

Centre for Housing Research

A O T E A R O A   N E W   Z E A L A N D

# Housing in an Ageing Society:

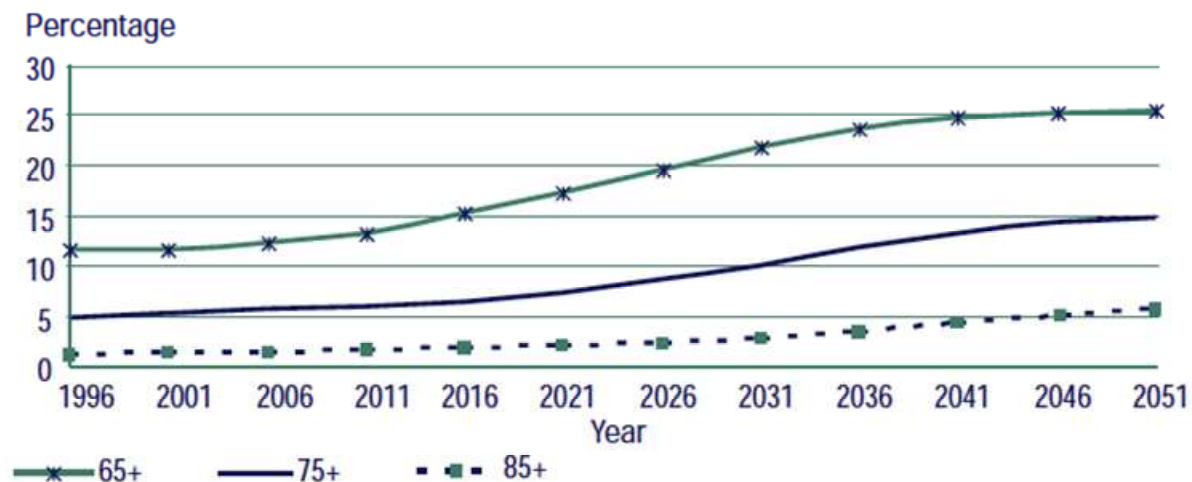
*The costs & benefits of using private housing as the 'Home Base' for care for older people*

Bridge, C., Phibbs, P., Kendig, H., Mathews, M. & Cooper, B.  
UNSW/UWS Australian Housing and Urban Research Institute Centre

