023**

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- I. Starting Point:
- II. Lessons to be learned from German Mistakes: Financing
- III. Lessons to be learned from German Mistakes: Provision
- IV. Lessons to be learned from German Mistakes: Regulation



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- 1. International comparison
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II. Lessons to be learned from German Mistakes: Financing

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## I.1 Italy compared to other countries

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- Up to now about 50 countries in the world have a long-term care (LTC) system, most of them introduced after 1980.



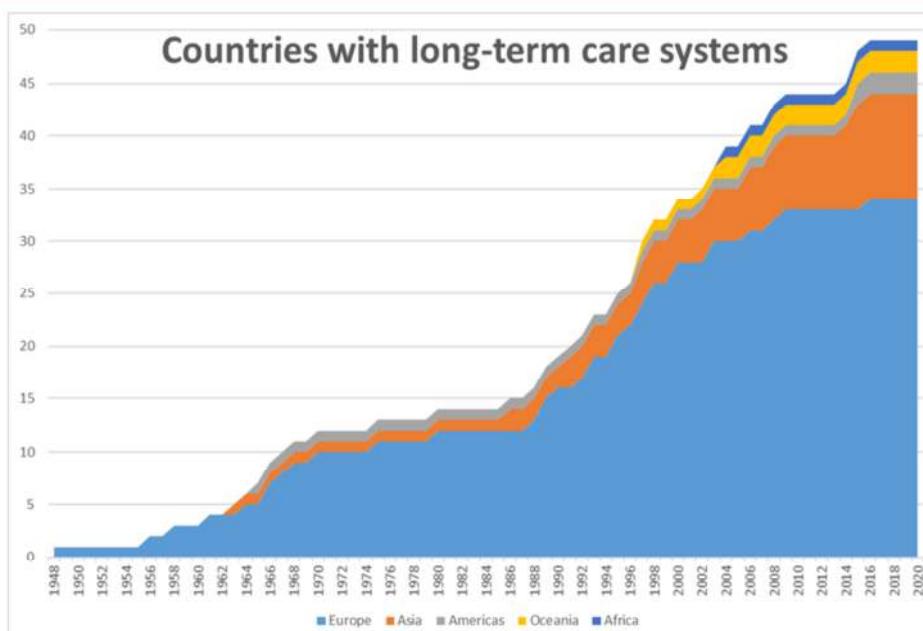
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## I.1 Italy compared to other countries

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- Up to now about 50 countries in the world have a long-term care (LTC) system, most of them introduced after 1980.
- About 20 countries have a distinct LTC system.



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## I.1 Italy compared to other countries

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### Countries with a long-term care system



Source: Own presentation, based on data from the HLTCs (version 06.09.2021). Data is available in Table 9, Appendix A.  
Note: Countries for which data about the existence of an LTC system is missing are highlighted grey. These are all countries which had less than 500.000 inhabitants in 2017 as they are not included in the dataset and 18 further countries for which the non-existence of an LTC system could (as of yet) not been determined. These are: Algeria, Bahrain, East Timor, Iraq, Jordan, Kosovo, Kuwait, Malaysia, Moldova, Montenegro, Nepal, North Korea, Oman, Papua New Guinea, Philippines, Qatar, Tunisia, Zimbabwe.

- Starting from a system based on family care, LTC in Italy is now rather based on a migrant-in-the-family model.
- The model may appear as a win-win-win situation but it is not sustainable due to
  - working conditions of live-ins,
  - care-workers suing their employers
  - lack of professionalism in care
- However, there might be considerable resistance against an expensive reform.



- The advocacy coalition is aiming at nothing less than the introduction as a completely new an encompassing system!
- The framework law itself is a tremendous success, and the advocacy coalition must be congratulated for this.
- However, the problems are all in the details and nothing has been won yet.
- Shifting the balance from migrant-in-the-family care towards formal care is expensive. Private households won't pay the price. A huge financial boost is a necessary condition for success.
- This can only be done in a big bang reform – followed by incremental change and adjustment.



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II. Lessons to be learned from German Mistakes: Financing

1. Sources of financing
2. Adjustment of benefits

III. Lessons to be learned from German Mistakes: Provision

IV. Lessons to be learned from German Mistakes: Regulation

- In Germany: Social insurance contributions and taxes.
- Tax money should be made available by the Laender for funding investment costs → it does not work
- Federal taxes should be used to finance certain expenses that are not part of the insured risk (e.g. pension benefits)  
→ it has recently been cut to zero.
- Contributions:
  - It is central what the contribution rate is levied upon. In Germany contributions are only paid from labour income, which is a big mistake
  - If there is a contribution cap, the adjustment must be formalized

- If benefits are given as fixed amounts of money – as Costanzo indicated yesterday – a **formula-based adjustment procedure** is essential to avoid decreasing purchasing power
- The formula should refer to inflation and wage-development. Adjustment must be made on a regular base.
- Negative example from Germany:
  - Between 2017 and 2028 cash amounts will be adjusted by 5 percent (2024) and 4,5 percent (2025)
  - Inflation between 2017 and 2024 amounts to a cumulative 23 percent
- In nursing home care the co-payment is ever growing – from July 22 to July 23 for instance by 350 Euro per month.

