

Economics of formal and informal care for an ageing population

AUTHOR

Bérengère DAVIN

Inserm Research Unit 912 – France

Background

Population ageing raises challenging issues about financing and management of long-term care. This is reflected in passed or ongoing reforms of health systems, aimed at splitting the costs between public subsidies and private provision of care. Current supply is often considered to be insufficient and inadequate in meeting needs, thus leading to hard living conditions. Informal care is more and more appealing, but its economic value still remains puzzling.

Implications

The results will be of great importance for defining the shape and the size of public policy devoted to needs management.

Methods

Data:

- At first, the research will use French data taken from a national survey about disability. The sample is composed of about 9,000 community-dwelling elderly interviewed in 1999 (Mormiche, 2003).
- Then data from the latest **national survey on health and disability**, gathered in spring 2008, will be used.
- At the same time, **information on informal caregivers** will be taken from a joined survey.

Definitions:

- **ADL/IADL**: Activities of Daily Living (such as bathing, dressing, eating, etc.) and Instrumental Activities (such as cooking, shopping, housekeeping, etc.) (Katz et al, 1963; Lawton, Brody, 1968).
- **Need for personal assistance**: not being able to do or having much difficulties to do the ADL/IADL (Gill et al, 1998).
- **Unmet or undermet need**: if need exists and care is lacking or insufficient (Kennedy, 2001; Lima, Allen, 2001; Desai et al, 2001).
- **Type of care**: formal care is provided by professionals, informal care is given by relatives care, mixed care (Kemper, 1992).

Theoretical models:

- What are the **motivations** of informal caregivers (altruism, expectations of future bequests, obligation)? (Brown, 2006; Norton, Van Houtven, 2006; Sloan et al., 1997, 2002).
- Do they provide **in-kind or financial support**? (Couch et al., 1999).
- How do they **allocate time** between employment and care? (Wolf, Soldo, 1994; Pezzin, Schone, 1999).
- Is there **family bargaining**? (Hiedemann, Stern, 1999; Checkovich, Stern, 2002; Engers, Stern, 2002; Pezzin et al., 2007).

Econometric models:

- What are the **factors associated** with need, unmet or undermet need, type of care received? Are there social inequalities? (Stuck et al, 1999; Carrière et al, 2006; Huisman et al, 2003).
- Is there **substitution** between personal care and technical assistance? (Hoenig et al, 2003; Agree et al, 2005).
- Is there substitution between formal and informal care? (Bolin et al, 2008; Pezzin et al, 1996; Van Houtven, Norton, 2004).
- Relevant econometric tools will be used to deal with **methodological issues related to potential biases** (participation, selection, declaration, incentive and endogeneity biases) (Gannon, 2007; Todorov, Kirchner, 2000; Greene, 2008; Heckman, Leamer, 2001).

Economic valuation: (van den Berg et al, 2004)

- **Proxy good method**: values time spent on caregiving at the (labour) market price of a close substitute (van den Berg et al, 2006).
- **Opportunity costs method**: values informal care by the product of time spent on care tasks and the net market wage rate or reservation wage if the caregiver is unemployed (Carmichael, Charles, 2003; Etnner, 1996).
- **Contingent valuation**: values the full impact of providing care by asking informal caregivers how much monetary compensation they minimally require in order to provide an additional hour of care (van den Berg et al, 2005).

Aims

- 1. Improving the knowledge of **living conditions of disabled elderly** from both an economic and a sociologic point of view. The need for personal assistance with activities of daily living will be assessed and compared to care received from relatives and/or formal caregivers. This may help to measure the extent of **unmet need and potential social inequalities**.
- 2. Focusing on **informal caregivers'** motivations to provide care and measuring the medical and socioeconomic consequences resulting from their provision of care.
- 3. Describing and comparing different health care systems (France, Ireland and Sweden) in regard to the **role played by the family, state and market**.

Research collaborations

E. O'Shea, B. Gannon, Irish Centre for Social Gerontology, Ireland.

M. Szebehely, Stockholm University, Sweden.

A.M. Daune-Richard, LEST, France.

A. Masuy, Université Catholique de Louvain, Belgium

berengere.davin@inserm.fr

UMR Inserm 912

23 rue Stanislas Torrents

13006 Marseilles - France

SE42
UMR 912 / Inserm / IRD
Université Aix-Marseille

ORS
PROVENCE-ALPES-CÔTE D'AZUR
Observatoire Régional de la Santé

CNSA
Caisse nationale de
solidarité pour l'autonomie

Future Leaders
flare
of Ageing Research