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Caring for the elderly – Challenges for Taiwan

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Road map

- Demographic transition in Taiwan
- Long-term care
 - Past & present
 - Future: LTC Insurance
- Challenges ahead

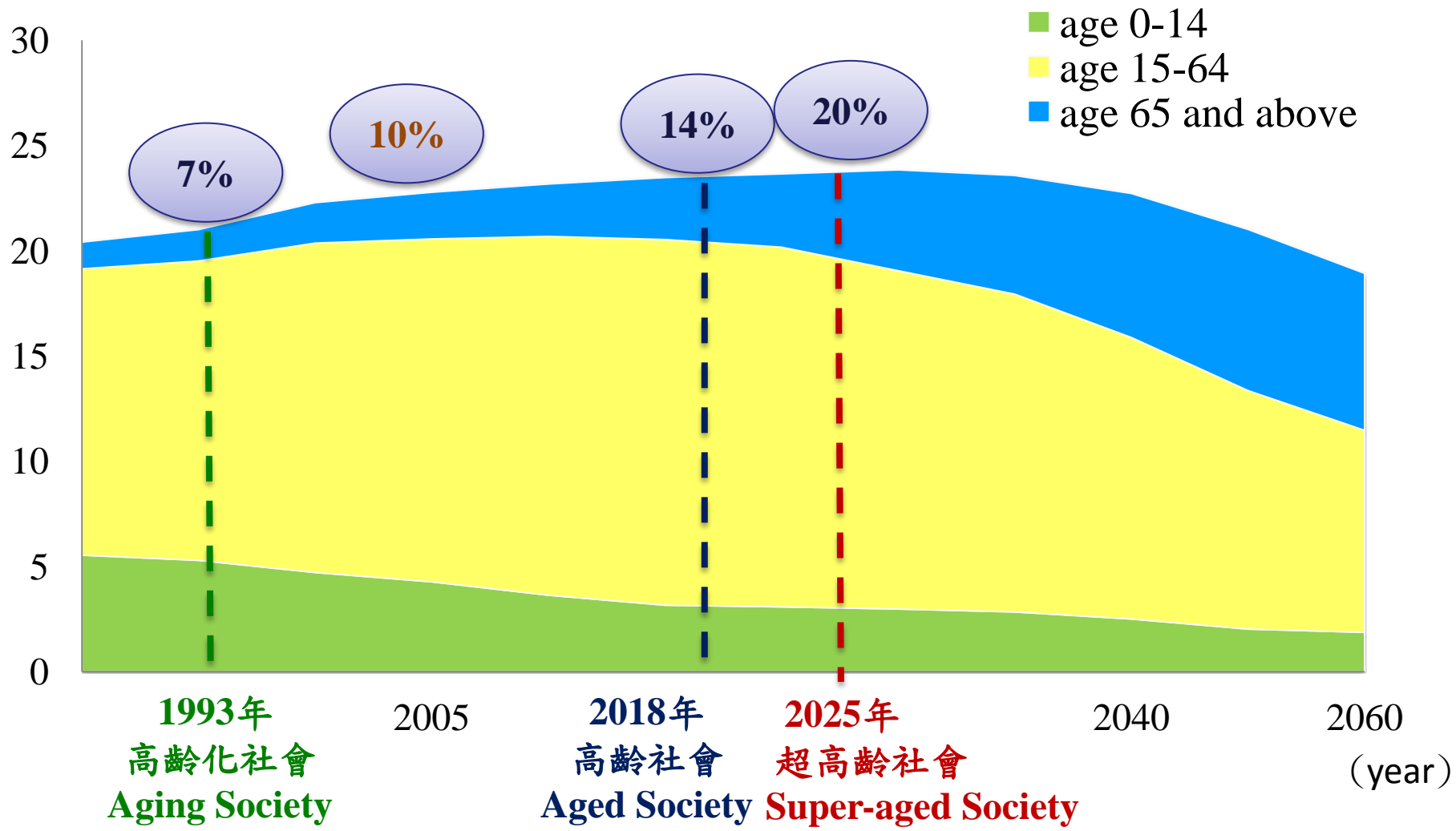
Taiwan - 2012

- Socio-economic and demographic characteristics
 - **High-income economy**
 - GDP per capita: USD 20,336 (ranked 38th, IMF)
 - 6.62% of GDP on health (2%+ since 1994)
 - **Total fertility rate: among the lowest**
 - TFR: 1.265 (2010: 0.895)
 - **Rapid aging population**
 - **11.2% (of 23.3m) aged 65+**
 - Low fertility rate
 - good life expectancy
 - » M/F: 76.0/82.7



