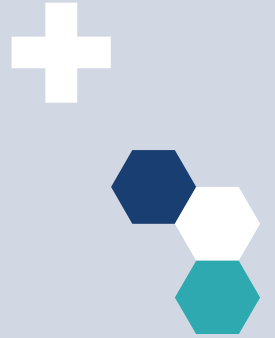


Projections of adult social care demand and expenditure 2018 to 2038



Raphael Wittenberg, Ruth
Hancock, Bo Hu, Amritpal Rehill
Adult Social Care Research Unit



Acknowledgements

- This presentation is based on independent research commissioned and funded by the NIHR Policy Research Programme through its core support to the Adult Social Care Research Unit
- The views expressed are those of the author(s) and are not necessarily those of the NIHR or the Department of Health and Social Care
- This study builds on earlier work by Adelina Comas-Herrera, Bo Hu, Derek King, Juliette Malley, Linda Pickard, Amritpal Rehill and Raphael Wittenberg

Modelling Long-Term Care Finance

- We have conducted a range of studies over almost 25 years on the financing of long-term care
- Our aim is to inform decisions by providing evidence on projected future demand for and expenditure on long-term care
- The projections inform DHSC and OBR work on
 - the fiscal sustainability of public expenditure on social care,
 - spending reviews, and
 - reviews of how best to reform the funding of care and support

