Myers JDC Brookdale

The Means Test under the Long-Term Care Insurance Law: Its Impact on the Financial Status of Frail Elders

Yitschak Shnoor Dana Weiss
Shirli Resnizky

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Editor: Revital Aviv Matok
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Myers JDC Brookdale Institute
P.O.B. 3886, Jerusalem 9103702, Israel
Tel: 02-6557400
brookdale.jdc.org.il/en | brook@jdc.org

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Abstract

Background

Israel's Long-Term Care Insurance (LTCI) Law was enacted in 1988. This law adds an insurance component to the services provided to community-dwelling elders in need of assistance in activities of daily living. The insurance component is in the definition of eligibility for receiving assistance and it insures against deterioration in functional ability and disability. If these conditions prevail, the insuree is eligible for assistance. The benefit provided under the law to eligible elders and their families does not cover all the nursing needs of frail elders. The main expense of frail elders in homecare is the employment of a caregiver for several hours a day or for a full 24 hours; this is also the main service accorded by the benefit. Receipt of the LTCI benefit is contingent on a means test for a full, or partial (half) benefit. The means test also determines if applicants are rejected on the basis of income (hereafter: rejectees).

Despite Israel's unique approach in providing insurance for nursing services as a personal eligibility by law, the means test excludes some LTCI-eligible elders from the service. Insurees who have paid their insurance yet don't receive the service to which they are entitled are thus harmed by the means test since the cost of care falls on them alone. In light of this situation, the National Insurance Institute of Israel (NII) asked the Myers-JDC-Brookdale Institute (MJB) to examine the harm caused to rejectees due to the means test, and how it impacts on their own and their families' well-being.

Goals

1. To assess the household expenses caused by long-term nursing care for a member of the household, focusing on caregiver costs.
2. To assess the financial harm caused to rejectees due to the means test.
3. To examine whether the income-based eligibility or non-eligibility for LTCI services correlates with the scope of services utilized by frail elders or with a pattern of utilization of nursing services.

Methodology

The study was based on a quantitative analysis of existing data: The Household Expenses Survey 2018 of the

Central Bureau of Statistics (CBS), and a survey of recipients and non-recipients of the LTCI benefit performed by MJB in 2019.

Findings

As noted, the main expense of frail elders is the cost of a caregiver, and this was also the focus of the study. Significant differences were found in the average cost of a caregiver between recipients of a full LTCI benefit, a partial benefit, and rejectees. In other words, the cost of a caregiver showed an inverse correlation with the elders' entitlement to the benefit. Among recipients of the partial benefit, the caregiver expense constituted a greater percentage of their income than among full-benefit recipients or income-based rejectees.

We carried out a model-based analysis of the potential harm to household income of an elder in need of nursing care and the receipt or non-receipt of the LTCI benefit. We examined the available household income remaining after the deduction of caregiver costs and the receipt of a partial benefit, or no benefit as the case may be, for each of the three groups: Elders entitled to a full benefit, a partial benefit, and income-based rejectees. We found that in households of rejectees, the available income after deducting for a caregiver is lower than that of recipients of a partial benefit; and in households of recipients of a partial benefit, the available income after deducting for a caregiver is lower than that of recipients of a full benefit. In households of singles, the available income was harmed for 45% of the potential recipients of a partial benefit, and for 9% of the potential income-based rejectees. In households of couples, the available income was harmed for 25% of the potential recipients of a partial benefit, and for 7% of the potential income-based rejectees. The harm to household income (among individuals and couples) caused by the transition to a partial benefit amounted to NIS 1,986; and by the transition to no benefit – to NIS 935.

The number of hours that a caregiver is employed in the home of frail elders corresponded to the degree of eligibility for an income-based benefit. Given an equal level of functioning, caregivers are employed for fewer hours in the homes of recipients of a partial benefit and income-based rejectees. The means test may thus impact the number of hours that a caregiver is employed. The implication is that a greater burden of care may fall on family members or that a frail elder may not receive optimal care.

The findings show a need to examine the topic more precisely, using NII and CBS data. Corroboration of the study findings would impel a review of the means test to avoid harm to the income of frail elders in the transition between the different levels of the LTCI benefit.