

HERU Briefing Paper

HEALTH ECONOMICS RESEARCH UNIT

Briefing paper

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EFFECTS OF THE FREE PERSONAL CARE POLICY ON CARE DECISIONS: AN INVESTIGATION USING SCOTTISH HOUSEHOLD SURVEY DATA

Background

A policy of free personal care (FPC) was introduced in Scotland in July 2002. Prior to that time, means-tested charges were made for personal and nursing care required in care homes, and in most cases, means testing also existed for personal care provided in private households.

Assuming that personal care is a typical economic product, a reduction in price would be expected to lead to greater demand. Further, if care provided by families (informal or unpaid care) is able to replace, or substitute for, personal care, then informal care supply might also decrease, following a reduction in the price of personal care.

Within private households therefore, the possible consequences of the FPC policy are a reduction in the supply of unpaid care, and an increase in the demand for personal care (a large element of which is sometimes referred to as 'formal care').

1. Between 2001 and 2004, FPC did not affect the supply of unpaid care or the demand for formal care amongst people aged 65 years or over living in private households.

2. Changes in unpaid care and formal care were significantly related to the economic status of households.

Key Messages

For care homes, the abolition of means-tested charges would be expected to lead to an overall rise in the care home population, as charges are likely to act as a financial barrier to use of a care home.

Further, the policy may affect the size of inequalities in care use between income groups, if changes in demand and supply are determined by economic status. For example, as means-tested charges are only levied on those above a certain income level, it is likely that any effects on supply and demand will be felt the greatest amongst those who would otherwise have faced charges.

To inform the recent Wanless Social Care Review in England and Wales led by the King's Fund, research was conducted by the Health Economics Research Unit, University of Aberdeen, to examine the effects of FPC on unpaid care and formal care within private households.



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Objectives

The research addressed three specific questions:

1. Did the FPC policy affect the supply of unpaid care amongst people resident in private households?
2. Did the FPC policy affect the demand for formal care amongst people resident in private households?
3. Were changes in the use of formal and unpaid care different amongst poorer households relative to more well-off households?

Methodology

The dataset comprised 15,040 households drawn from the Scottish Household Survey between 2001-2004, where at least one respondent within the household was 65 years old or over at the time of the survey.

Mann-Whitney non-parametric tests were used to consider whether any differences observed pre and post FPC policy were statistically significant.

Separate binary logistic regression, multinomial logistic regression and ordinal regression analyses for pre and post FPC policy periods were also conducted to consider whether changes in use were different amongst poorer households relative to more well-off households.

Results

There was no evidence of any statistically significant changes in the supply of unpaid care (Figure 1, Mann Whitney $p = 0.9$), or the demand for formal care (Figure 2, Mann Whitney $p = 0.1$).

FPC appeared to affect the receipt of unpaid care and formal care amongst households. Poorer households (annual income £20,000 or less) were less likely to receive unpaid care from household and care from non-household members after the introduction of FPC (Figure 3, 'mixed'). For example, compared to the most well-off households (net annual income of greater than £20,000), poorer households (net annual income of £10,000 or less), were approximately 70% less likely to receive this type of care compared to no care.

A strong relationship was also observed between the economic status of households and formal care use. This time, however, FPC was associated with greater care receipt. Focusing on Local Authority (public) home care, compared to households with annual income of greater than £20,000, poorer households were significantly less likely to receive greater hours of public home care before the FPC policy (80% less likely for households with annual income of £10,000 or less). Following the introduction of FPC, these differences were no longer significant (Figure 4).

