



The Elderly Care Sector as Job Accelerator

the economic relevance of elderly care and its effects on
employment

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Agenda

Cost factor elderly care

Reasons for a new perspective

Ways towards a new perspective

Macroeconomic effects

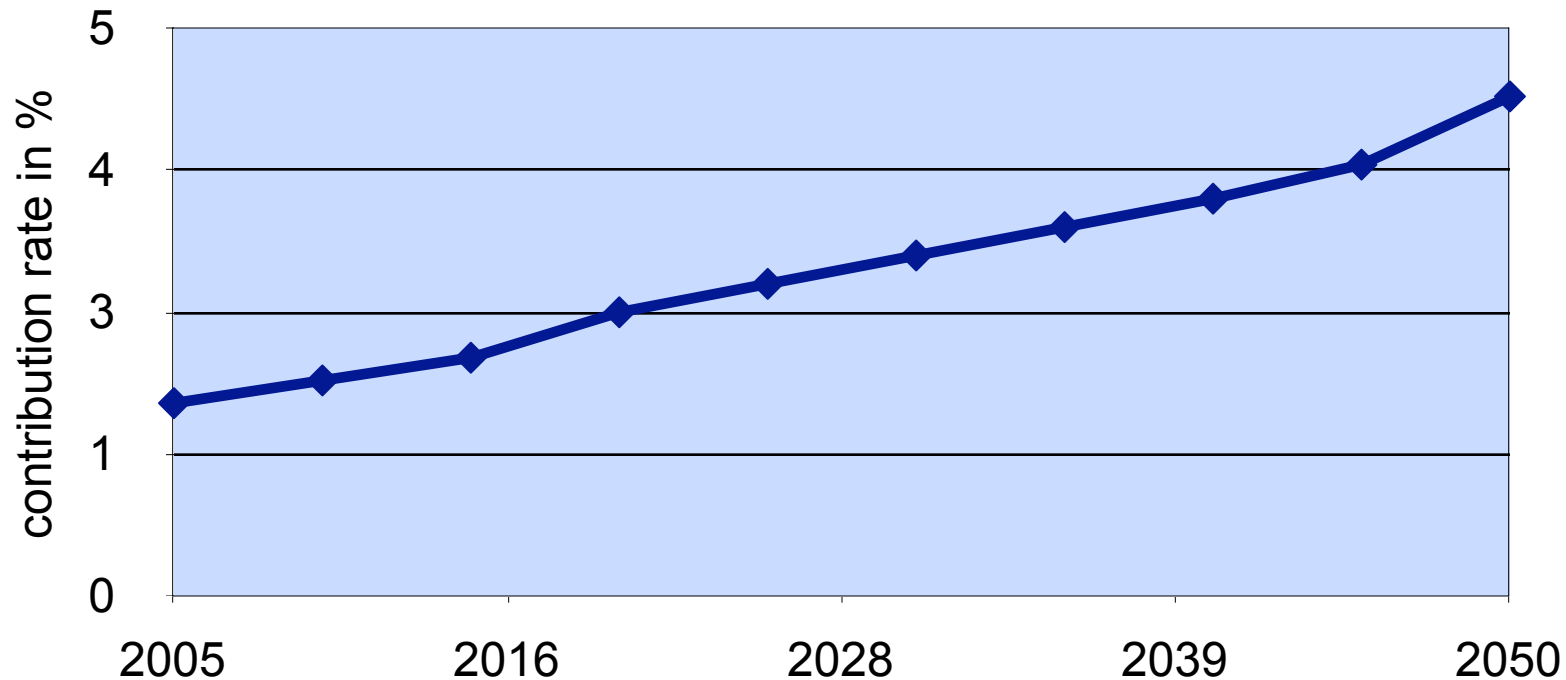
Economic policy advice

Cost factor elderly care

Development of the contribution rate in social elderly care

insurance

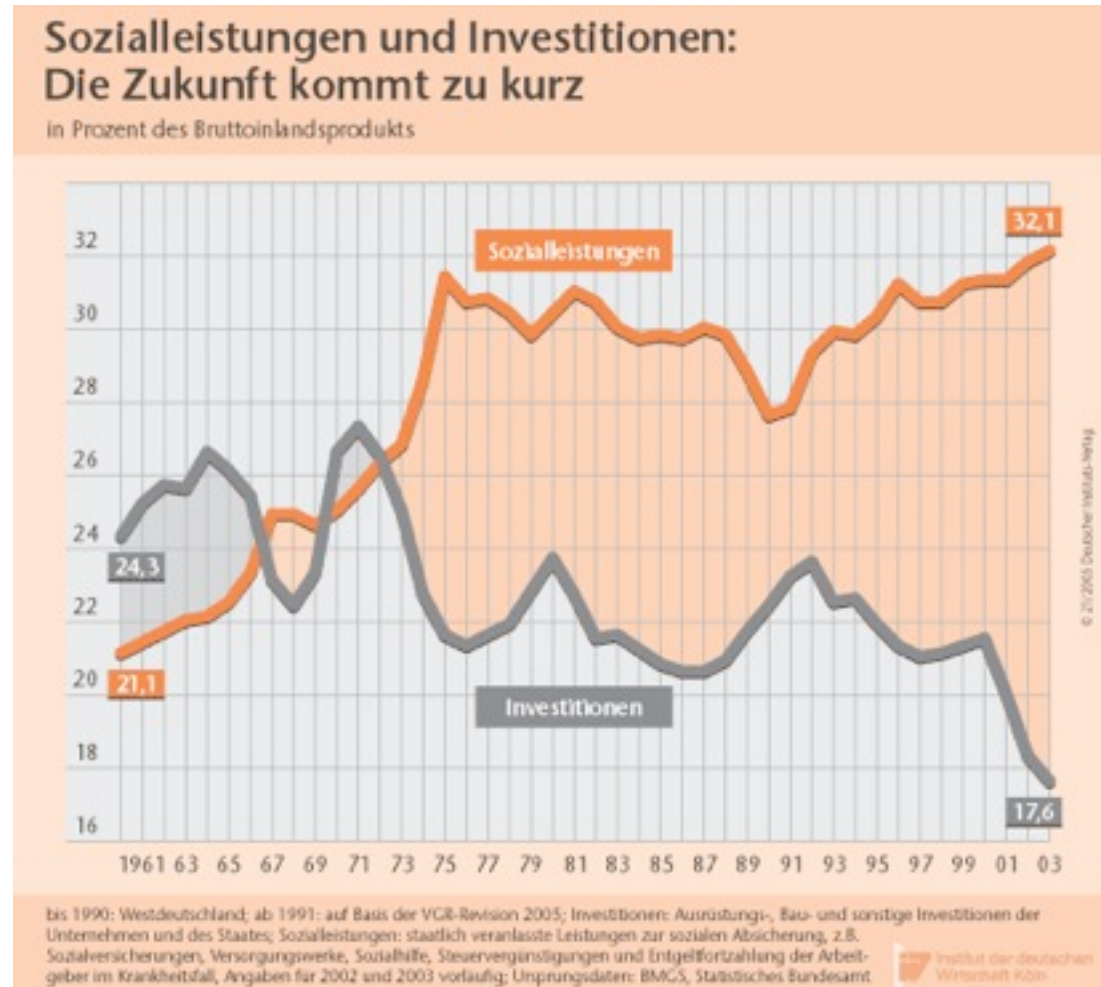
base year: 2005, real growth rate= 1,5 %; dynamisation rate= 1,4 %; interest rate= 3,0 %



Source: Häcker/ Raffelhüschen, 2008

High social budget – low level of investment

- ▶ Social benefits
2009
- ▶ 31,3 percent of
GDP
- ▶ 754.000.000.000
Euro
- ▶ + 4,2 percent in
comparison to
2008



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Demographic Change 2005 - 2050

- Population development: - 17%
- among:
- ▶ 70 to < 80 years old + 20%
 - ▶ 80 to < 90 years old + 154%
 - ▶ ≥ 90 years + 301%
-
- ▶ 2005: 25% of population above 60 years
 - ▶ 2050: 42% of population above 60 years
 - ▶ **Less contributors – more (care-) dependents**

