Long-term Care
Improving career valuation and intergenerational burden-sharing

- **A growing supply gap**: Demand in Germany has been outpacing supply for years; the to-date annual increase of 25,000 new placements in the sector is not enough.

- **Deprofessionalization despite increasing demands**: Share of skilled workers is on the decline although care for those with dementia or multiple illnesses requires a more diverse skill set.

- **Improve career valuation**: Greater involvement of university-educated skilled workers increases the quality of care and career attractiveness.

- **Cross-national comparison**: Experience in other countries shows that the share of university-educated skilled labor with long-term care duties must be increased significantly.

- **Sustainable financing**: By bringing forward necessary increases in contributions and expanding Germany’s long-term care provision fund, the burdens can be shared more equitably among younger and older generations.
In the near-25 years since the introduction of the Soziale Pflegeversicherung (SPV), or mandatory public and private long-term care insurance (LTCI) in 1995, Germany’s population has aged considerably. Unsurprisingly, the number of people in need of long-term care (LTC) has increased considerably, as has the demand for LTC staff. A series of policy reforms have expanded the benefits provided by LTCI and the scope of persons deemed eligible for the insurance. However, since LTC employee numbers have not kept pace with this increase, the country runs the risk of failing to ensure an adequate future stock of caregiver staff. And the measures needed to adequately address this issue will drive up already increasing costs. Despite the initial increase in the contribution rate from one percent to 3.05 percent of income subject to social insurance contributions (3.3% for those without children), pay-as-you-go financing is subject to growing pressure.

Changing demographics mean that in the coming years and decades, a growing number of people will be reliant on support. Many people suffer from dementia or have chronic or multiple illnesses and therefore require comprehensive care, often as inpatients.

The quantitative and qualitative changes in the need for long-term care give rise to questions regarding how to modernize the profession as well as its framework conditions and thereby provide proper need-based care. How can the growing demand for professional long-term and nursing care be met given the current shortage of skilled workers in this field? And how can shifting qualitative requirements be met? The Bertelsmann Stiftung commissioned the firm Prognos to explore these questions. The first part of the study “Langzeitpflege im Wandel” (Long-Term Care in Transition) is devoted to helping improve the valuation and attractiveness of a career in nursing or long-term care. Key factors identified by the study here include professional training, decision-making power and pay. It explores various approaches taken to modernizing and differentiating various aspects of the profession. It also draws on local and international examples in making recommendations for the development of a new mix of professional qualifications that is needed in the sector. The second part of the study deals with issues of sustainable financing and fostering intergenerational justice in particular. The period forecasted extends to the year 2050.

The study's key findings, presented in this issue of Spotlight Healthcare, draw on two earlier Bertelsmann Stiftung publications, “Pflegereport 2030” (Long-Term Care Report) from 2012 and the “Strategien gegen den Fachkräftemangel in der Altenpflege” (Strategies Targeting the Skilled Labor Shortage in Long-Term Care for the Elderly) from 2018. The latter study in particular focused on improving pay and staffing in long-term care.

Long-term care in crisis: Shortage of skilled labor and dequalification

The German population is aging dramatically: Today, some 18 million people in the country are over 65 years old; in ten years’ time, this will increase to 22 million. The baby boom of the 1950s and 1960s has provided the country large numbers of pensioners while life expectancy has continued to rise. According to the study, this


There is scientific evidence of the link between staffing ratios, qualifications and quality in care. Nevertheless, we continue to pretend in Germany that having a good heart is enough.”

Martina Hasseler, Professor for Clinical Nursing at the Faculty of Health Sciences, Ostfalia University of Applied Sciences, Wolfsburg
Spotlight Healthcare – Long-term Care

means that Germany will be home to 23.3 million older people by the year 2050. This figure is about 30 percent greater than the current number.

As the population ages, long-term care needs also grow: In the 20 years from 1997 to 2017, the number of long-term care insurance beneficiaries nearly doubled to 3.3 million. By 2050, this number is expected to increase to 5.3 million – nearly 60 percent more than today’s figure. Six to seven percent of the population will be receiving LTCI-benefits; only 3.5 percent draw on such benefits today. A good half of those in need of care are currently cared for at home by family members exclusively, and just over one-fourth also receive outpatient care services. Another one-fourth of those in need of care live in long-term care facilities.