Figure 1 Changes in the supply of unpaid care before and after FPC

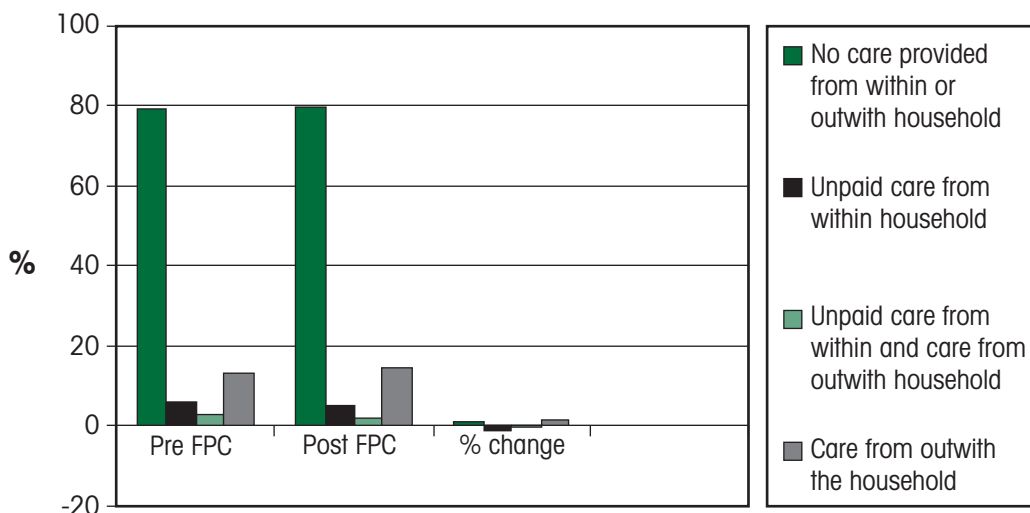


Figure 2 Changes in the demand for formal care before and after FPC

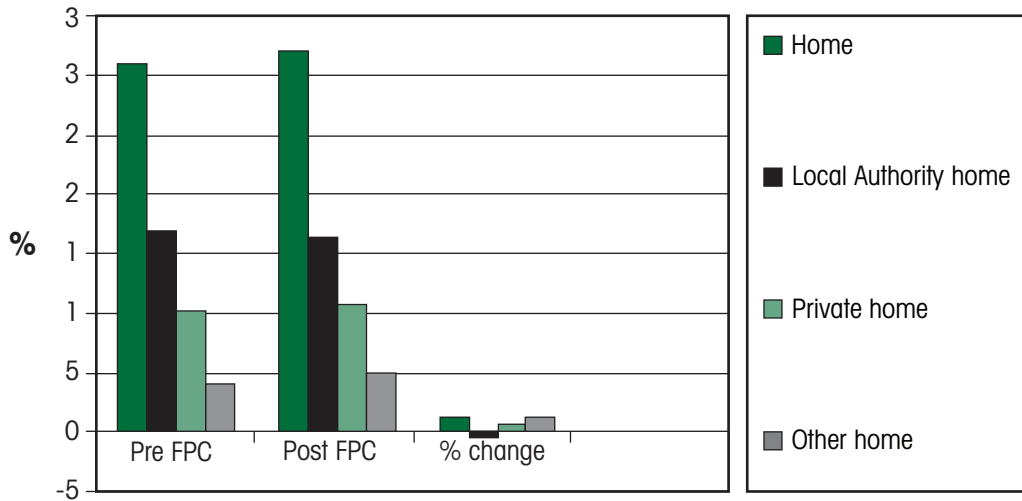


Figure 3 Association between household income and unpaid care

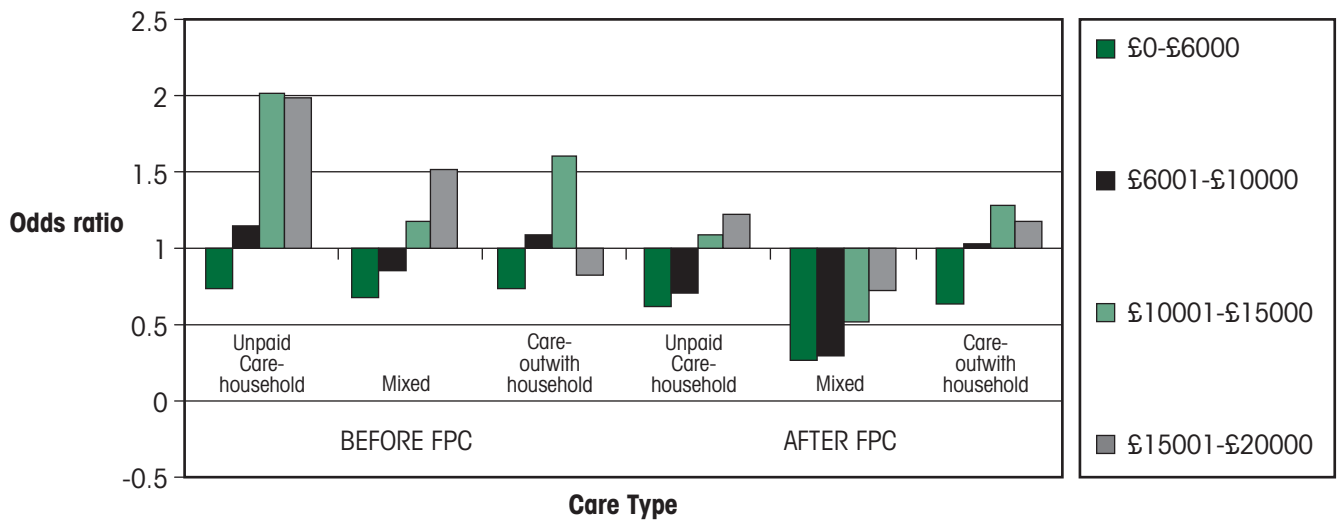
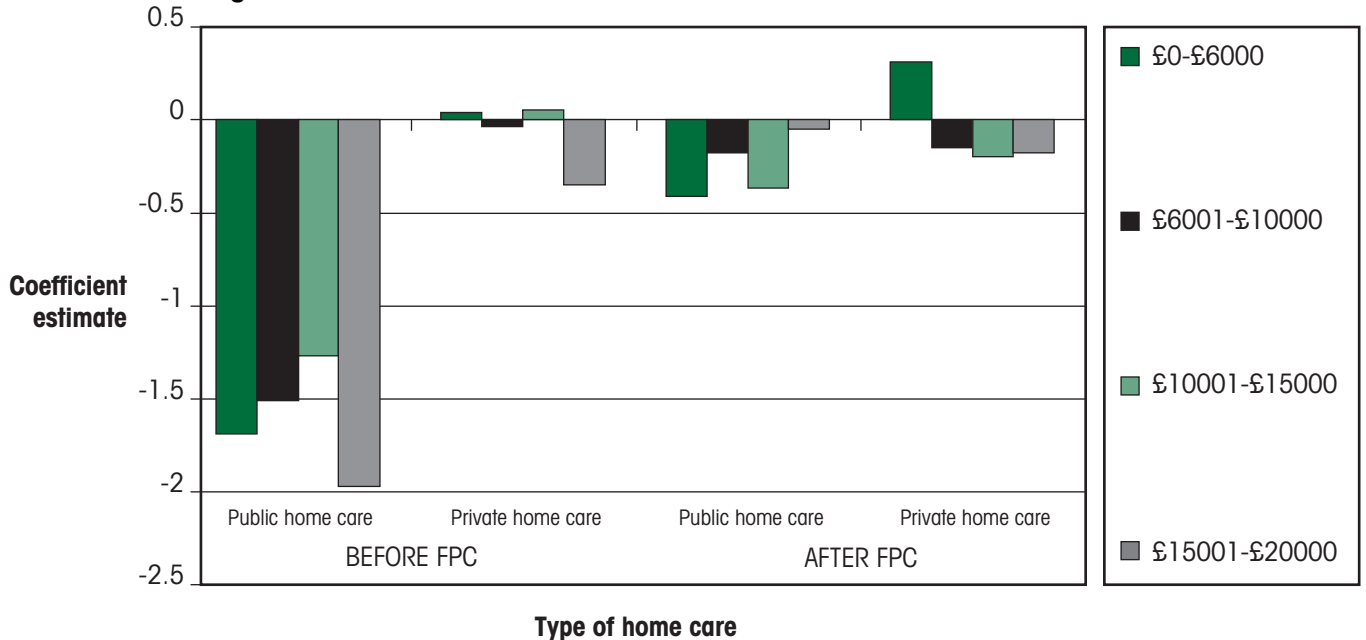


Figure 4 Association between household income and hours of home care



Conclusions

FPC did not affect the amount of unpaid care supplied or the level of demand for formal care amongst people aged 65 years or over living in private households. However, care decisions appeared related to the economic status of households. Following FPC, poorer households were somewhat less likely to receive unpaid care, although they were now as equally as likely as more well-off households to receive similar levels of public home care. As the Scottish Household Survey is not designed explicitly to address policy questions in long-term care, some caution is required in interpretation of the results. For example, it unclear whether care provided from outwith the household is unpaid care from other family members, or formal care. To understand the apparent differential response amongst different income groups, further research using alternative data sources is required.

Research Team

This briefing paper describes work conducted by the Preference Elicitation and Assessment of Technologies (PEAT) Programme of HERU. Further information about this topic can be obtained by contacting Dr Paul McNamee, HERU, University of Aberdeen, Foresterhill, AB25 2ZD (tel: 01224 553269; email: p.mcnamee@abdn.ac.uk).

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For further information about HERU please visit our website at <http://www.abdn.ac.uk/heru>

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