Little voluntary commitment

- ▶ **Many Germans never work voluntarily**
 - ▶ 1998: 75 percent
 - ▶ 2003: 74 percent
 - ▶ 2007: 69 percent
- ▶ **Only about 8 to 10 percent work voluntarily every week!**

Source: Own calculation; SOEP, different years

Professionalization of elderly care services

The elderly care market in 2011

Indicators	Values
Elderly care dependents	2,5 mil. people
Employees	970.000 people
Full-time equivalents	680.000 people
Turnover volume	33,0 bil. Euro
Share of private providers	12,6 bil. Euro
Value added	27,3 bil. Euro
Share of private providers	10,4 bil. Euro
Direct and indirect fiscal effects	17,1 to 22,7 bil. Euro
Share of private providers	6,5 to 8,7 bil. Euro

Source: own calculation, base data: Statistisches Bundesamt 2007, 2008, 2009, 2010, 2011

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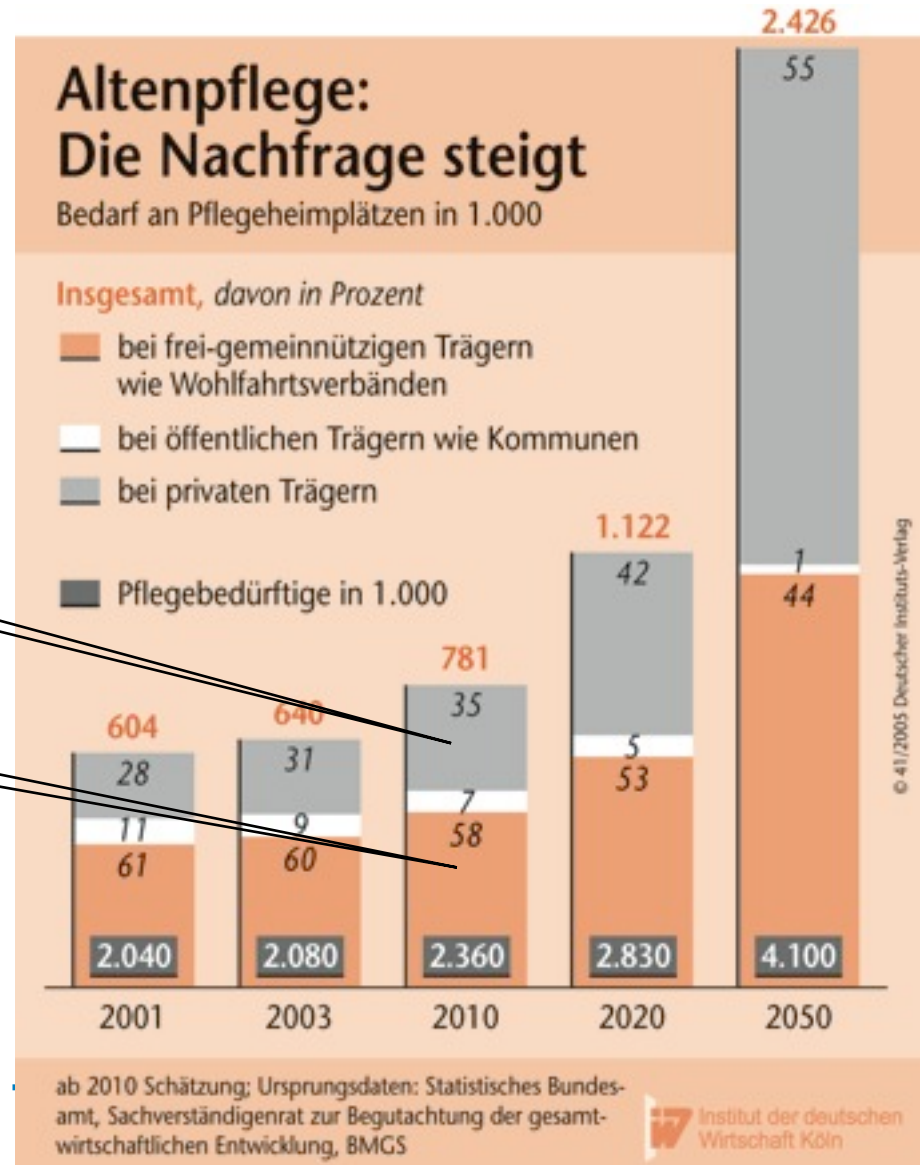
Economic policy advice

