NEW PERSPECTIVES ON ELDERLY CARE

OUR VIEW ON THE WORLD OF ELDERLY CARE

It is no secret that our lives change as we get older. What is surprising, however, is that we are not as healthy in old age as expected considering our immense prosperity. In addition, the elderly population and proportion of the total population is increasing steadily in line with rising costs for elderly care.

These are some of the findings of our international study on elderly care, which comprised interviews with BDO experts from around the globe as well as data research by the OECD into the most important trends in this area. Knowledge is key to making care affordable. After all, numbers do not lie.

BDO has extensive knowledge and experience of the elderly care sector across the world, especially with respect to long-term care in nursing homes and people's homes. Our experience has highlighted a number of differences between countries in their approach to the organisation of elderly care. We believe that understanding some of those differences will give greater insight into the most frequently occurring issues and best practices. The latter is especially useful for any reader looking for possible solutions in their own country.

One thing is clear: all of the countries examined for the purpose of this study face huge challenges in terms of elderly care. This is why it is both useful and justifiable to question whether we are investing in elderly care in the best possible manner. Only in this way are we able to tackle many of the challenges facing us and prevent issues from arising in the future. To meet the increasing demand for care, new business models will be required for elderly care that allow efforts to focus on prevention and rehabilitation as well as on boosting innovation in the sector. This goes hand in hand with substantial social investments which inevitably raise questions regarding the nature and size of the investments and the intended result. It is clear that value creation for the client takes centre-stage in all of this.

Much work needs to be done to make elderly care affordable in the future. Our study on elderly care has identified some of the issues and challenges facing us at present. We hope the findings and case studies included in this report give you the information you require to implement positive changes in how your organisation supports healthcare in general. Your local BDO team would be happy to meet with you to discuss your options and share their specific insights.

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TIME FOR A NEW DISCUSSION

Elderly care: A holistic view leaves many questions unanswered

In order to ascertain a holistic view of Elderly Care globally, BDO has conducted interviews with experts from 10 member countries as well as researched OECD data into the most important definitions and trends in this field.

One striking outcome of this study was the fact that the number of elderly people is not only growing substantially, but that they are not as healthy in old age as expected. It appears that of all the countries investigated, the increase was most significant in Germany.

The expectation is that in 2030 one third of the German population will be older than 65 years and have an average life expectancy of 85 years. Most shocking of all, however, is that this group is only expected to be healthy for eight of those twenty years, with similar statistics for the Netherlands.

RISING COSTS

The study reveals that the manner in which healthcare is funded is irrelevant – whether it be private or public funding or a combination of both. All countries face the same issues: rising costs due to people not being as healthy in old age as expected.

A NEW PERSPECTIVE ON ELDERLY CARE

One of the conclusions that can be drawn from the study is that we need to approach elderly care from a different perspective. There is no point in endlessly debating which type of funding is the best option, as the holy grail has not yet been found in this regard. Our study reveals that the time has come to engage in a different kind of discussion that focuses on themes such as innovation, prevention and rehabilitation.

WHAT IS THE RIGHT MINDSET?

HOW SHOULD WE DEAL WITH THE MAJOR CHALLENGES FACING US?

HOW DO WE NEED TO INVEST?

Demographics: We are experiencing an exponential increase in the number of elderly, but they are not as healthy in old age as expected

The elderly group aged 65 and over is expected to exceed 25% by 2050 worldwide. Based on the observed countries 20% is fast approaching and this evolving demographic is in line with a steady increase in health expenses over the past 20 years.

ROI ON ELDERLY CARE NOT SUSTAINABLE

Simple demographics and the fact that people are not as healthy in old age as expected, means the return on investment (ROI) on elderly care needs to be measured in a different manner. This is particularly true if the system continues to focus on curing the sick rather than preventing illness. Growing comorbidity (when two or more illnesses are present in the same person simultaneously) among the elderly is a world-wide problem. For example, this could mean people do not just have diabetes but also suffer from cardiovascular diseases and age-related health issues such as osteoporosis. Misery apparently enjoys company and the complexity arising from the many different disease profiles and combinations amongst the elderly is a cause for growing concern.

AN INAPPROPRIATE RESPONSE TO AN AGEING POPULATION

The health care system currently follows a pattern focused on treating symptoms, streamlining work processes and developing medicine to get people back to their everyday activities as soon as possible. This approach does not, however, deal with the root of the problem. What is more, the medical expenses for the average person aged 85 and over amount to €50,000 per year which is a cause for concern considering this group is expected to grow exponentially within a very short time.