Elderly population projection

(millions)



Data source: CEPD, 2012; MOIA, 2013



Demographic indicators

2011	Year of implementation of LTC Insurance	65+ % total pop.	Life expectancy			Fertility rate	Dependency Ratio	NHE % of GDP
			F	M	T			
Taiwan	2016 (target)	11.2*	82.2*	75.5*	78.6*	1.1	34.7*	6.6
Japan	2000	23.3	85.9	79.4	82.7	1.4	59.0*	9.3
Singapore	2002	9.9*	84.5*	79.9*	82.3*	1.2	35.7*	4.6
South Korea	2008	11.4	84.5	77.7	81.1	1.2	36.8*	7.5*
Germany	1994	20.7	83.2	78.4	80.8	1.4	51.3*	11.3

Note: *2012

Source: OECD Health data 2013; World Bank website; Taiwan MOHW; Singapore government, <http://www.moh.gov.sg>

Long-Term Care in Taiwan Past and Present



LTC - Financing

- Acute care is covered by NHI
 - 33.5% of NHI expenditures consumed by the elderly population in 2011
- LTC is mainly financed by household direct payment with some subsidized services through government's 10-Year Plan for LTC

LTC – Service provision

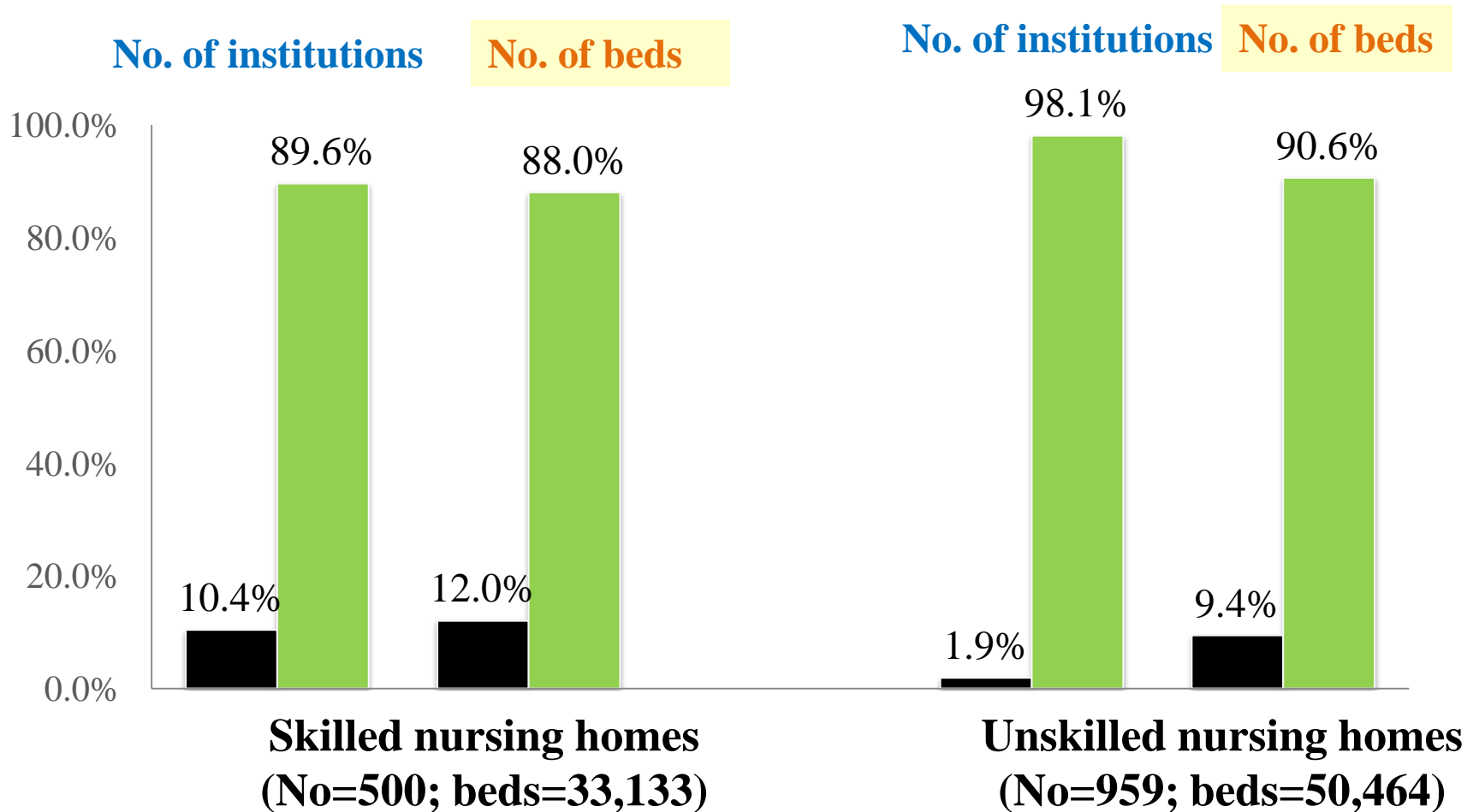
- “**Aging in Place**” was declared a national policy goal in 1995
- Types of services rendered
 - home care, institutional care (skilled and unskilled nursing homes), elderly residential community, respite care
- Ownership of the service institutions predominantly in the **private sector**