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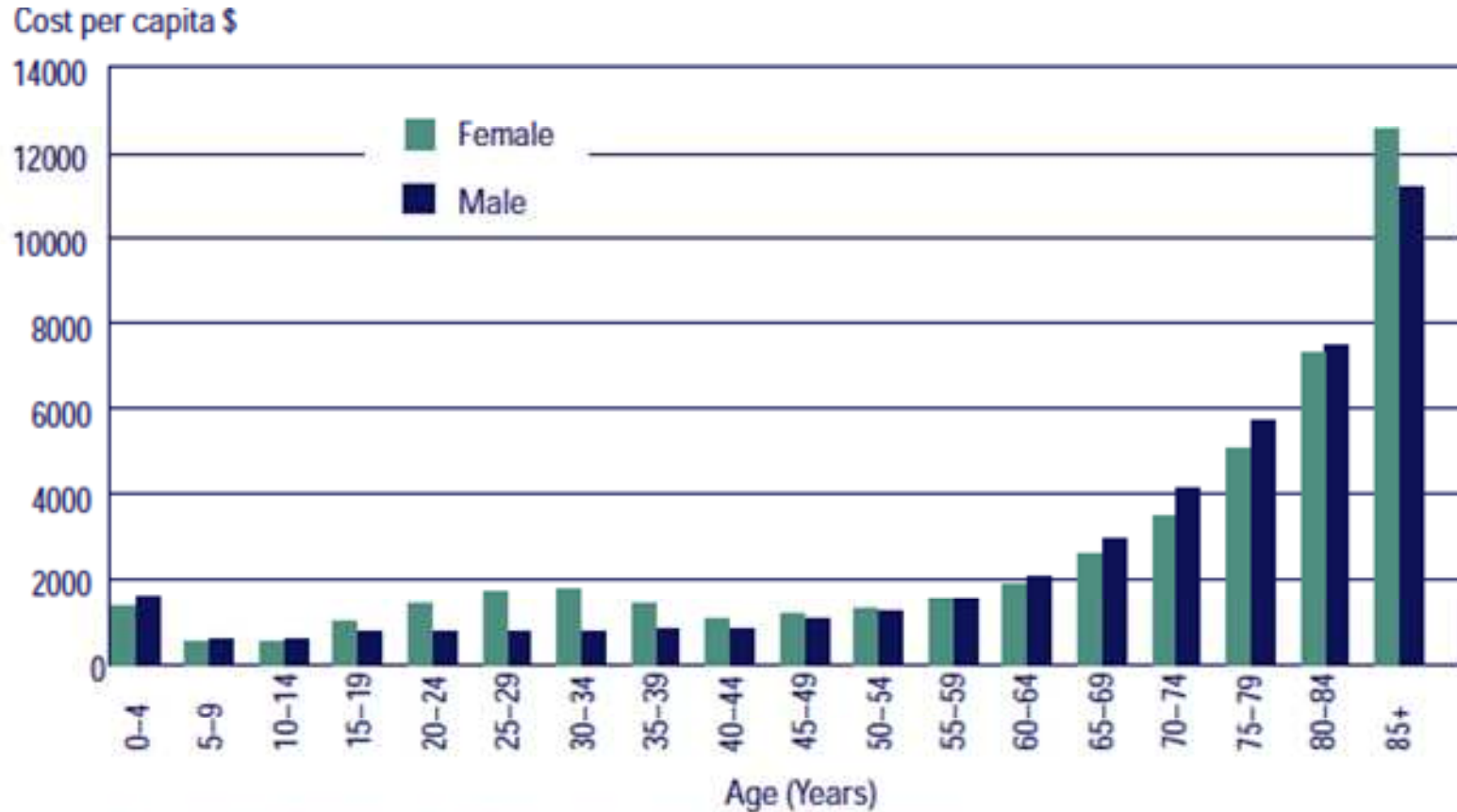
# Older People in New Zealand

- Compared to other OECD countries New Zealand has a young population, with only 11.5% of people aged 65 and over.
- The proportion of older people in New Zealand is projected to grow to 13% by 2010 and then to 22% by 2031 and 25% by 2051.



Source: Statistics New Zealand, Population Projections

# Estimated NZ per capita expenditure on support services



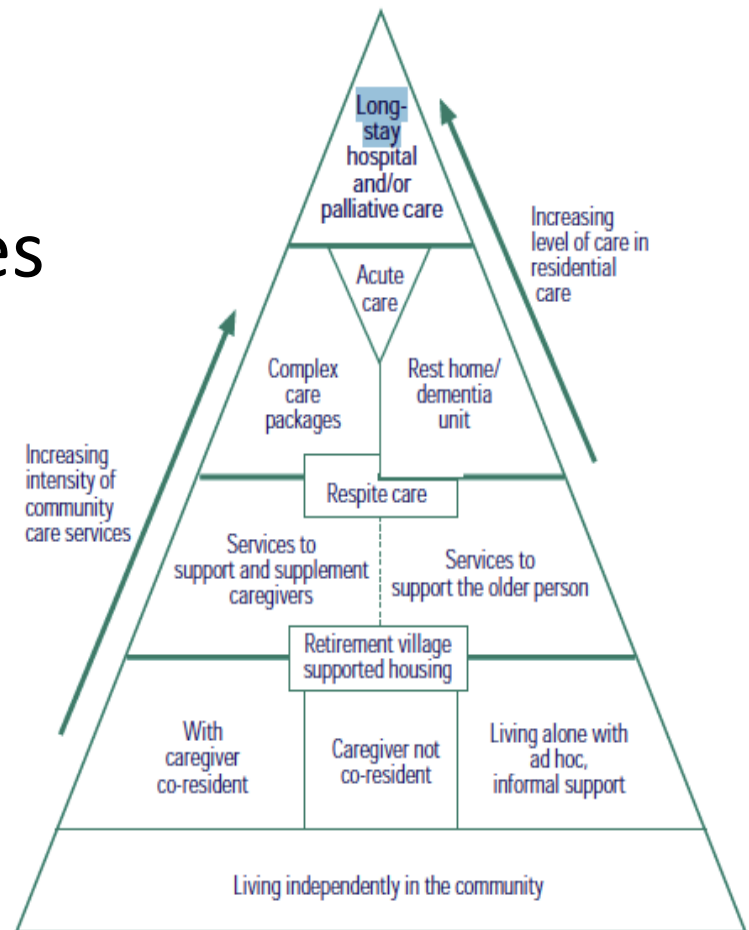
Source: Ministry of Health unpublished data, 2001