BURDEN ON FUTURE GENERATIONS

An ever increasing elderly population places an impossibly heavy burden on future generations, both economically and in terms of personal care. Calling for more nurses is a futile exercise as the pool of potential health care professionals is simply not large enough. Moreover, it remains to be seen how the younger more tech-savvy future generations can lighten the burden with the introduction of technical innovations.

LIFESTYLE AND HABITS

There are, of course, exceptions to the rule. For example, in Norway, people are healthier for a significantly longer period of time. Cause and effect were not analysed in detail in this study, but it is evident that there are considerable differences in lifestyle and habits between the various countries examined. For example, smokers make up only 4% of the Norwegian population compared to a much higher 20% in Germany.

Of the ten countries participating in this study Norway and Denmark have the highest number of healthy life years for those aged 65 and over. This could be attributed to a more typical outdoor lifestyle and 'culture of caring' in which families are encouraged to take care of one another and the elderly are given more opportunities to play a meaningful role in society.

HOW SHOULD WE INVEST IN ELDERLY CARE?

It's clear 'why' we should invest in elderly care, however researchers believe a more relevant question is 'how' we should be investing in that care. It seems clear that the solution does not lie in just treating age-related health symptoms. Rather, it would be wise, considering all the challenges facing these countries, to start investing in methods, solutions and processes that ensure people age differently. This entails looking beyond the healthcare - driven aspects; demographic changes also impact the nature and size of accommodation for the elderly.

Everyone is aware of this, but it appears politicians are not yet ready to follow through with this in terms of investment. (See page 6 'What should we envisage in terms of investment?').

EXAMPLE 1
Strolling friend

At the Centre for Development of Institutional and Home Care Services in Songdalen, Norway, they have established the initiative "Strolling friend" aimed at providing residents with dementia the opportunity to stroll once a week with volunteers. The volunteers visit simultaneously, and walk with the same resident every week. The program is quite similar each time: Stroll for 30 minutes inside or outside in the garden if weather permits. Thereafter, participants gather for some singing, light physical exercise, a dog visit or other activities. This has given many of the residents an opportunity to go outside, and the nursing home has received valuable knowledge about how to properly train and collaborate with volunteers. The volunteers have proven to be very devoted to the initiative.

WHAT CAN WE EXPECT FROM OUR INVESTMENTS?

Quality: We measure a great deal, but are we measuring what we need to know?

We measure a great deal on an international scale and researchers have indicated the quality measurements used are very diverse; but are we measuring what we consider to be truly valuable? This question becomes increasingly relevant when considering the fact that new business models for elderly care will focus on prevention and rehabilitation as well as on innovating the sector. This change in focus raises the question as to whether we are investing too much time and energy in matters that are no longer relevant.

ADDED VALUE

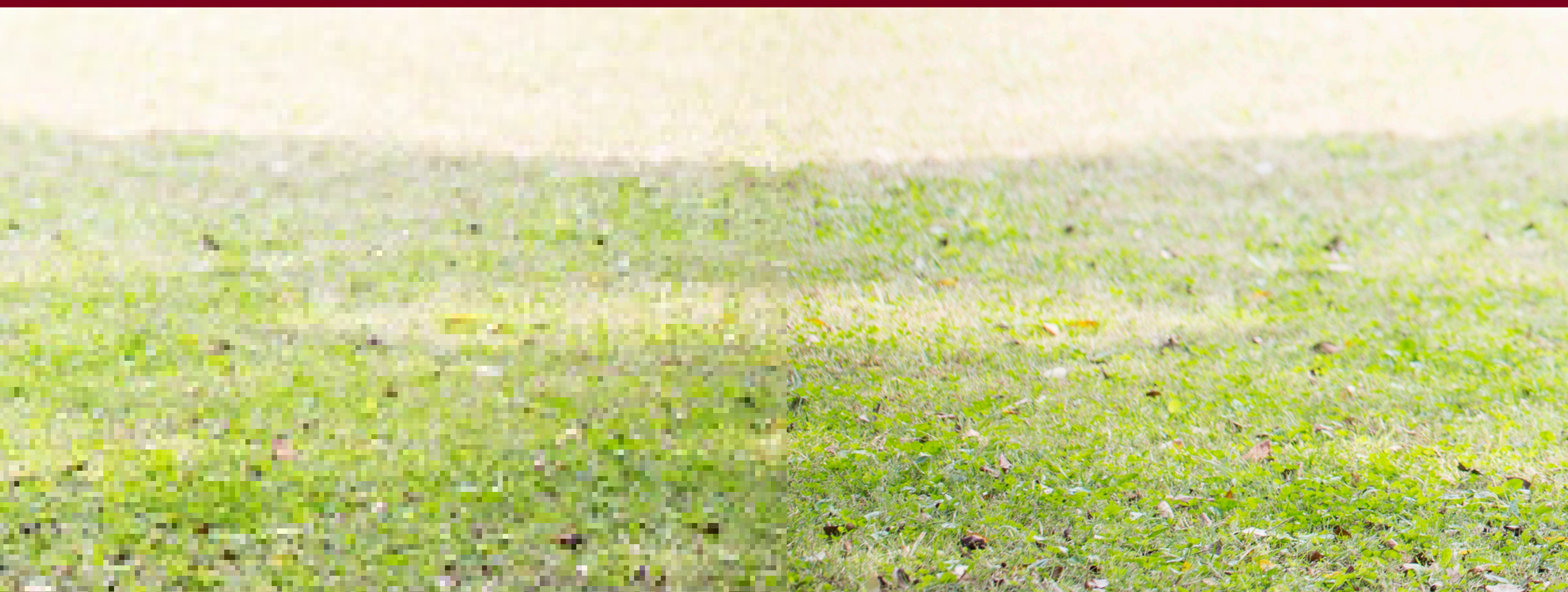
It is important to have healthy and happy residents, but instead, measurements are often based on frequency and financial cost of provided care. It appears that following protocol weighs heavier than providing what the patient actually needs. For example, all diabetes patients have their feet checked a certain amount of times a year in accordance with protocol, but would it not be better to provide an assessment as to whether such a patient actually needs this check? Indeed, providing quality care should be all about added value for the patient.