More competition

Example of stationary treatment

2007 = 39

2007 = 55

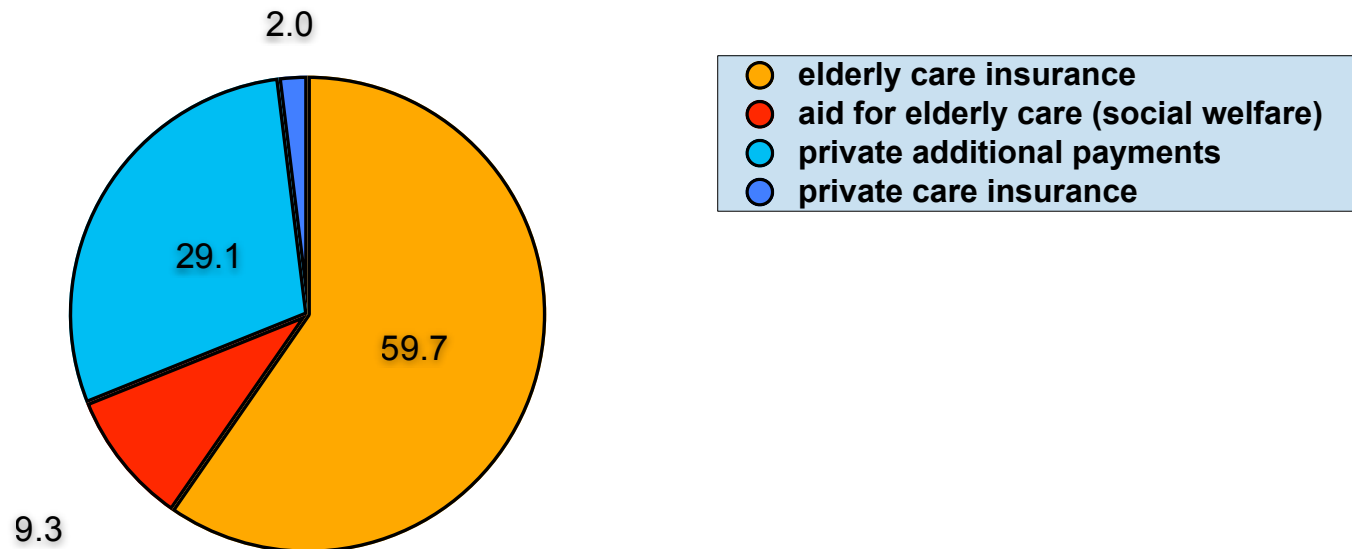


Projection/Forecast based on current development, dated 2005

Financing structure

More private additional payment

Financing structure of elderly care sector 2007 –
Shares of a total of 29 bil. Euro in percent



Source: own calculations; Statistisches Bundesamt; Gesundheitsausgabenrechnung; Verband der Privaten Krankenversicherung e.V.

High private contribution to elderly care costs

Average amount of care charges in fully inpatient caring homes in Germany (2005)

in Euro	Level "0"	Level I	Level II	Level III
Costs of elderly care	941	1.153	1.754	2.178
Accommodation/ catering	597	597	597	597
costs of investment (in 9 of 10 institutions)	376	376	376	376
additional services (in 9 of 10 institutions)	217	217	217	217
Sum	2.131	2.343	2.944	3.368
Share of elderly care fund	0,0	1.023	1.279	1.432*)
Share of private contribution	2.131	1.320	1.665	1.936

Date: 2005, *) Share of elderly care fund raised to 1.470 Euro with effect from July 7th 2008;

Source: Own calculation, Schneekloth, 2006.