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Skilled vs. Unskilled Nursing Home (2012)

■ public ■ private



Long-term care in Taiwan - past & present

- Mainly provided by **family members, foreign labor, unregistered nursing homes**
 - Questionable quality of care
- Inefficient use of acute care resources
 - Long length of stay at the acute institutions
- Introduction of 10-year LTC program in Oct 2007

Caring for the elderly in three stages

- Stage I (2008-2017)
 - Continue service provision through 10-year LTC program
- Stage II (2013-2016)
 - Enact LTC Service Law
 - Establish LTC Service Network
 - Exploit “Elder Cloud”
- Stage III (2016)
 - Implement LTC Insurance



10-Year LTC Program (2007-2016)

- Emphasizing the concept of “**Aging in Place**”
 - Mainly providing home and community care
- Tax-funded program
 - A budget of NTD 81.7b (2.6b USD)
 - **Centralized financing, local operation**



10-Year LTC Program (2007-2016)

- Recipients:
 - Mainly for **low and middle-lower income residents**
- Scope of benefits
 - **In-kind benefits**, supplemented by **cash benefits**
 - 11 service items
 - Income-related copayment
 - Cap on benefits

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10-Year LTC Program (2007-2016)

- Great variation in cities/counties
 - Government
 - Administrative capability and fiscal soundness of local governments
 - Lack of coordination between social workers and medical professionals
 - High turn-over rate
 - » Lack of job security