JUSTIFYING EXPENSES

Many things were measured in the countries studied, but the question remains whether we are measuring what we really need to know? What is truly valuable? Value creation for the client is of the essence here; to this end, ROI in terms of value-based healthcare models may be a step in the right direction. Countries such as the USA are rolling out value-based healthcare systems on a large scale, and can act as an example for other countries.

LABOUR MARKET: ARE THERE ENOUGH HEALTH CARE PROFESSIONALS TO CARE FOR THE ELDERLY?

The developments and issues in measuring quality have had an effect on the labour market. In many countries, the educational requirements for elderly care are high even though such requirements are not always necessary for the work to be performed. Consequently, many lower-skilled health care professionals were made redundant in the last few years, despite the fact that they are so desperately needed.



HOW MANY POTENTIAL HEALTH CARE PROFESSIONALS ARE THERE REALLY?

Do we have enough health care professionals to meet the needs of the elderly? This question brings two issues to the fore: firstly, immigration which continues to be a priority in most countries, and secondly, the socialisation of health care. It is increasingly becoming the norm that elderly care will be, or have to be, largely provided within the social network of the elderly person. In this sense, problems in caring for the elderly will also affect issues in other areas. This is why it is important to look for solutions beyond the elderly care sector and even the health care sector itself.

WHAT SHOULD WE ENVISAGE IN TERMS OF INVESTMENT?

Approaching care from a different perspective

The challenge facing all countries is creating a sustainable basis for elderly care. Health care systems for the elderly should focus on developing new integrated health care models that allow individuals to navigate the health care system with the greatest of ease.

In a practical sense, this calls for a different approach. It also means seeking greater dialogue with the elderly in order to discover in which areas they need help and in which areas they can retain their independence. This does not mean merely performing a care needs assessment and then providing the care someone is entitled to or can afford.

MORE AFFORDABLE CARE, HAPPIER PEOPLE

In the USA, a pilot programme known as 'All-Inclusive Care for the Elderly (PACE)' has been introduced (see example 2) and is gaining increasing popularity. These kinds of inspiring initiatives can be observed all over the world and have led to care being more affordable as well as ensuring the care recipients are much happier (see example 3).

It is crucial that the elderly provide input on the kind of care they really require. In this way, they are given a degree of responsibility for their own care, which also makes them feel like they are being treated like human beings rather than patients. This in turn has the positive knock-on effect that the elderly are more cooperative and that health care professionals are able to deliver the kind of care that is really needed – thus, improving the overall experience of the care provided.

EXAMPLE 2

Program of All-Inclusive Care for the Elderly (USA)

- The Program of All-Inclusive Care for the Elderly (PACE) provides comprehensive medical and social services
- It is a unique capitated programme that integrates preventative, primary, acute, behavioural and long-term services for people
- It provides funding per person; evidence suggests a 5-15% reduction in the per capita cost of care as a result
- It uses full-risk payment models funded by Medicare and Medicaid sources
- It receives state Medicaid waivers
- It comprises individualised care plans developed by an interdisciplinary team (IDT) consisting of medical and social services professionals
- Its participants reside in their communities and homes, rather than residing in, and receiving care, in a nursing facility
- It has more than 100 programmes in the USA, each supporting between 300 and 2,500 elderly individuals.