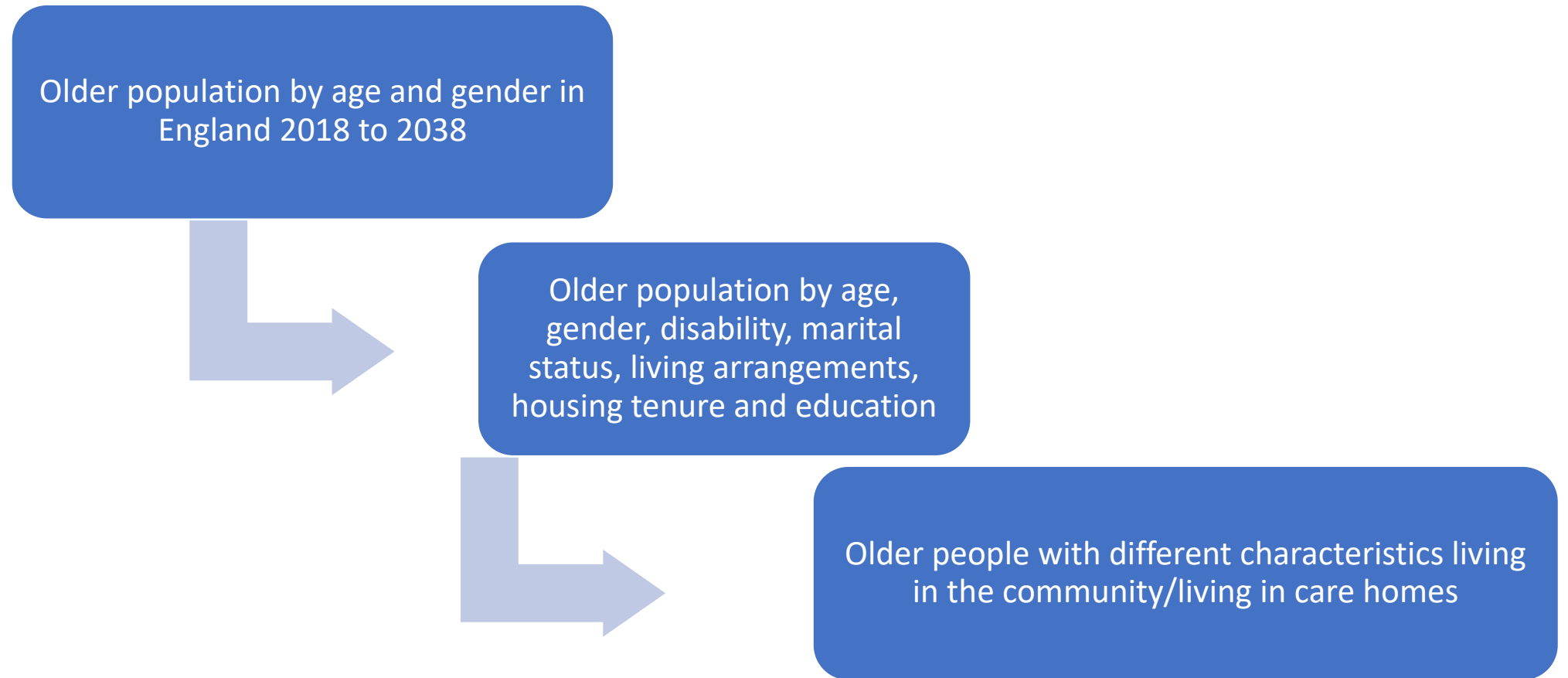
Projection Models

CPEC model for older people, CARESIM model for older people, CPEC