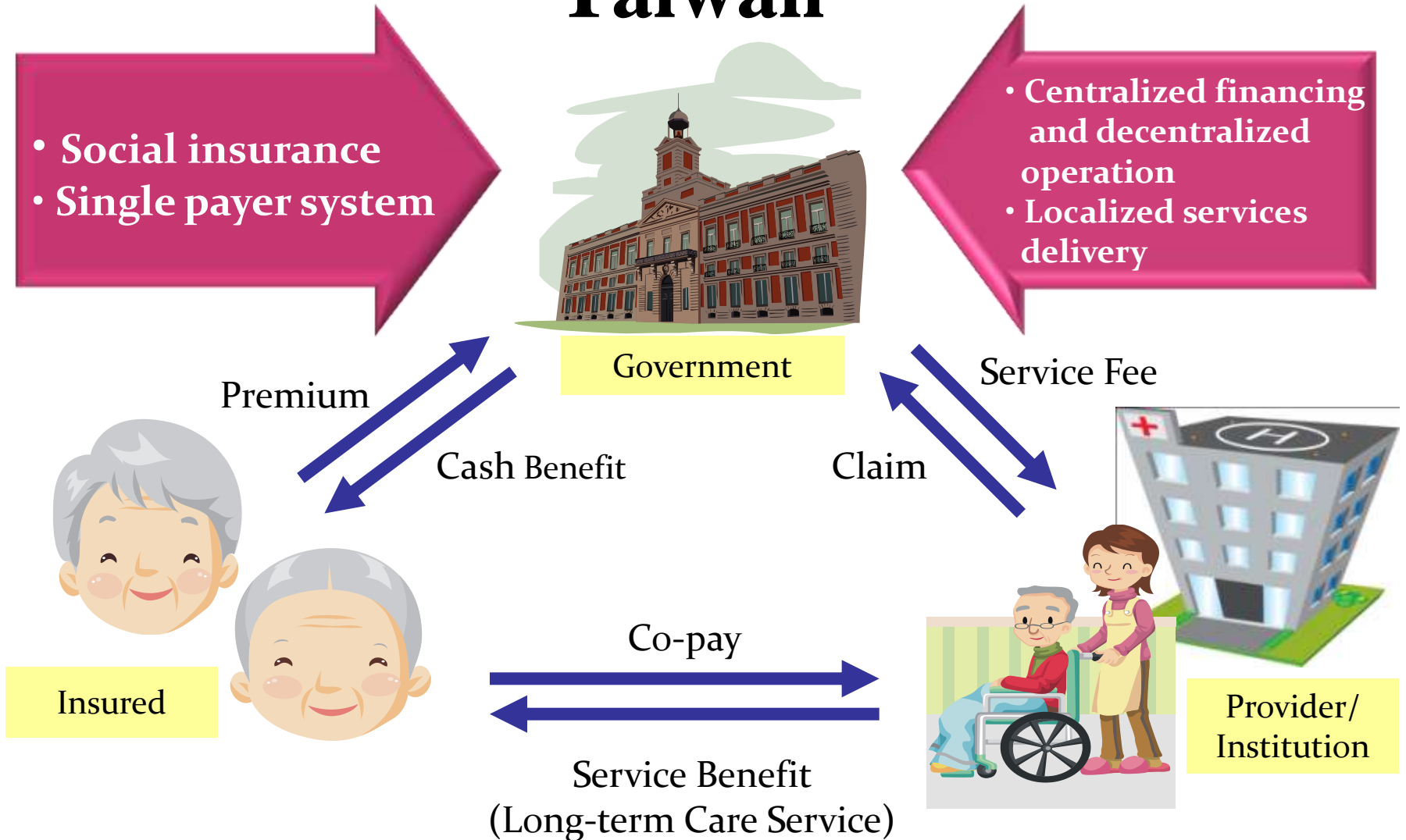
10-Year LTC Program (2007-2016)

- Great variation in cities/counties
 - Supply
 - **Insufficient supply of care providers**
 - » Lack of training programs
 - » Low payment rate
 - Demand
 - Uses deterred by copayment