EXAMPLE 3

Regenerating neighbourhoods (Netherlands)

A health care organisation in the Netherlands decided to set aside a fixed amount specifically for the provision of care to individual neighbourhoods. Health care professionals are given free rein in this context, and consult their clients to provide the care that is really needed. This flexible approach has led to new types of conversations between care providers and care recipients.

For example, whereas groceries would normally have been delivered direct to the care recipient's home, the elderly are now given sufficient support to do the shopping themselves and stay active. In this way, healthcare professionals are involved in prevention in addition to treatment. This in turn resulted in a 20% cost reduction and happier people – both in terms of the care providers and the care recipients. The result: a rejuvenated neighbourhood!

THE IDENTITY OF THE INVESTOR IS IRRELEVANT; OUR INVESTMENT TIMING AND WHAT WE INVEST IN IS FAR MORE RELEVANT

Time to focus investment on prevention and rehabilitation

EXAMPLE 4

Rehabilitation by intervention

In Denmark, the professional mindset is to help the elderly live a more secure and independent life by reducing the risk of a fall and enabling them to live at home, rather than postponing treatment which may lead to them residing more frequently in nursing homes or at hospital. Among fragile elderly people hospitalisation is significantly reduced due to this proactive approach.

Studies of different rehabilitation programs eg 'interdisciplinary case management', indicates that this type of intervention is likely to result in a reduction in healthcare and related costs.

Naturally the investment solutions need to be formulated for each individual country, but the same trends are identifiable everywhere. For example, researchers have observed a reduction in the number of beds in long-term care (nursing homes) as a result of targeted policies across the world, but this has not led to a reduction in the total costs. The cutback in the number of beds has had some effect in reining in the rising costs, but has not led to a substantial reduction in costs as expected or hoped for.

PUBLIC, PRIVATE OR BOTH? IT DOES NOT MATTER

The real eye opener for researchers was the apparent lack of difference between private and public healthcare systems. For example, in the Benelux countries there is barely any difference between them when it comes to health care expenditure as a percentage of GDP and life expectancy. In addition, all of these countries implement similar policies, although there are considerable differences in the levels of government regulation.

Researchers have identified every conceivable kind of private and public funding ratio in these countries. The countries have also experimented with all types of funding combinations, but nothing has led to a solution.

ARE WE DISCUSSING WHAT NEEDS TO BE DISCUSSED?

The results of this study have not revealed any kind of causal relationship between the type of funding used and the intended affordability of care. This is why it is appropriate to question whether we should continue debating which funding form is best. We believe it would be more effective to engage in discussions about other topics that enable us to make elderly care future-proof.

PREVENTION AND REHABILITATION

Everything points to prevention and rehabilitation, or, in other words, approaching care from a different perspective (see page 6). The current system seems to be geared towards prolonging sickness rather than preventing it.

People are provided a care needs assessment and from that moment on, the sole focus seems to be on what people can't do, as opposed to looking at what they can do and what is needed to achieve that. In fact, due to time-limited rehabilitation, Denmark, of all the countries studied, seems the most driven to getting people active as quickly as possible, aiming to prevent sickness before needing to cure it and returning patients to functional capacity as quickly as possible. This is an approach that does not make people sicker. Small, targeted, specific interventions are key to solving the problems of elderly care.

WHAT PEOPLE CAN DO

The Netherlands which has the tendency to focus on disabilities, is showing the first signs of change. GP practices are approaching patient consultations from a positive perspective of health, based on the following six dimensions: bodily functions, cognitive functions and perception, spirituality, quality of life, social engagement and daily functioning.

KEEPING THE ELDERLY ENGAGED: THE IMPORTANCE OF HAVING A PURPOSE

Ensuring the elderly have a sense of purpose is an insufficiently explored theme in elderly care and in prevention in particular. This could be a crucial factor in keeping the elderly healthier for longer periods of time. In fact, researchers advocate the increased involvement of the elderly in society not only for health, but also for labour reasons.

NEW SOURCE OF HEALTHCARE NEEDED

According to the trends found in the study, there will be a huge upsurge in the number of elderly aged 85 and over which in a few years will result in a severe shortage of health care professionals. The group aged 65 to 85 years will then desperately be needed to support this increase in healthcare needs.