model for younger adult user groups

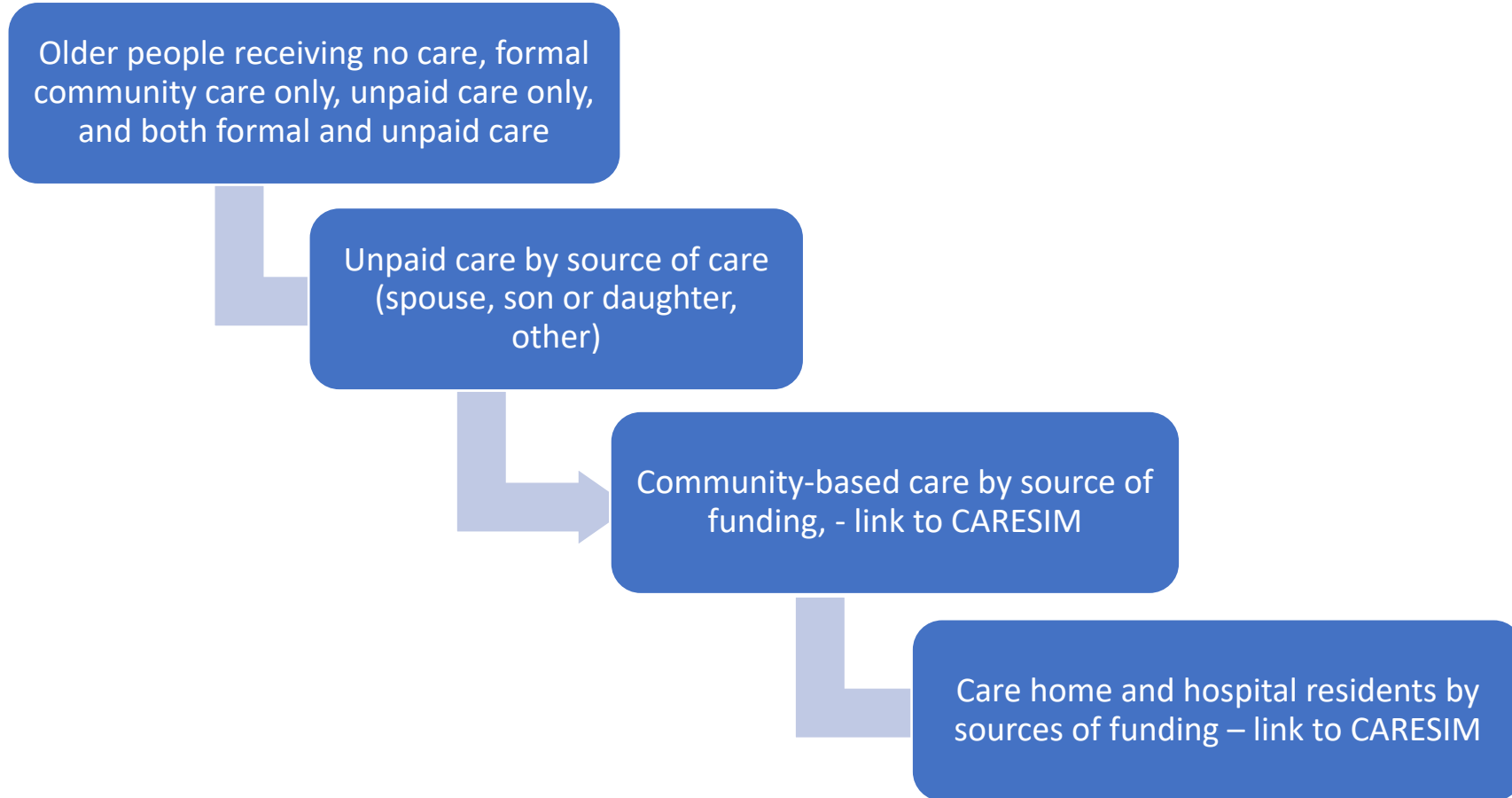
These produce projections to 2038 and beyond of:

- Numbers of disabled older and younger people
- Users of unpaid care, formal care services and disability benefits
- Public expenditure on long-term care
- Private expenditure on long-term care for older people
- Workforce providing social care

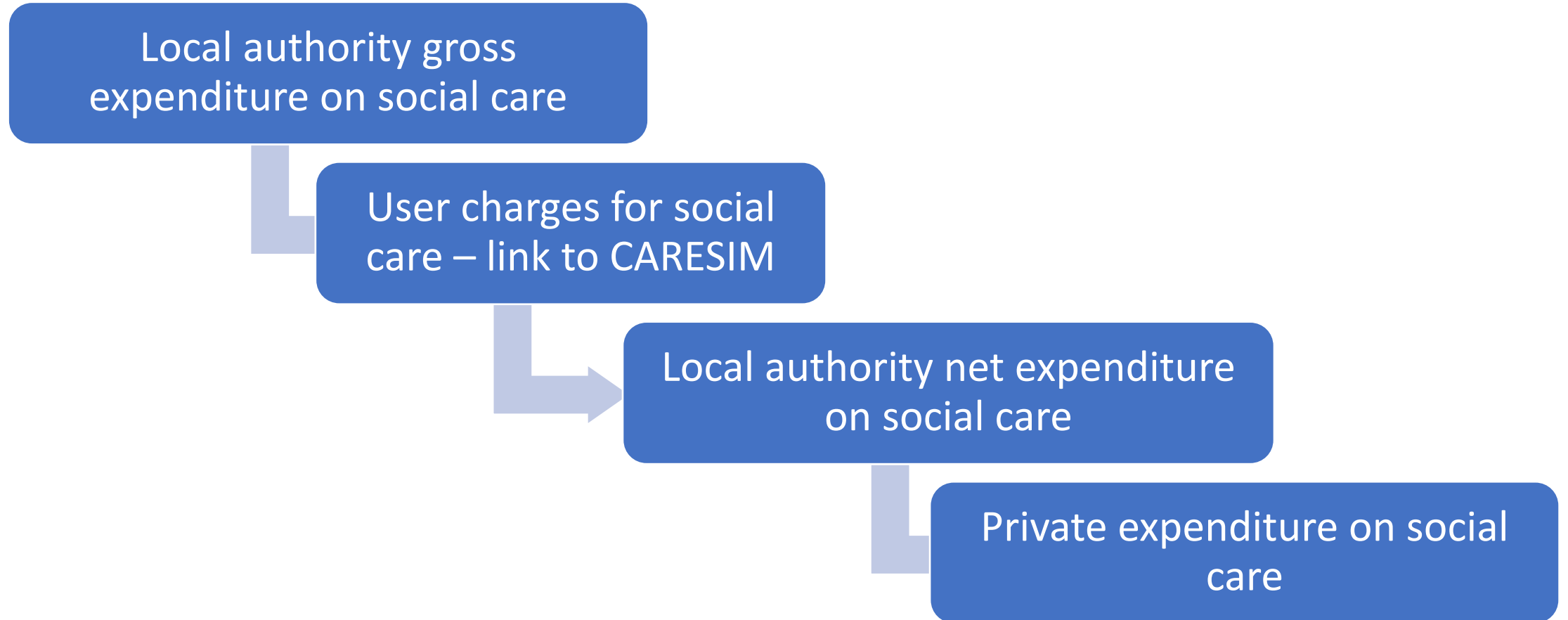
CPEC Model: Older Population by Needs



CPEC Model: Care Users



CPEC Model: Expenditure



CARESIM overview

- Dynamic microsimulation model using a sample aged 65+ from the Family Resources Survey.
- Simulates what each sample member would be required to pay towards 8 different types/levels of care for a base year and future years, **should he/she need that care**. Does not predict who in the sample will need what type/level of care.
- For future years the sample is 'aged' allowing for death, widowhood etc.
- Simulates care charges at a point in time for the output year, after assigning each sample member a duration to date of receipt of each type of care (needed to model capital depletion).
- Year and care type specific weights from the CPEC model are applied to the sample according to age, gender, marital status, home ownership & educational level to render it representative of recipients of care as projected by the CPEC model.
- Two main types of output:
 - proportions who self-fund, and mean user contributions for LA-funded, by care type and age group, used in the CPEC model to apportion aggregate care costs between public and private sector