Future of long-term care in Taiwan

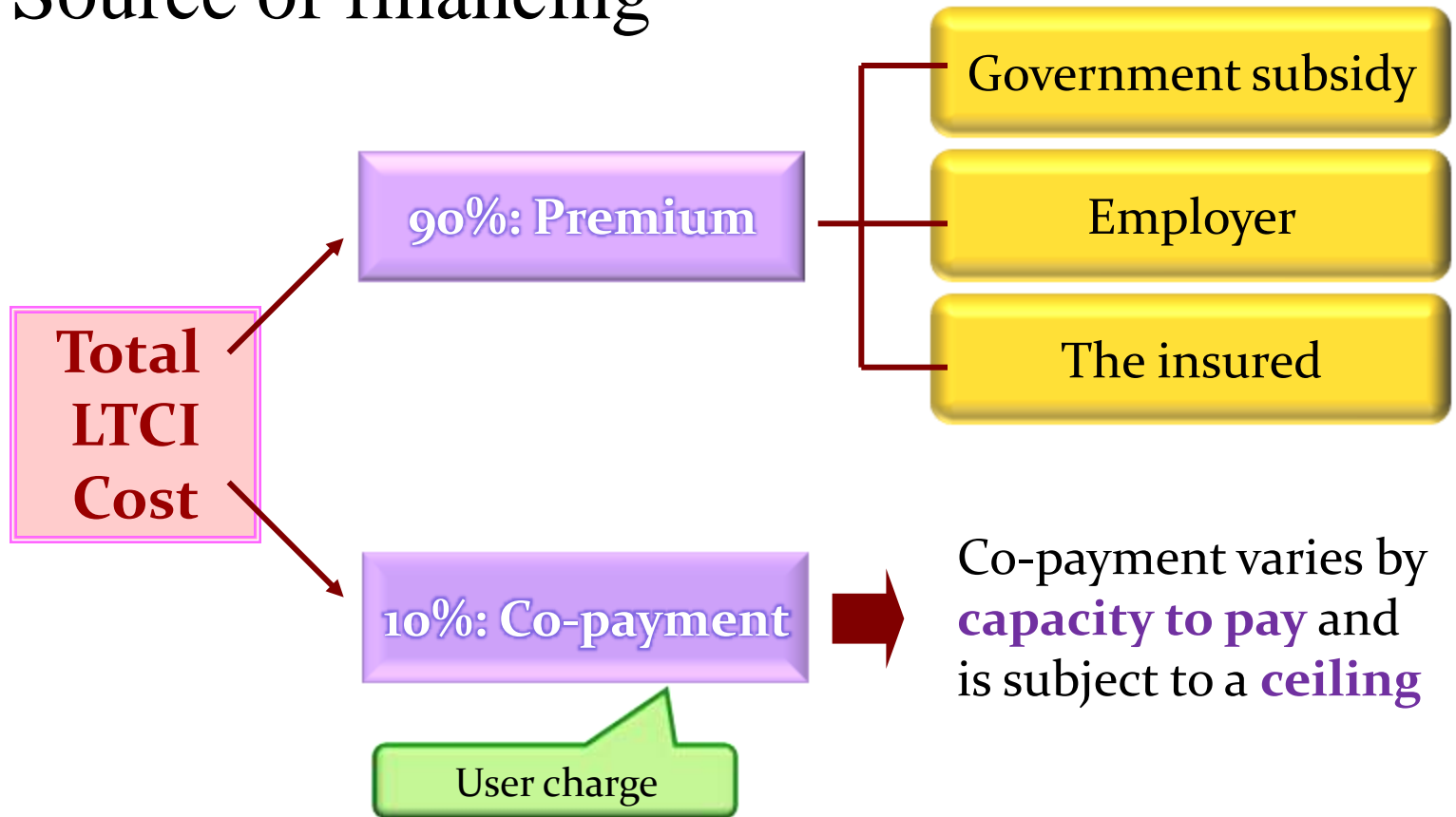
- LTCI campaign promise by the current president, Mr. Ma Ying-jeou
 - Target year moved from 2012 to 2016
- LTC task force drafted the LTC Service Law and LTC Insurance Law
- Government reorganization
 - **Ministry of Health and Welfare** was established by expanding Department of Health to cover social welfare

Long-Term Care Insurance in Taiwan



Financing system

- Source of financing



Type of benefits

Type of benefits

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graph LR; A[Type of benefits] --> B[Benefits in kind (services)]; A --> C[Benefits in cash]; B --- D[Service items including]; C --- E[Issues];
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Benefits in kind (services)

Service items including

- Community and home care
- Institutional care
- Caregiver support
- Others (assistive devices, home environment improvement project, transportation)

Benefits in cash

Issues

- Levels of cash benefit should be set prudently, and usually are lower than benefit in-kind.
- Caregivers should be provided with proper training and routine monitoring system should be set up to assure care quality.
- People hiring foreign caregivers are allowed to apply for cash benefits.
- People who receive cash benefits can also apply for benefits in-kind.

Challenges ahead

- Financial soundness
 - Independently from National Health Insurance
- Supply of LTC providers
 - Develop/devise training programs
 - Formal and informal ones
- Clear definition for boundary of acute, sub-acute and LTC
- Moral hazard
 - Need assessment system

Challenges ahead

Learn from your peer group

-be mindful of the **successful** and **unsuccessful** experiences around the global



PBS production by T.R. Reid

<http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/>

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When you set sail for Ithaca,
wish for the journey to be long,
full of adventures,
full of knowledge.

“Ithaca”, Constantine Cavafy



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If you build it, it will come.

Thank you for your attention!