At the end of 2017, almost 1.2 million people were employed either full or part-time in long-term care facilities and outpatient care services. According to Germany’s Federal Statistical Office, this corresponds to 819,000 full-time positions. Within ten years, the volume of employment in long-term care has increased by a good 42 percent: In terms of full-time positions, employment in the outpatient sector rose by 114,000 or 73 percent over the same time period, in inpatient facilities by 129,000 or 31 percent (see Figure 1, left side).

However, this average annual increase of around 25,000 filled full-time positions (or the equivalent number of part-time positions) during the ten years from 2007 to 2017 is not enough to meet the growing demand. To make matters worse, the share of skilled workers in long-term care is shrinking steadily. In outpatient services, the share of skilled workers fell from 59 to 50 percent within ten years, in inpatient facilities from 39 to 35 percent. On the other hand, the number of care assistants, semi-skilled workers and trainees have increased (see Figure 1, right side). In addition to the falling percentage of skilled labor, the trajectory of staffing ratios in long-term care facilities points to a decline in the level of professionalism in such care. From 2007 to 2017, the ratio of persons in need of care to workers with specialized care and assistance training increased from 4.1 to 4.3:1 in the inpatient sector and from 6.5:1 to 7.3:1 in the outpatient sector. This amounts to a depersonalization of the sector that runs counter to the growing demands and changing tasks involved with providing long-term care.

“It is important that society have a realistic view of the costs involved with needs-based care and that it distribute these costs fairly.”
Maria Loheide, Social Policy CEO, Diakonie Germany
Improving the valuation of long-term care – finding quality care is increasingly difficult

Ensuring good care provision is becoming increasingly difficult for LTC staff: The average length of stay in a German LTC facility for those in need of care is now only about two years, as nearly one in five residents dies within one month after moving in. According to figures from Germany’s Federal Statistical Office, the share of LTC facility residents suffering from dementia who have trouble managing everyday tasks is now over 70 percent and growing. This also applies to outpatient long-term care. End-of-life care is therefore becoming more and more relevant, as is the growing demand for psychosocial, gerontopsychiatric and medical care in long-term care settings.

Occupational profiles in the field have yet to be sufficiently adapted to meet changing care demands. The experience in Germany and elsewhere shows that employment in long-term care requires a new set of combined qualifications. The experts interviewed in the course of the study recommend applying a tiered model of qualifications in adapting occupational profiles to meet changing demands. In addition to the three-years of training as a specialist that is required by law (Nursing Professions Act) and the one- or two-years of training as an assistant, the field should also be equipped with specialists that have a bachelor’s or master’s degree. A mixed staff of this nature would improve the valuation of work in the profession. It would also permit those working in the field to take on new responsibilities and a new role in the sector.

Strengthening individual responsibility in the profession

Improving the valuation of care services professions requires legal framework conditions and systems of care that make it possible for care professionals to assume more responsibility in carrying out their duties and to do so with greater autonomy. The lessons learned from other countries and model projects in Germany point in this direction. One example from the Netherlands involves outpatient care that is provided by teams of self-managing nurses. This example shows that such models facilitate self-directed motivation and personal responsibility among care professionals, which results in improved delivery of care (see “Buurtzorg – an alternative form of management in outpatient care”).

Improving competence and workforce levels through higher education

To date, care professionals with university degrees have played only a marginal role in German long-term care. Less than one percent of employees in the sector have a degree in nursing or long-term care. It’s different in the Netherlands, where more than 40 percent of all trainees are in a degree program and more than 25 percent of these trainees work in long-term care after graduating (see Figure 2).

Examples from the Netherlands show that it is possible to establish attractive qualification opportunities in care services for undergraduates. In addition to fostering science-oriented skills, a university education cultivates the ability to reflect and communicate effectively. This not only helps individuals improve their capacity to take on management responsibilities, it has a positive

Buurtzorg – an alternative form of management in outpatient care

Buurtzorg (Dutch for “neighborhood care”) is an outpatient care system that was developed 15 years ago in the Netherlands and draws on the concept of community care services for home care. Teams of a maximum of twelve highly qualified caregivers and nurses organize their work amongst themselves. There’s no such thing as central management in this model. Each team is responsible for the care of 50 to 60 patients; each team member for four to five people. In order to ensure good relationships between caregivers and care recipients, a maximum of two caregivers per patient is targeted.