between 40 and
100 percent

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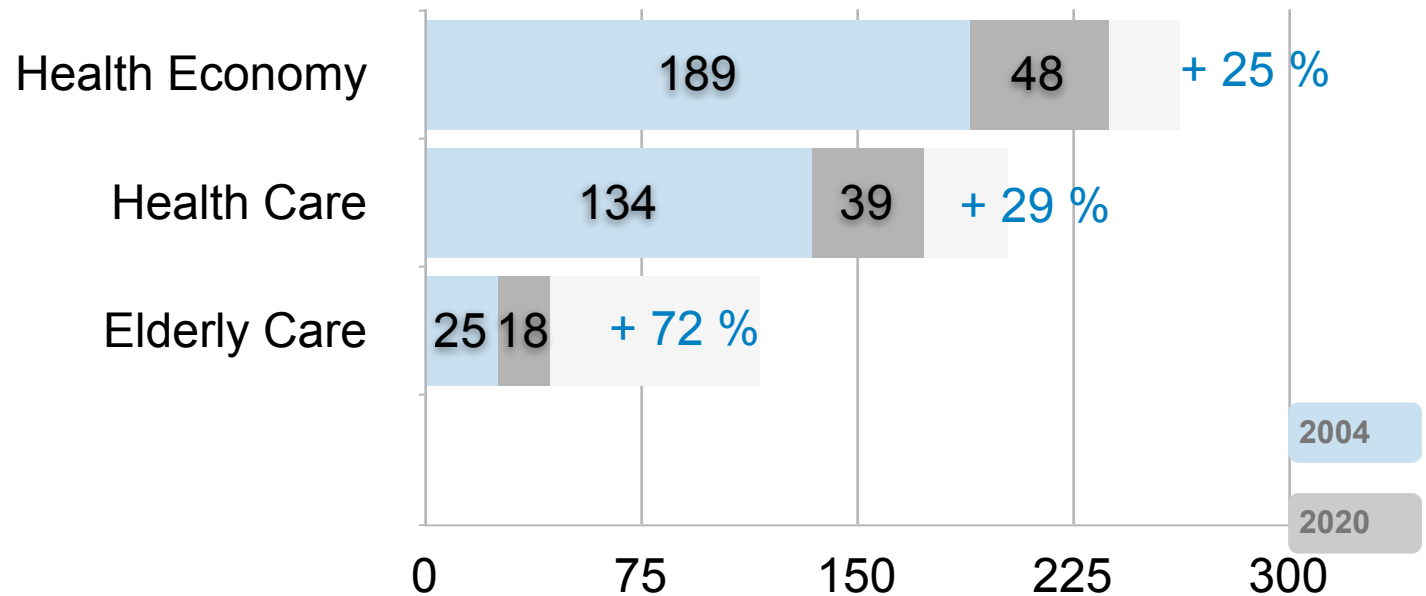
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Health Economy – A growing market 2004 - 2020

