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What is the impact of policy differences on nursing home utilization? The cases of Germany and the Netherlands

Peter Alders[a,*], Joan Costa-Font[b,1], Mirjam de Klerk[c,2], Richard Frank[a,3]

[a] Harvard Medical School, Department of Health Care Policy, 180 Longwood Avenue, Boston, MA 02115-5899, USA
[b] London School of Economics & Political Science (LSE), Department of Social Policy, Houghton Street, WC2A 2AE London, England, UK
[c] The Netherlands Institute for Social Research, Rijnstraat 50, 2515 XP The Hague, The Netherlands

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ABSTRACT

Though need factors would predict a higher rate of institutional use in Germany, in 2004 the percentage of people over 65 in institutions in the Netherlands was almost double the percentage in Germany. The lower nursing home utilization in Germany coincided with lower out-of-pocket costs, de facto means-testing of social assistance for such care, a lower perceived quality of nursing home, and less acceptance of the nursing home as a main care modality for adults experiencing functional impairments. These factors have developed over time and are consistent with a – relatively – large government responsibility toward care for the elderly and a preference for institutional care over home care in the Netherlands. The policy to encourage older adults to move to elderly homes to decrease the housing shortage after WWII might have had long-lasting effects. This paper points out that a key in the success of a reform is a behavioral change in the system. As there seems to be no single factor to decrease the percentage of older adults in nursing homes, a sequence of policies might be a more promising route.

1. Introduction

Older European adults typically have strong preferences not to be served in nursing homes. When asked about their preferred way to be cared for should they become dependent and in need of long-term care, less than 8% of the Europeans surveyed expressed a preference for being cared for in a long-term care institution [28].

In the Netherlands, nursing home utilization is among the highest in OECD-countries. The Dutch government is trying to find ways to support people so that they can age in place, which is consistent with citizen preferences and may save money. In general, the costs of a stay in a nursing home are higher than care at home. However, we know little about the way public policy affects family and caregivers' decision-making when more and more care is needed and staying at home becomes difficult. What policy measures are most successful in appropriately balancing the mix of institutional and community-based Long-Term Services and Supports (LTSS)? In particular, what are the best ways for the Dutch government to reduce the reliance on that form of LTSS?

* Corresponding author. Present address: Ministry of Health, Welfare and Sport, Rijnstraat 50, 2515 XP The Hague, The Netherlands.
Tel.: +31 70 340 7221.
E-mail addresses: pg.alders@minvws.nl (P. Alders), j.costa-font@lse.ac.uk (J. Costa-Font), m.de.klerk@scp.nl (M. de Klerk), frank@hcp.med.harvard.edu (R. Frank).
[1] Tel.: +44 796 049 2690.
[2] Tel.: +3170 340 7831.
[3] Tel.: +1 617 432 0178.

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We examine policy measures that might serve to promote reduced reliance on nursing home care by comparing long-term care in Germany and the Netherlands. In many ways, Germany is similar to the Netherlands, though the German government does have a different approach to long-term care policy than the Dutch government. It is striking that in 2004 the percentage of people over 65 living in institutions in the Netherlands was almost double the percentage in Germany. Bearing in mind that the neighboring countries exhibit similar levels of economic development, and the Dutch population is somewhat younger, we suspect that understanding the gap between these two countries can offer lessons about the effect of LTSS policy actions for the Dutch government.

