

International Longevity Center – USA

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NEWS RELEASE

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Long Term Care Insurance A Reality in Germany and Japan

U.S. Has Much To Learn, Says Butler, Authority on Aging

[New York, N.Y.] July 1, 2000 --- Long term care, a subject of political debate in the United States, is already a settled issue in Germany and Japan, according to a report issued today by the International Longevity Center in New York. “Germany and Japan have met the challenge,” says Dr. Robert N. Butler, president and CEO of the ILC. “The U.S. is only talking about it.”

LONG TERM CARE IS EXPENSIVE AND FRAGMENTED IN THE UNITED STATES

How America will pay the costs of the home care and the nursing home care required for millions of aging baby boomers is a question that cannot be put off much longer, warns Butler, founding director of the National Institute on Aging. “Unlike in Germany and Japan, long term care in the United States is expensive, fragmented, often poor in quality, and studies show only about 40% of Americans can afford it. Medicaid is usually what substitutes for long term care here in America – and a poor substitute it is. To qualify for it, most people have to ‘spend down’ their assets and impoverish themselves. It’s a humiliating system,” says Dr. Butler.

The more considered and comprehensive German and Japanese systems took many years to evolve according to *Long Term Care: The Experience of Two Nations*, issued today by the ILC-USA.

More than a decade of debate preceded enactment of the Japanese long term care insurance system in April, 2000, according to Kazuhito Ihara, co-author of the study.

The debate in Germany took even longer. It began over twenty years ago, recalls Dr. Joachim Wilbers, the other co-author. In 1995, legislation was passed requiring employers and employees to split the cost of long term care insurance. Prior to that, long term care was paid for privately. If an individual couldn't pay, the immediate family was held financially responsible.

In most cases, however, says Wilbers, a lecturer in gerontology at the University of Heidelberg, family assets were not touched. Those who were unable to cover the costs of long term care turned instead to Social Assistance, a benefit provided by local communities. It was the local communities, strained by the burden of paying for long term care, that joined with older people and their supporters to press for national legislation.

GERMAN DEBATE CROSSED PARTY LINES

The debate made allies of many who were better accustomed to being opponents. Within the long-ruling Christian Democratic Union, there were those who sided with the more welfare-state-oriented Social Democrats in arguing that any new benefits should be "means tested," reserved for the poor and not wasted on the rich.

Within the Social Democratic Party, there were champions of business who sided with the Christian Democratic Union in arguing that overburdening business would result in unemployment. Even with the arrival of long term care insurance, the debate still continues on its cost and effectiveness. According to Wilbers, "Most people in Germany are affected, either as contributors or recipients, as care providers or clients. In another five to ten years time it will be very interesting to see whether long term care insurance in Germany has lived up to expectations."

LONG TERM CARE ADVOCATED AS BOOST FOR JAPANESE ECONOMY

Japan had special reason to take a leading role in providing long term care to its citizens, according to Butler, the Pulitzer Prize-winning author of *Why Survive? Being Old in America*. “The Japanese are the longest-living people in the world. Average life expectancy is 77 years for men and 83 for women. And the fertility rate is down now, so there are clearly challenges to be met.”

In response to this “graying” of the population, in 1997, the National Diet passed a Public Long Term Care Insurance Law that went into effect in April, 2000. The law was designed to reimburse older people for the costs of home care and institutionalized care. Dr. Kazuhito Ihara, director of the Department of Health and Welfare of the Japanese External Trade Organization, recalls that the economic health of the country at large was a major factor in the outcome of the debate over long term care. Opponents of the plan that was ultimately enacted argued that repaying older people for their long term care expenses would place a major financial burden on city governments who are the insurers under the Japanese system. But sponsors of the legislation contended that this increase in public spending would actually enliven the sluggish Japanese economy. Freeing people from the belief that they must save a great deal of money to take care of themselves in old age, proponents maintained, would encourage cautious consumers to spend money and boost the economy.

The other major shift in Japanese policy, the so-called “Gold Plan,” went into effect over a decade ago, in 1989. The plan was designed to cut down on the extended hospital stays which all-too-often took the place of well-planned long term care. Because many Japanese considered it shameful to put parents in a nursing home, they had come to depend on hospitals to provide older persons the long term care which they could not manage themselves at home. But besides being expensive, hospitals did not have the kinds of

facilities that would help recuperating older persons to get back on their feet and resume active living. The Gold Plan was designed to shift the care of older people from hospitals to home programs and nearby rehabilitation facilities. In 1994, “The New Gold Plan” began reimbursing families for the costs of home care aides, visits from nurses, home reconstruction, and special nursing homes.

BY 2030, 14 MILLION ‘BABY BOOMERS’ WILL HAVE ALZHEIMER’S DISEASE

Can the United States catch up in its own efforts to deal with the need for long term care? “We’ll have to,” says Butler. “Of some 70 million baby boomers who will be alive between 2020 and 2030, 14 million are likely to have Alzheimer’s disease. And millions of others will be frail and sick and in need of long term care. Assisted living facilities are already popular with older people who can pay. The federal government might start helping people with lower incomes afford to live in these facilities. Biomedical research will show us how to postpone frailty and possibly Alzheimer’s and make older persons more independent and less in need of long term care. There is a critical shortage of trained geriatricians in the United States. And our lifestyles are often so unhealthy and sedentary, it’s no wonder our later years are complicated by disease and disability. There’s a lot to be done. But it’s all do-able. Look at Japan and Germany. They’ve already got a head start.”

The International Longevity Center – USA, Ltd. (ILC-USA) is a not-for-profit, non-partisan research, education and policy organization whose mission is to help individuals and societies address longevity and population aging in positive and productive ways and highlight older people’s productivity and contributions to their families and society as a whole. Affiliated with the Mount Sinai School of Medicine, ILC-USA is part of a multinational research and education consortium, which includes centers in the U.S., Japan, Great Britain, France, and the Dominican Republic. More information on website

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