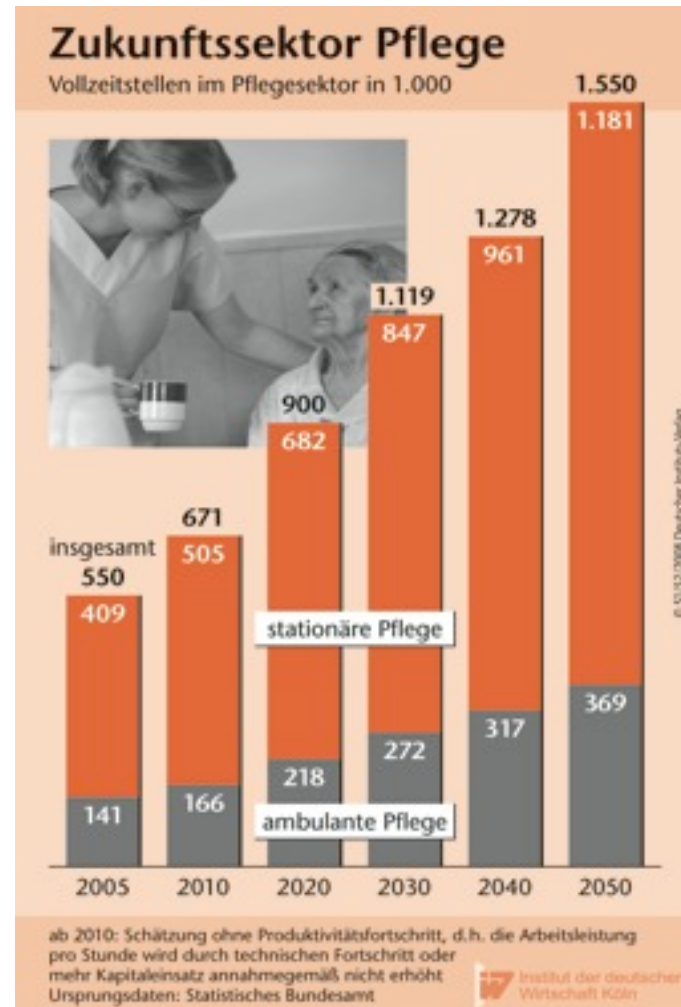
Added value development



Employment development in elderly care sector

In percentage of workforce:

- ▶ 2005: 1,4
- ▶ 2010: 1,5
- ▶ 2020: 1,9
- ▶ 2030: 2,3
- ▶ 2050: 3,3



Fiscal effects of elderly care services in 2010

+ 22,1% in comparison
to 2005

	Tax revenues (in bil. Euro)	Social security contributions (in bil. Euro)	Fiscal effects (in bil. Euro)
<i>Stationary care</i>			
Direct effect	2,5	6,0	8,5
Indirect effect	1,24 - 2,47	2,96 - 5,93	4,2 - 8,4
<i>Ambulant care</i>			
Direct effect	0,83	1,99	2,82
Indirect effect	0,42 - 0,82	1,0 - 2,0	1,42 - 2,82
<i>Overall care services</i>			
Overall effect	4,99 – 6,62	11,95 – 15,92	16,94 – 22,54

Source: Own calculation, base year 2005, estimations for 2010, date: September 9th 2010

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General reform approaches

- ▶ **Ensure fair competition among providers**
 - ▶ no tax advantages for certain institutional forms
- ▶ **Facilitate flexibility and creativity**
 - ▶ Innovative forms of elderly care, differentiated job profiles
 - ▶ Loosen regulations concerning way of services to focus on result measurement (“People’s satisfaction”)
- ▶ **Reinforce consumer sovereignty by supporting subject- instead of object investment for affordable, good care**

Confronting the shortage of skilled labor

▶ Training and qualification

- ▶ Micro level: voluntary social year (“default settings”)

- ▶ Meso level

 - ▶ Companies: flexible compensation system and compatibility of family and job

 - ▶ Schools: Call interest for social topics, better information flow

- ▶ Macro level: e.g. different reporting about “elderly care”

▶ Integration and Immigration

- ▶ controlled immigration

- ▶ edit rights of residence

Conclusion – Facts (I)

- ▶ **Value added development in the elderly care branch:**
 - ▶ 26,5 bil. Euro (2010)
 - ▶ 79 bil Euro (2050)

- ▶ **Care dependents:**
 - ▶ 2,4 mil people (2010)
 - ▶ 4,1 mil. people (2050)

Conclusion – Facts (II)

▶ Employees:

- ▶ 885.000 part- and full time employees in the elderly care branch (2010) → in comparison: 900.000 in the automotive sector
- ▶ 1,6 to 2,1 mil. part- and full time employees (2050)

▶ Fiscal effects:

- ▶ direct effect: 11,32 bil. Euro
- ▶ indirect effect: 5,62 – 11,22 bil. Euro
- ▶ overall effect: 16,94 – 22,54 bil. Euro

Perspective

- ▶ **High-quality, innovative and financeable social services**
 - + location-based, work-intensive services
 - + health/ elderly care are superior goods
 - + subject support/ personal budget and private contribution
- ▶ **= high, sustainable growth**



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