Monitoring Long-Term Care

Mohamed BACCOUCHE
AXA Group Chief Actuary
@BACCOUCHE_med

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LONG TERM CARE…
SHORT TERM CHALLENGES?
Financing long-term care is sure to be one of our biggest challenges for the decades to come in a complex demographic, socio-economic and political context

1. Growing ageing among the world’s populations
   The share of the population aged 80 and over is expected to rise from 4% in 2010 to 10% in 2050 in OECD countries. Emerging countries will also be rapidly affected. Globally, the number of 80+ is expected to triple by 2050 (ONU)

2. Frailty of public insurance schemes
   Total public spending on LTC accounted for 1.7% of GDP in the OECD in 2013: OECD expects this could double or more by 2060, with striking differences across countries

3. A financial burden for individuals
   Average cost of a nursing home in France: around €37,000 p.a.
   Average cost of a private room in a nursing home in the US: $100k p.a (up to $160k p.a)
   > These costs can exceed the average pension

4. A familial burden
   Around 15% of people aged 50 and over provided care for a dependent relative in 2013, more than 60% of these caregivers are women

5. Low-rates environment
   - An additional challenge for products’ profitability

Sources: "Health at a Glance 2015", OECD Indicators, OECD, 2015
France: CNSA / US: Genworth Cost of Care Survey
1. Growing ageing among the world’s populations

The share of the population aged 80 and over is expected to grow from 4% in 2010 to 10% in 2050

1. Growing ageing among the world’s populations

2. Frailty of public schemes

In 2013 … and in 2060

8.18. Public spending on long-term care as a percentage of GDP, 2013 to 2060

Baseline scenario

Note: The EU28 total is weighted by GDP.
3. A financial burden for individuals

Long-Term Care costs can **substantially affect individual assets**.

- The cost of severe loss of autonomy in France is around EUR 35,000 per year.
- In 2012, the average cost for a private room in a nursing home in the US was around $90,000 per year. This figure was significantly higher in some states.

These costs can be higher for people suffering from Alzheimer’s disease.
4. A family burden

The importance of informal care

- Between 70% and 90% of people providing care for older people are family members.
- About two-thirds of informal caregivers are women.
- Informal care represents about 5 hours 30 min per day.
5. Low-rates environment
2 - The LTC Risk evolution observed over the past decade

The population’s ageing still brings out controversial long-term care questions

⇒ A compression of morbidity? Stability? Or worsening?
  - Uncertainty on the magnitude of mortality improvements for the general population, for autonomous, and dependents
  - Uncertainty on the evolution of the LTC incidence with the evolution of mortality

Recent publications related to cognitive dependency (dementia) conclude in a delay in the occurrence of dependency

⇒ 2013: CFAS II /Carol Jagger (Lancet)
  - “This study provides further evidence that a cohort effect exists in the prevalence of dementia. Later-born populations have a lower risk of prevalent dementia than those born earlier in the past century.”

⇒ 2016, the New England Journal of Medicine, Incidence of Dementia over Three Decades in the Framingham Heart Study Framingham
  - “The incidence of dementia has declined over the course of three decades. The factors contributing to this decline have not been completely identified”
How life expectancy evolves at age 65
Carol JAGGER’s New England’s study in 1991 and 2011 in England

LIFE EXPECTANCY IN TERMS OF DISABILITY IN DAILY LIVING ACTIVITIES ACCORDING TO CFAS’ DATA STUDY

A 4-year gain in 20 years: healthy for 1.5 years, with a mild disability 2.9 years, and in severe disability for 0.5 years
Light disability increased proportionately and mainly at the expense of autonomy

Evolution of life expectancy at age 65
Carol JAGGER’s study in 1991 and 2011 in England

**LIFE EXPECTANCY IN TERMS OF COGNITIVE IMPAIRMENTS ACCORDING TO CFAS’ DATA STUDY**

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- 4-years gain in 20 years: 1.5 years’ healthy, 2.9 in mild disability, and 0.5 years in severe disability
- Proportion of light disability increased mainly at the expense of autonomy

Increase in lifespan proportionate to cognitive impairment free
3 - Understanding present risks to anticipate future trends

We count on our historical expertise and on insights from the scientific community to define our best estimation of risks: detecting deviations early makes it possible to avoid accumulation

- **Monitor our in-house experience**
  - A prerequisite: use of a multi-state model to explicitly capture all biometric risks
  - An annual monitoring of incidence and longevity risks to early detect any risk deviation
  - A strong governance within the AXA Group dedicated to LTC
  > But several decades needed to confirm initial pricing assumptions (products purchased between ages 45 and 60)

- **Monitor non biometric risks**
  - Financial risks
  - Lapses
  - Anti-selection: medical underwriting and waiting periods
  - Medical inflation and anticipation of technical progress for reimbursement products

- **Benchmark to external data**
  - Main difficulty: the heterogeneity of LTC definitions
  > How to compare or extrapolate data from one system to another (differences between private and public benefits, differences from one country to another)?

- **Epidemiologic studies**
  - Compression, stability or extension of the morbidity period?
  > This actually differs between cognitive and physical LTC: a relative compression (reduction) of cognitive impairment but a dynamical equilibrium of disability, with an increase of “low disability” and a decrease of “severe disability”

- **Medical progress**
  - Prevention and educational programs: proved results from multi-domain programs. But how to empower people and how long will these effects last?
  - Cognitive Impairments: still a lot to do in preventing, diagnosing early and curing these pathologies. Despite a large number of programs, this remains a challenge
  - Assisted technologies

- **Public policies’ strategies**
  - Example of Northern Europe vs Southern Europe: Northern Europe favors senior citizens’ autonomy. They result in better ranking in terms of healthy life expectancy compared to Southern Europe where dependency occurs earlier.
  - Example of iatrogenic dependency in French hospitals (B. Vellas)
Conferences and Papers available

→ Please visit the following links!

- AXA International Research Conference on Long-term Care (2016)

- Publications of the researchers of the AXA Research Fund

- AXA Paper dedicated to long-term care (2012)