 - distributional analysis e.g. of gains/losses from reforms to care charging (see <https://www.pensionspolicyinstitute.org.uk/research/casper/> for recent example)

FRS respondents aged 65+, money values updated to projections base year

ONS cohort mortality projections

Year-specific: income tax, benefits, care charging parameters; care home fees and home care package costs

Output year > base year

Yes

No

'Age' the sample:

- Death (random within age and gender)
- Widow(er)hood (dependent on partner's death and own survival)
- Inheritance e.g. of pension rights
- Evolution of private income

Simulate income tax liability, benefit entitlement and care charges for 8 care settings, pre and post reform, for those aged 65+ and partners > state pension age in output year

Attach weights (grossing-up factors) from CPEC model for each of 8 care settings according to age, gender, marital status/home ownership, education.

Each FRS case (aged 65+ and alive in output year) has 8 weights corresponding to each of its weight in the 8 care settings.

Distributional analysis

e.g. weekly mean gains/ losses from reforms by income, housing tenure, wealth.
Default is to calculate these at a point in time but alternatives are possible.

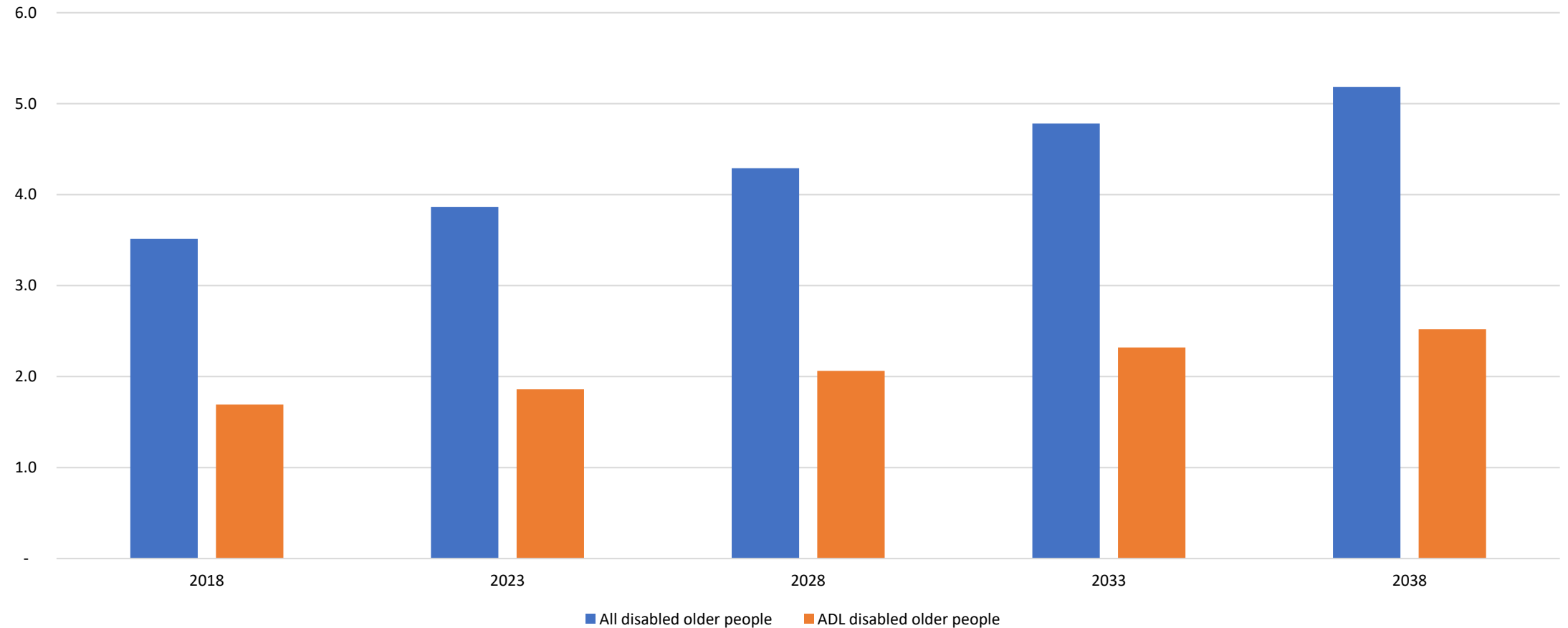
Aggregate statistics passed to CPEC aggregate model:

- % who self fund
 - Mean user contribution as % of care cost for LA-funded
- All by age group and care setting**

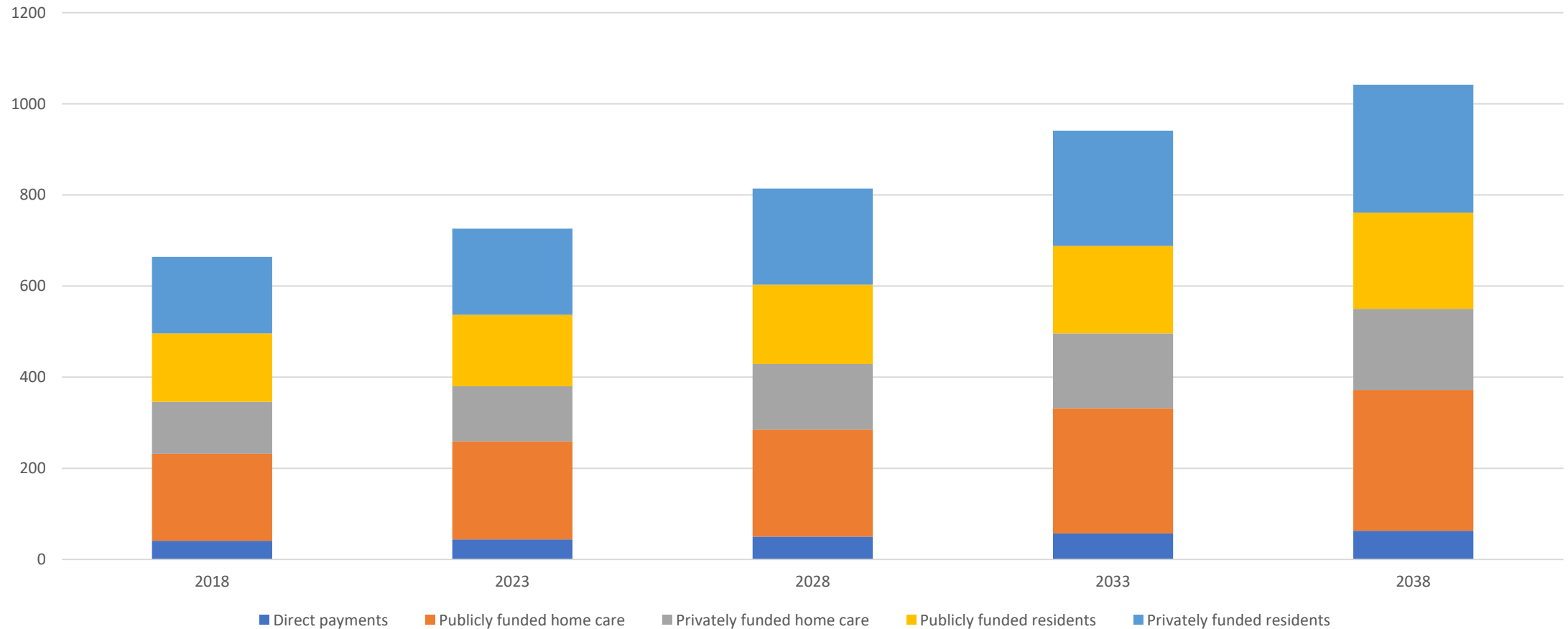
Base Case Assumptions for Projections

- Number of people by age, gender and marital status in future years changes in line with official (ONS) 2018-based projections
- Prevalence rates of disability by age and gender remain unchanged for older people and younger physically disabled people but rise for learning disabled people
- Unit costs rise in real terms in line with OBR assumptions on productivity (plus uplift for the NLW to 2024)
- Patterns of care – formal and unpaid – remain unchanged by individuals' needs related characteristics
- Long-term care system remains unchanged, as the current system for England

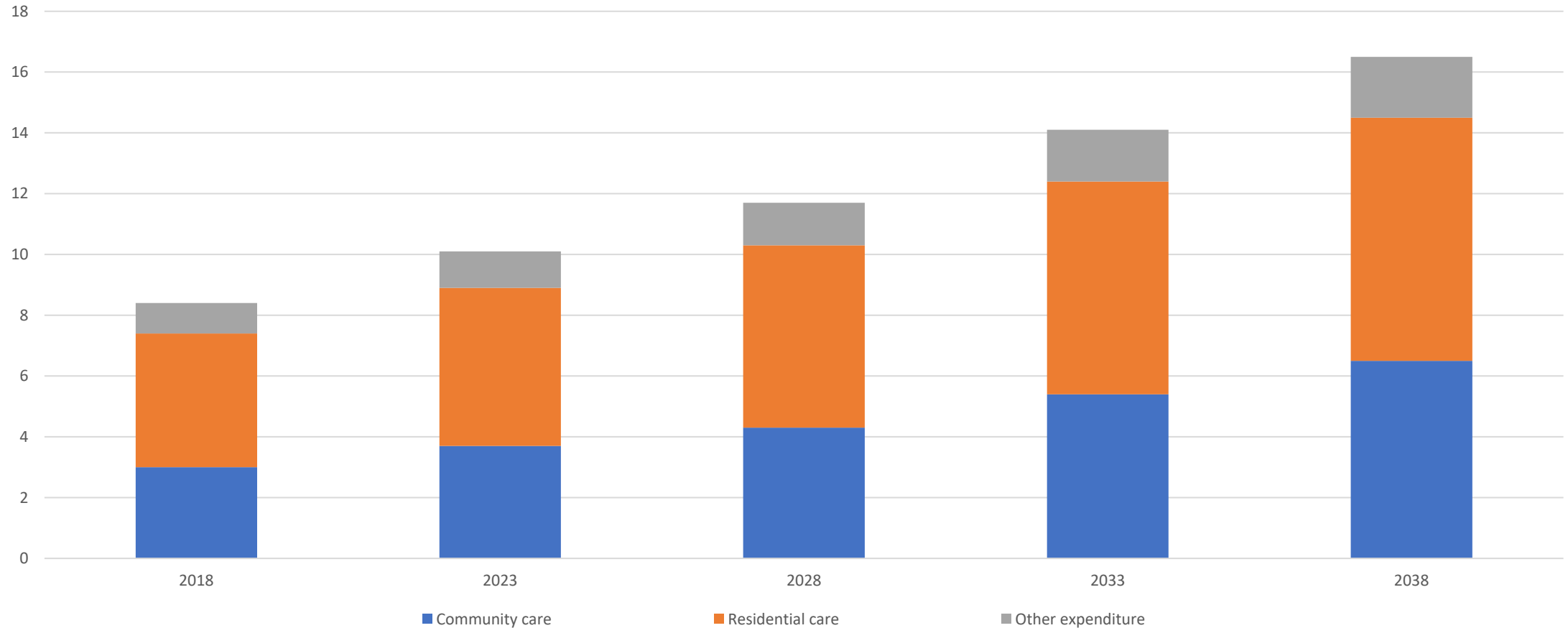
Projected number of disabled older people (millions) in England 2018-2038