Note: expenditure is GST exclusive.

# NZ Health of Older People Strategy

## Objective 5 (April, 2002)

- Population-based health initiatives and programmes will promote health & wellbeing in older age
- 5.5 Promote intersectoral collaboration on housing & transport



Source: Adapted from Howe 1996

# Research questions

1. What are the financial costs and benefits to individuals and governments of using private housing as the home base for the provision of care services for older people?
2. How do the different aspects of housing, such as tenure, dwelling type, location and access to support, contribute to the financial costs and benefits of using private housing as the home base for the provision of care services for older people?
3. How do different forms of housing assistance and related programs affect the costs and benefits of using private housing as the home base for the provision of care services for older people?

# Background to research

- It is argued that providing care at home is directly substitutable for institutional care.
- It is generally believed that support in the home is cheaper than in institutional settings but this remains unclear.
- The Hogan report estimated that the demand for aged care services may rise from \$7.8 (9.5 NZ) billion in 2002-2002 to \$106.8 (130.5 NZ) billion by 2042-3.
- Between 2008-12, funding for aged and community care will reach record levels of \$41.6 (50.8 NZ) billion, with \$29.5 (36 NZ) billion of that in residential aged care.  
(Commonwealth of Australia, 2008).

# Background to research

Cont...

- The costs and benefits of ageing in place are affected by a range of variables, including some housing characteristics such as tenure, dwelling type and house design.
- As people age, their housing and care needs change. Thus it is critical to consider issues as they apply to those 65-79 years of age (younger old) and those 80 years of age and older (older old).

# Methods used in our analysis

## Phase One

- A **systematic review** was completed examining all the **current** and **available evidence** regarding cost/ benefit of care in the home. The results of this review have been peer-reviewed and now available in our positioning paper from [www.ahuri.com](http://www.ahuri.com)