We first provide a sketch of the German and Dutch systems of long-term care. We assemble data and research from multiple sources including OECD, the Survey of Health, Ageing and Retirement in Europe (SHARE), Eurostat, the Eurobarometer, and literature on the demand for formal care and substitution of informal care for nursing home care. We investigate the impact of social norms, cost sharing, perception of quality, and availability on institutional LTC use. This paper indicates that the differences in institutional LTC utilization between Germany and the Netherlands cannot be explained by one single factor that is decisive, but rather must be considered as a complex mix of interdependent factors. These factors have developed over time and are consistent with a – relatively – large government responsibility toward care for the elderly and a preference for institutional care over home care in the Netherlands. Though in the short- and middle-long term social norms are hard to alter and may have an important impact on nursing home use, we do not believe that norms are independent of public policy. In particular, after WWII, the Netherlands established a policy to encourage older adults to obtain care in "elderly homes." The objective was to decrease the housing shortage by nudging older adults to move. To limit demand and costs, eligibility criteria were introduced and the homes for the elderly turned gradually into nursing homes. We believe that the postwar difference in availability of homes for the elderly contributed to a shift in the norms of staying at home and the responsibility for the care for older adults.

2. Background: Comparing German and Dutch LTC-characteristics

In Germany 3.8% of the population over age 65 was institutionalized in 2011. The corresponding figure was 6.5% in the Netherlands (7.2% in 2004, including palliative and rehabilitative care). The Netherlands are known to be generous in providing long-term care [1]. The higher percentage of the population institutionalized and the generous long-term care system are associated with a higher level of LTC expenditure on institutional long-term care: 2.2% of GDP in the Netherlands and 0.9% of GDP in Germany in 2010 (see Table 1). It is likely that a significant percentage of nursing home residents in the Netherlands could be cared for at home, as has been shown to be the case elsewhere. Mor et al. [2] estimated that 5–12% of the 1.4 million long-stay residents in the US, and similar proportions of new admissions remaining in a nursing home, meet definitions for low care, making them candidates for being "deinstitutionalized". In an earlier international study, Ikegami et al. [3] found that 27–52% (using a broad definition) or 2–14% (with the most restrictive definition) of the residents of nursing homes in Denmark, Iceland, Italy, Japan, Sweden and the US could be characterized as low-care residents. For the Netherlands, de Klerk [4] found that about 25% of the residents of residential care homes could age in place.

Table 1
Comparison German and Dutch core characteristics.

	Germany	Netherlands
Percentage of persons aged 65+ living in institutions	3.8 (2004) 3.8 (2011)	7.2 (2004) 6.5 (2011)
Number of beds per 1000 persons aged 65+	48.7 (2003) 52.1 (2011)	76.0 (2003) 64.9 (2011)
LTC elderly care in percentage of GDP	0.9 (2010)	2.2 (2010)
Percentage of population aged 65+	20.6 (2011)	15.6 (2011)
Percentage of people aged 65+ with self-reported ADL problems	40.6 (2011)	36.0 (2011)
Average income aged 65+ in €	17,611 (2011)	18,113 (2011)
Insurance	Mandatory	Mandatory
Out-of-pocket costs	High; independent of income though elderly might need means tested social assistance	Relatively low; dependent on income (since 2013 as well means tested)
Eligibility in-patient long-term care	>2 ADL + 1 IADL for at least 6 months	In need of more than three days a week institutional care

In both countries the benefit entitlements are need-based. There are some differences in the level of disability required to receive LTSS in the two countries. In Germany, to be eligible for long-term care, individuals must have functional impairments in two or more activities of daily living (ADL) and one additional instrumental activity of daily living (IADL) for an expected duration of at least six months. The required time for care should be at least 90 min a day. Since July 2008, people suffering from dementia but not fulfilling other criteria can also apply for these benefits [5]. In the Netherlands, to be eligible for institutional care, a person must have, first, a somatic, psychogeriatric, or psychiatric disorder or a mental, physical, or sensory handicap; second, a person must be in need of a sheltered living place, a therapeutic social climate and/or permanent attendant; and third, must need more than three days a week of institutional care. Home care is only granted for the care needed on top of the normal, daily care partners, parents or inhabiting children are "supposed" to give to each other. Compared to Germany, in the Netherlands an assessor makes a more tailored assessment, which leaves more space for a subjective judgment. It is reasonable to expect that with more ambiguity in the