Buurtzorg caregivers’ jobs involve determining individual needs while taking into account various medical, rehabilitative, nursing, personal and social considerations. Once this is determined, decisions regarding care services are then made. Both tasks are carried out primarily with the patients in need of care or their relatives. The key objective of this approach is to promote patients’ independence. Developing self-care skills through offerings such as counseling are part of the concept. The model also aims to identify, involve and network all formal and informal caregivers.
impact on how care is delivered. International studies show that higher qualification levels among caregiver staff and a smart mix of skilled workers can improve the quality of care.

Germany’s Nursing Professions Act creates the legal framework needed to make it possible to undergo general nursing training in the country, starting in 2020. The next step involves systematically developing and expanding undergraduate nursing and care services programs at colleges and universities, preferably in a manner that includes a practical component. It is anticipated that by increasing the number of university graduates in care services delivery, additional skilled staff can be tapped for long-term care.

Care services experts with a master's degree can take on new tasks

One approach that can help resolve the skilled labor shortage and the increasing complexity of care needs is to involve highly qualified nurses, so-called Advanced Practice Nurses (APN). The experience observed in other countries shows this to be a viable approach. For example, long-term care facilities in the Canadian province of Ontario are deploying APNs to strengthen coordination and cooperation among the actors involved and thereby improve the quality of care for those in need. APNs’ tasks include performing medical activities for which they are legally authorized to carry out on their own.

Joint training with physicians

Establishing the APN model in German long-term care facilities requires providing the appropriate qualification opportunities. The international benchmark points to a master’s program with extensive practical training. However, after completing their course of study, care services employees with this kind of education and training must be assigned tasks commensurate with their competence and qualification level. This includes being able to carry out activities previously reserved for doctors (substitution). And this requires creating the legal basis that would allow such staff to do so.

Since the professional profile of APNs with care services expertise includes having medical skills, their training (master’s degree) should take place at a university that is either located near medical facilities or which features joint faculties in the health sciences. The advantage here would be that prospective APNs and prospective physicians could engage in interdisciplinary and interprofessional cooperation together – before they have completed their course of study. Given the diversity of bachelor’s degree programs that have emerged in the care services sector over the past 30 years, it seems essential that programs orient themselves toward a core curriculum in order to create a clear professional profile. Qualified caregiver staff without a bachelor’s degree should also be made eligible for admission to an APN program, provided that they meet certain criteria.

The additional costs associated with implementing these approaches are manageable

According to the calculations conducted for the Bertelsmann Stiftung study, the financial impact of these approaches associated with establishing new occupational profiles and care services training is limited. Assuming that half of today’s care services staff had university degrees and would therefore receive incomes at a rate ten percent higher than currently, this would involve an increase of personnel costs in long-term care facilities of 2.7 percent. Based on 2017 figures, this would amount to €1 billion per year.

“It’s time that care services professionals are given more responsibility in care delivery.”
Andreas Westerfellhaus, Federal Government Commissioner for Nursing
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A qualitative reboot in long-term care cannot take place overnight and can be implemented only gradually over several years, the additional spending and savings will be initially much lower. The financial future of long-term care insurance

The last part of the study examines various options for sustainably financing LTCI through the year 2050. As a result of demographic developments, the growing importance of professional care services and increased spending on benefits (analogous to the increase in per capita GDP), the contribution rate will have to be increased from today’s 3.05 percent to 3.25 percent in 2025 and 4.6 percent by 2050 (see Figure 3). Additional spending due to wage increases or the need to increase benefits (in line with wage developments in the broader economy), have not been taken into account here. If we factor this in, the LTCI contribution rate could rise to 4.9 percent by 2050.

Employing a higher-paid nurse trained in line with the APN model at each of the approximately 13,000 German LTC facilities would cost an additional €700 million annually.