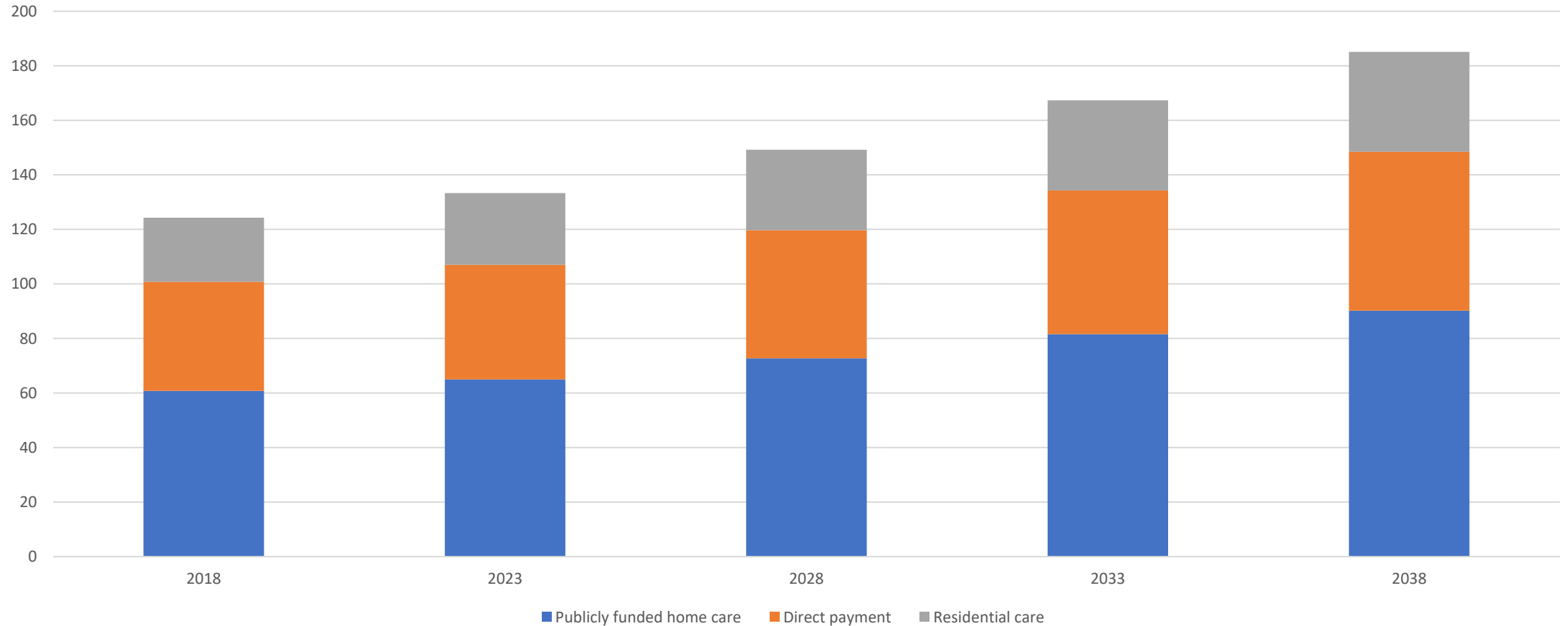
Projected number of older service users (thousands), England, 2018-2038



