

## The Effect of Long Term Care Insurance on Formal Medical System Use In Germany

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### Objective

This study focuses on formal medical care use as measured by doctor's visits and hospital stays of invalid elders in Germany before and after mandatory long term care insurance (SLTCI). We tested whether there were differential effects of income and social welfare receipt before and after SLTCI was implemented.

### Data Sources/Study Setting

Data were obtained using four years of the German Socio-Economic Panel Data (SOEP), 1994-1997 and a subsample of invalid elder individuals were at least 60 years of age in 1994.

### Study Design

An unbalanced panel data model was estimated to examine the use of the formal medical care system by invalid elders before and after SLTCI. A sample selection model was employed to obtain estimates for the probability of visiting a physician and having a hospital stay and the number of physician's visits and hospital admits and days spent. Tests of restrictions that income and receipt of social insurance did not impact use of the formal medical system were conducted.

### Principal Findings

Levels of income and receipt of social insurance had no differential effect on the probability of having a physician visit. However, receiving social insurance increased the number of visits, and decreases in income increased physician's visits after SLTCI. SLTCI does affect the probability of a hospital stay. After SLTCI, those with lower incomes had a slightly higher chance for a hospital visit. There were no differential effects for the number of hospital admits or days spent in the hospital.

### Conclusions

Previous studies have concluded that persons with lower incomes and those receiving social assistance used the formal medical system inappropriately. SLTCI was supposed to "fix" the problem. Instead, we find that, in the short run (1 ½ years after implementation) these individuals have an increased number of physicians' visits and an increased probability of being admitted to the hospital.

Perhaps these individuals were not receiving the medical attention they needed before SLTCI and receipt of home care brought to light medical problems that were previously missed. The question of how SLTCI affects medical system use in the long run must still be examined.

### Endnotes

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