## II.2 Adjustment of benefits

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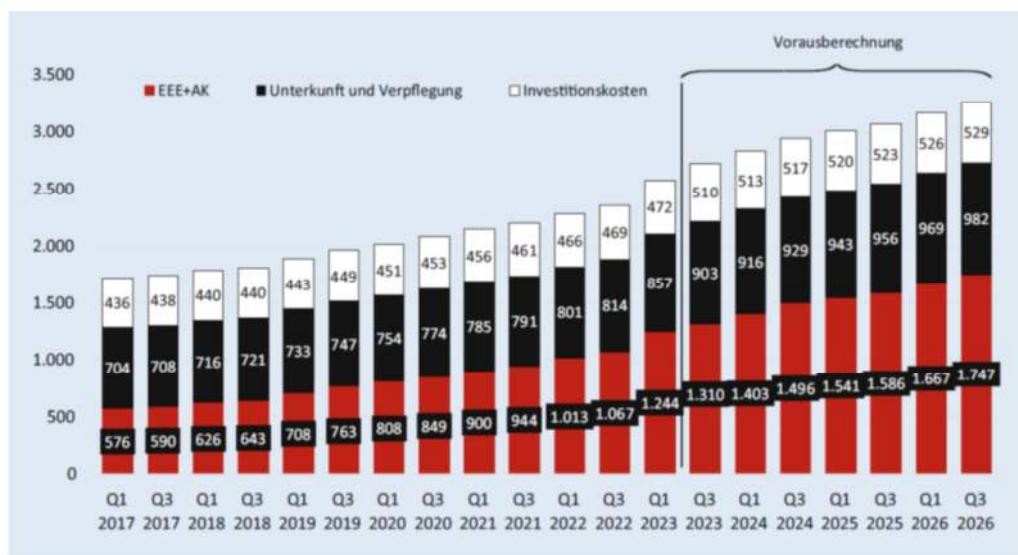


Abb. 1 ▲ Durchschnittliche monatliche Gesamteigenanteile an den Heimkosten am Quartalsanfang von Q1/2017–Q1/2023 und als Vorausberechnung für Q3/2023–Q3/2026 in Euro. Quelle: [7]. Abkürzungen: EEE einrichtungseinheitlicher Eigenanteil, AK in Rechnung gestellte Ausbildungskosten

I. Starting Point

II. Lessons to be learned from German Mistakes: Financing

**III. Lessons to be learned from German Mistakes: Provision**

1. Family care
2. Cash benefits
3. Formal home care
4. Nursing home care

IV. Lessons to be learned from German Mistakes: Regulation



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- In Germany, 50 percent of all dependent people are cared for without an formal care-giver.
- This rate is almost constant for 30 years and family care-giving is still the backbone of care provision – with an increasing role of live-ins.
- One important innovation was the introduction of **pension benefits for informal care-givers** quite from the beginning. This is effective in avoiding poverty for the carers once they are old.
  - Choice does not necessarily lead to a care system dominated by formal care.

- In Germany, cash benefits amount to about 40-50% of in-kind benefits – in all care grades!
- The basic rationale is that cash benefits are tax-free and free from social insurance contributions. Taking this into account, the levels of benefits are almost the same.
- The “ideal care-mix” in home care is a combination of formal and informal care – in all care grades. This is another argument for identical benefit level relations in all care grades.
- Incentivising formal care by higher benefit levels (compared to cash) only makes sense if there is sufficient supply.



- Demand-pull to increase formal care capacities worked in Germany in the 1990s and 2000s – but in a situation with high unemployment and no minimum wage.
- Today premises do not find sufficient (qualified) nurses leading to waiting lists for nursing homes and formal home care. Higher benefits won't lead to an increase in capacities.
- Cash benefits to dependent people imply no control on how the money is spent. Giving it to the care-givers enable authorities to require certain standard that can be monitored.
- In Burgenland (Austria) they give money to the care-givers – one of the most interesting experiments at the moment.

- A central question in formal home care is the remuneration
- In Germany negotiated rates differ between regions and providers – as does the list of services that can be provided  
→ **a unified scheme would be helpful.**
- The necessity to choose services from a given “menu” restricts the utility of services. Service budgets and remuneration according to time spent would be helpful



- Quality of care depends on the staffing ratio.
- In Germany, from 2017 – 2020 a new scheme was developed which is now stepwise introduced. It contains identical upper limits for staffing according to care grade for the whole country.
- Moreover, it is based on three qualification levels of caregivers (no formal education, 1-2 years, 3 years and more).
- As a consequence the organization of care is under scrutiny.

➤ In order to raise quality of care and job satisfaction it is essential to deal with staffing ratios.

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  - 1. Assessment
  - 2. Co-operation of different authorities
  - 3. How to organize the flow of money.

- The original assessment was based on the number of ADLs where assistant was necessary and the respective tasks. It did not consider dementia properly.
- It took 10 years to introduce a new definition of the need of long-term care → it is important to fix this at the beginning.
- Optimal is **just one** need assessment – from an institution that is not responsible for the funding. Which services are available and suitable for any given person could be decided by another institution.
- Having more than one need assessment will inevitably lead to conflicts

- In Germany, the cooperation of federal states, municipalities and long-term care funds is a mess.
  - It is important to define clear responsibilities and provide the necessary funds for them.
- Relying on cooperation between authorities might be the direct path to hell.



- Barbara has raised the question whether money should be given to clients who should pay providers or whether they should directly be paid by authorities.
- Experiences in healthcare point to the latter, as this implies much more opportunities for “managed care”.



Thank you for your attention!



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