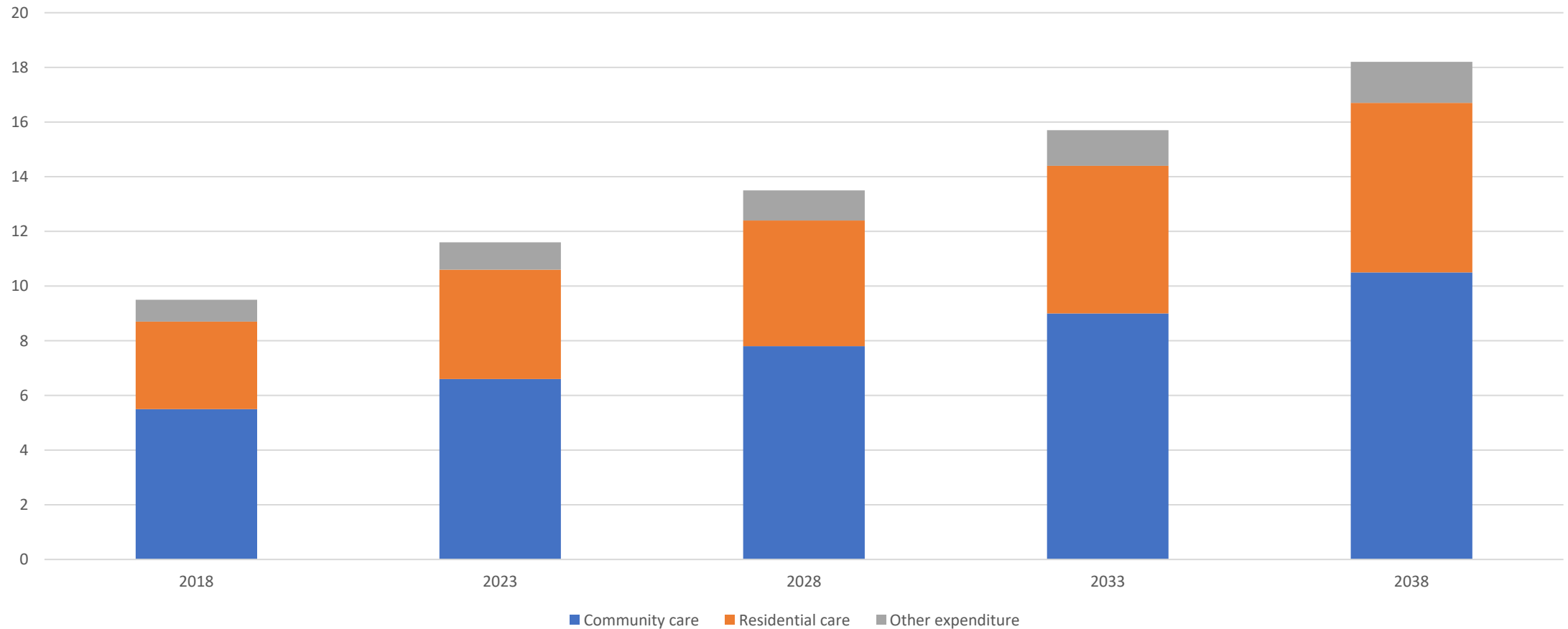
Projected local authority net expenditure on social care for older people, England, 2018-2038, £billion, 2018 prices



Projected number with learning disabilities receiving social services (000s), England, 2018-2038



Projected local authority net expenditure on social care for younger adults, England, 2018-2038, £billion, 2018 prices



Important Points

- The model outputs are projections based on specified assumptions about trends in the drivers of demand: they are not forecasts
- The projections in this presentation are on the basis of current policies: we do not attempt to forecast future policy changes
- They relate to demand for social care services and not supply but they do need to include an assumption about the rise in prices necessary to enable supply to rise in line with demand
- They do not take account of the impact of the covid-19 pandemic nor of changes in expectations about the quality of care