Health Policy 116 (2014) 61–70

Contents lists available at ScienceDirect

Health Policy

journal homepage: www.elsevier.com/locate/healthpol

Review

Intergovernmental relations and Long Term Care reforms: Lessons from the Italian case

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ARTICLE INFO

Article history:
Received 24 January 2013
Received in revised form
23 December 2013
Accepted 5 January 2014

Keywords:
Long term care
Institutional change
Federalism
Social risks
Fiscal blame

ABSTRACT

The article aims at analysing the reasons why Italy failed to reform Long Term Care (LTC) policies, focusing on an aspect which has been overlooked: the interplay between LTC policies and the intergovernmental multilevel relationships. In the Italian LTC system, the main central intervention has been the regularisation of migrant care work, while the automatic growth of the cash benefits has accompanied the care needs evolution. Therefore the only institutional change has been a "gradual transformation". The causes of the failure to reform LTC have been mainly related to a strong fragmentation of the policy field, the existence of a universalistic cash benefit, the fiscal constraint. We argue that a further obstacle to reform LTC policies has been the weak and uncertain legislative framework of federalism. The uncertainty on the allocation and distribution of resources and the delay to apply the equalisation mechanism based on needs engendered a lame federalism that contributed to hindering welfare innovations and to increasing the institutional fragmentation.

The analysis is partly consistent with previous literature, although it places less emphasis on the role of the constituencies and the scarcity of resources in influencing decisions, focusing more on the implications of the failure to fully realise the federalist reform. This focus shows that to implement institutional change in the welfare system, it is important to take into account the features of the federal governance, the intergovernmental relations, and to address the challenges that are connected to them.

1. Introduction

Among the so-called "new social risks", arising due to a combination of factors, such as tertiarisation, the structural changes in households, globalisation, and ageing [1–4], there is the increase in the number of dependent elderly people. Although this increase could be offset by the improvement in general levels of health [5–7], the traditional informal care supplied by relatives, in particular by women, could be put at risk by the enhancement in female participation in the labour market.

In the Nordic states, long-term care (LTC) services were made available from the 1960s and 1970s [8], while some other European countries, such as Germany (1994) and Spain (2008), introduced reforms to expand LTC in the 1990s and 2000s, but in other countries LTC is still inadequate and comprehensive reforms are needed [9–11].

According to a Eurobarometer survey [12], in 2007 yet 71% of European citizens considered that dependent people were forced to rely too heavily on their relatives (75%

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http://dx.doi.org/10.1016/j.healthpol.2014.01.005

of Italian people), and there was strong support for the notion that public authorities should provide appropriate care (home and/or institutional) for elderly people in need (93% in the EU, 88% in Italy).

As the view that a comprehensive reform of LTC is needed in high income countries has become popular, scholars have been trying to ascertain the reasons for the failure to intervene in some countries [8,13].

This article aims at analysing the reasons why Italy failed to reform LTC policies, in the period preceding the crisis of sovereign debts, focusing on an aspect which has been overlooked so far: the interplay between the failure to reform LTC and the process of implementing a complex federalist reform.

2. Analysing challenges of reforming LTC policies

A recent analysis of LTC policies in Europe, adopting an institutional perspective, assessed the change in the main institutions regulating the financing and provision of interventions for persons with LTC needs [14]. This study applied two approaches to analyse how institutional change occurs in LTC policies. First, the Hall [15] model of three order policy changes, where first and second order changes belong to the category of "normal policymaking" (incrementalism and routine characterise the first one, development of new policy instrument the second one) and third order policy change imply radical changes in policies, a "paradigm shift". Second, Streeck and Thelen [16] criticise the definite distinction between long periods of institutional stasis and phase of exogenously driven radical reorganisations, and with some distrust of the concept of path dependence, consider the possibility that institutional change can be incremental but disruptive through gradual transformation or abrupt but not able to break the continuityIn addition, they recognise four models of institutional change: gradual transformation; breakdown and replacement; reproduction by adaptation; survival and return. They also propose five types of gradual transformative changes based on a combination of the characteristics of the political context and of the targeted institution: displacement, layering, drift, conversion, exhaustion [16].

In the last twenty years countries with universalistic or semi-universalistic care regimes have passed through adaptive or incremental transformations (first or second order), and only in two countries (United Kingdom and Sweden) this change has affected the universalistic (or semi-universalistic) nature of the regime. Conversely, in most of the countries with a residual LTC care regime a "breakdown and replacement" institutional change took place. Reforms modified the entitlement (third order change), but afterwards incremental or adaptive changes followed (first and second order) urged by increasingly pressing financial constraints. Italy is an exception as only a gradual transformation took place.

This study highlighted also that an important shortcoming of the literature on institutional change and LTC policies, is the lack of attention to the implications of complex institutional multilevel relations within countries, despite the evident importance of the interplay between local and national levels [14].

A few scholars have addressed the connection between intergovernmental relationships and welfare reforms, and specifically have questioned whether federal systems, or the process of devolution, can hamper the introduction of reforms and favour the retrenchment of the welfare system [17]. This debate has highlighted the nature of the obstacles posed by federalism to social policy in general [18], including the introduction of a sort of 'veto' points system [19], with sub-national governments being subject to competitive pressure and budgetary constraints [8]. It has been noted that, during the phase of expansion of the welfare state, fragmented political systems and federalism tended to limit its growth, but in the present phase of restructuring and retrenchment the outcomes may be somewhat different [20,21]. Welfare outcomes depend on the specific characteristics of the federal system [21], and in certain conditions, the level of sub-national governmental support for reform can have decisive effects.

In their analysis of the reasons why Germany succeeded in reforming its LTC system while the United States did not, Campbell and Morgan [8] noted that although local governments in both countries favoured the introduction of new social programmes, only in Germany they had the institutional tools (the veto in the Bundesrat) to exert sufficient political pressure to enact them. In Germany, a new insurance programme, funded by social security contributions, was considered to be a means of reducing the financial impact of LTC on local governments. Moreover, in Germany the Länder are provided most of their revenues by the federal government, through an extensive system of revenue sharing, including equalisation mechanisms. This encourages collective action at a local level in the face of growing costs, and intensifies the degree of intergovernmental bargaining involved in the allocation of resources. In contrast, in the US states have greater independence, and the possibility to raise taxes, with each state trying to maximise its own share of federal resources, while in turn the federal government tries to shift financial burdens to individual states, in a game that fails to promote a collective solution. Braun, Bullinger and Walti [22], considering the more general issue of the relationship between federalism and fiscal policy-making, underline the fact that the distribution of taxation and spending and the patterns of intergovernmental relations are crucial.

Costa-Font [13], comparing Spain and Italy, argues that in the former country – thanks to the progressive decentralisation of social care – the role of some key regional governments (Catalonia and Galicia, ruled by coalitions of left-wing parties) as allies of the socialist central government has been important in making the reform and funding of LTC possible. In Italy, on the other hand, the regional governments were not strongly committed to the reform of LTC, because they were deterred by the risk of having to fund it, while they were rather concerned to safeguard funding for health services, which has always been considered to be more politically relevant. This was due to both a lack of resources and the weakness of the political influence of the elderly, and other groups were anxious to maintain the *status quo* (for example, the blind and the deaf, receiving today an allowance). He also underlines the importance of considering how the mechanisms of fiscal