In Denmark, health care institutions are increasingly turning to volunteers aged 65 and over to help with their staffing needs. While there may be some resistance due to lack of clarity over specific tasks and suggestions of job displacement - increased demand for healthcare professionals will absolutely require us to look at recruitment in a different way.

COMMUNITY BASED: REVIVING NEIGHBOURHOODS

It is important to determine where prevention and rehabilitation can be implemented so that the individual can really be put centre stage (and not the system).

We urge governments to define what can be organised in terms of care in an elderly person's community. In this sense, the key players in the community should be identified so that a meeting can be arranged with them. Experience suggests that the promotion of community based care could play a significant role in the quality of care and also help with cost control.

The city of Amsterdam in the Netherlands has 'freed up' part of its civil service machinery so that it can focus on social dynamics at a community level. The main goal here is to use existing networks to revive neighbourhoods and communities. This gives people the opportunity to view their neighbourhood and community from a completely different perspective.

TECHNOLOGY

Although technology isn't necessarily a natural fit with the elderly, it could have a positive impact by potentially triggering a revolution and resolving some of the very urgent issues currently facing elderly health care.

Artificial intelligence and natural language processing can help make the healthcare system more efficient by lightening the administrative burdens facing many employees; this is particularly useful when dealing with unnecessarily cumbersome assessment procedures.

Technology can help provide more flexible health care. The Internet of Things may be able to partially offset the labour shortage in the health care system; current technological advances enable the creation of a controlled environment that can, for example, provide real-time information updates about individuals.

Technological aids such as personal alarms ensure first-aid can be provided quickly and in the best possible manner. Robotics can help alleviate the health care labour shortage in rural areas.

What is more, domestic use robots such as Pepper, that have been designed to read emotions and enhance people's lives, could solve the feeling of loneliness many elderly face by keeping them company.

CONCLUSION

Which proposed strategy can we agree on so that available funding is used both wisely and responsibly? How can we lay the foundation for sustainable elderly care so that it can be inherited by future generations? These issues along with the rising costs of elderly care illustrate that the current situation has reached its sell-by date. A fast-track implementation of new business models for elderly care is essential in order to break the current stalemate.

This report highlights several examples of initiatives taken to solve the issues at stake. We firmly believe prevention and innovation in the health care provision process are of the essence here, and therefore need to be given far greater attention.

Innovation and prevention within health care need to be aimed at creating value (in a measurable way) for the client. The healthcare needs of the client take centre stage in this process. This break with the past and with traditional thinking has been reinforced by increasingly outspoken clients and changes in demographics.

It is clear that this transition will have a huge (financial) impact and challenge the elderly care sector's capacity for change. Both the operational health care provision processes and the entire support services will need to be on board to make the transition to a new business model successful.

BDO would like to contribute to creating a new perspective on elderly care. We believe it is time to initiate new discussions in this sector and would therefore welcome the opportunity to facilitate political and governmental discussions regarding the transition to new business models for elderly care. Please contact us if you would like more information in this regard.

BDO FOR THE PUBLIC SECTOR

More information

How can I get my organisation to work with a commercial approach whilst retaining social relevance? An important question not unfamiliar to the public sector. The sector is experiencing turbulent times. Changing expectations in society, spending cuts, changes in laws and regulations and developments in market forces continue to throw up new challenges and issues.

PRACTICAL SOLUTIONS WITH CONSIDERATION FOR SOCIETY

At BDO, we understand that combining your social duties with trying to achieve efficient operations can often cause tensions. The complexity and the public context of issues within your organisation are extra incentives for us to assist you. Sound advice and practical solutions will help you arrive at effective operations with more substantial or better social impact.

OUR APPROACH

Our specialists have the in-house knowledge to help you with your issues. We take a commercial approach and have knowledge of your specific field and the public sector as a whole. In order to come up with cross-sector solutions, our four sector groups for the public sector share experiences with each other.

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BDO's Global Healthcare practice is comprised of professionals from a diverse range of backgrounds who work with our clients to drive the future of healthcare and elderly care. Our national and international teams include professionals from a broad range of backgrounds, including healthcare executives, clinical practitioners, regulatory specialists, economists, statisticians, valuation professionals and restructuring advisors, as well as bringing expertise in forensic technology, business advisory and accounting.

We help private and public clients redefine their strategies, operations and processes based on both patient-centric demands and rigorous best practices – responding to the new market disrupters, demographic changes, cost pressure, and value-based models.

Reflecting on this period of transition in health and elderly care, BDO's Centre for Healthcare Excellence & Innovation and our Global Public Sector team are looking towards the future to help your organisation anticipate and plan for the challenges and opportunities ahead.

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