The combined costs of integrating highly qualified care services staff – fully and immediately – carries an annual pricetag of €1.7 billion. That’s less than five percent of the total volume of spending on long-term care insurance (LTCI) benefits, which was €35.5 billion in 2017. The additional spending involved with bringing about the anticipated increases in care services wages – a development that has political support – is likely to run significantly higher. However, as various Dutch studies show, there are savings potentials of nearly 20 percent to be found in outpatient care services that apply the Buurtzorg team-building approach. In Germany, this could spell for an annual savings of up to €1.2 billion, based on the €6 billion that the LTCI spent on outpatient care in 2017. Given that a qualitative reboot in long-term care cannot take place overnight and can be implemented only gradually over several years, the additional spending and savings will be initially much lower.

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As an alternative to adjusting the LTCI contribution rate step-by-step to reach 4.9 percent in 2050, four further scenarios for long-term financing were calculated:

- **Federal funds**: Introducing a federal subsidy of €2.0 billion in 2020 that would reach €5.8 billion by 2050 in order to cushion additional cost increases and keep the contribution rate at baseline levels.
- **LTC fund at 3.5 percent**: In addition to the federal subsidy of €2.0 billion in 2020, the LTCI contribution rate is increased to 3.5 percent in 2020; the resulting surpluses are then directed into the LTC fund, thereby making it possible to ensure a stable contribution rate through 2040.
- **LTC fund at 4 percent**: In addition to the federal subsidy of €2.0 billion in 2020, the contribution rate is increased to 4 percent in 2020; the resulting surpluses are then directed into the LTC fund, thereby making it possible to ensure a stable contribution rate through 2050.
- **LTC fund at 3.5 percent / federal subsidy+**: The federal subsidy starts at €9.6 billion in 2020 and grows to €24.5 billion by 2050; the simultaneous increase in the contribution rate to 3.5 percent remains stable until 2050.

**Intergenerational burden-sharing**

Changes in the contribution rate over time depend on the specific scenario (see Figure 4). Each one leads to different burdens carried by younger and older contributors. The calculation for the years from 1920 to 2020 showed that an unchecked increase in the LTCI contribution rate through 2050 (baseline scenario) eases the burden on cohorts up to 1999, while younger contributors would be burdened with up to €1,500 over their life cycle (through 2020).

A federal subsidy mitigates this distributional effect, but does not reverse it. However, it also draws more from those with higher incomes and thus allows for the equalization of risk between private and statutory long-term care insurance. Following the other three scenarios and bringing forward an increase in contributions which would deepen LTCI coffers, will burden older generations more heavily and ease that of younger generations. The extent of this reduced burden for younger generations becomes particularly clear in the case of a stabilization of the contribution rate beyond 2040, as is foreseen in the “LTC fund at 4 percent” scenario and the “LTC fund at 3.5 percent / federal subsidy+” scenario (see Figure 5).
Recommended actions

Improve the valuation of nursing and LTC professions and foster intergenerational burden-sharing

Ensuring long-term care service delivery in the future demands that we implement a set of measures. In addition to increasing wages and expanding the landscape of jobs in care services, the field must be made more attractive for potential caregivers by improving job quality. This will involve additional costs beyond those associated with demographically driven increases in expenditure. When distributing the growing cost burden of care, caution must be exercised in maintaining an intergenerational balance in the pay-as-you-go system of LTCI financing. The following measures should be taken:

Professional profiles and qualification mix

› Expand higher education opportunities to acquire training and qualifications
› Establish new occupational profiles (Advanced Practice Nurse) for particularly qualified nurses
› Systematically integrate university-trained care services professionals and specialists into outpatient and inpatient care facilities

Strengthen individual responsibility

› Implement new approaches to work in long-term care that fosters personal initiative and self-management (e.g., Buurtzorg model)
› Assign medical activities to qualified care services staff without a physician’s order (“substitution”)

Intergenerational financing

› Bring forward the anticipated contribution rate increases needed to expand Germany’s long-term care fund in order to avoid further increases in the medium term.
› Introduce a dynamic federally funded tax subsidy in order to mitigate contribution increases, foster the equalization of risk among income groups and reduce labor costs.

Further information: www.bertelsmann-stiftung.de