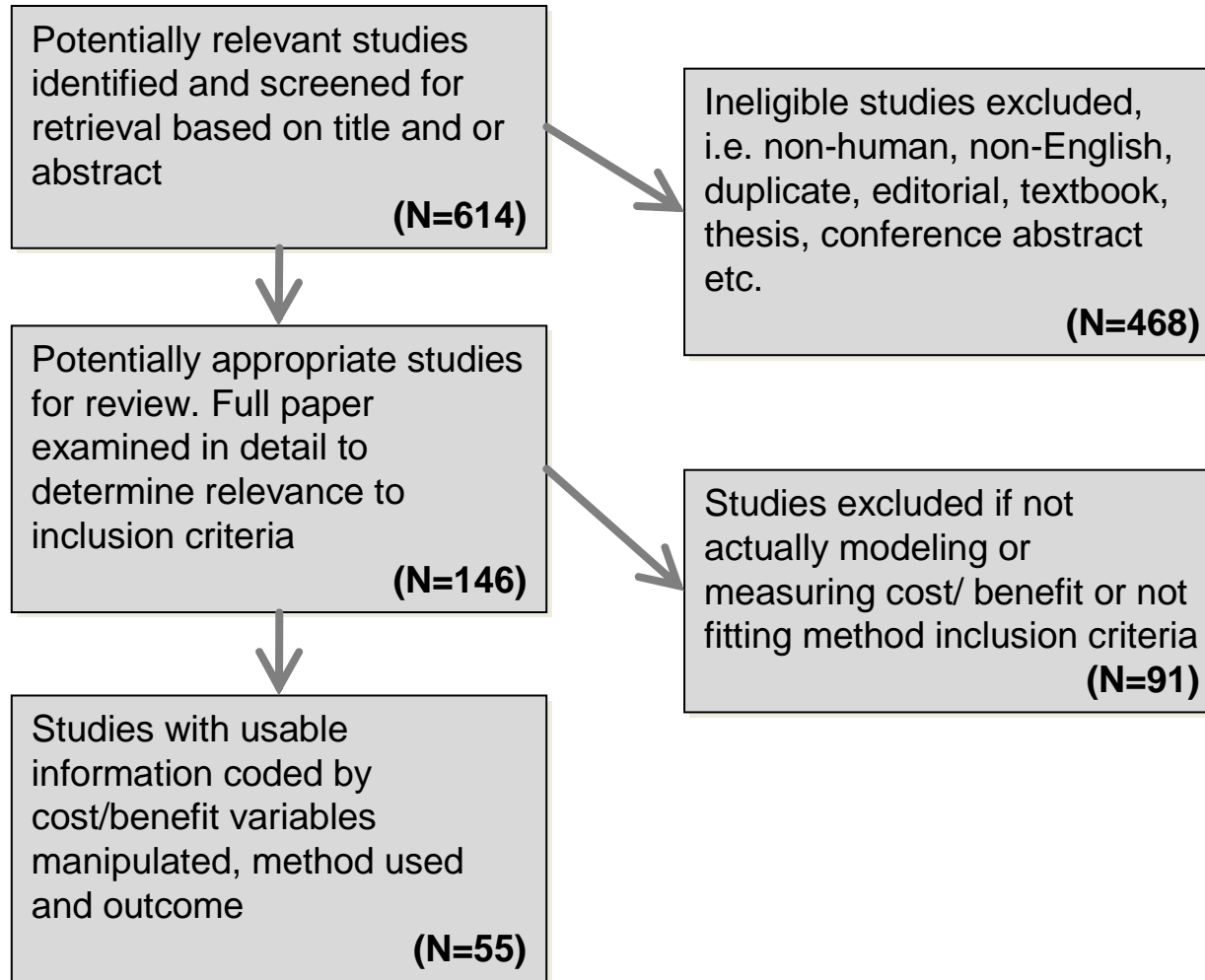
# Methods used in our analysis

Cont...

## Phase Two

1. Secondary data analysis based on a **subset of persons 60+** from the **Disability, Ageing and Carers (DAC) Survey Confidential Unit Record Files**. This provided a data bank representative of the population of older people living in private households in the community detailing their dwelling and care types.
2. Data mining to explore relationships between housing and care within the DAC resulted in a **CHAID model**.
3. Secondary data analysis based on the **Melbourne Longitudinal Study on Healthy Ageing (MELSHA)** regarding housing, services, and entry to residential care.

# Systematic review results



# Housing as a variable in economic analysis of care costs

- Tenure rarely considered in quasi experimental work.
- Dwelling type NOT considered in quasi experimental work.
- Location and access to support occasionally considered but outcomes almost impossible to compare because of different cultures, climates and policy impacts.
- Often failure to consider the capital and maintenance costs adequately in housing comparisons.

# Previous economic evaluations of home care for the elderly

- Issues include **variation** and **lack of comparability** due to:
  - Approach i.e. Cost minimisation, cost effectiveness, cost/benefit & cost utility
  - Cost perspective i.e societal or provider, recipient, carer etc.
  - Cost model i.e. Simple direct Local/National care costing versus microsimulation, sensitivity analysis discounting and/or combination of the above.
  - Lack of blind controls in quasi experimental and RCT work.
  - Lack of metric to compare intensity of care across multiple care interventions and types.
  - Cost substitution for informal care and travel time values poorly considered.
- “Disparity in the methodology of writing economic evaluations compromises the comparisons” (Ramos, Ferraz & Sesso, 2004)

## A quick perusal of the Australian policy framework revealed the:

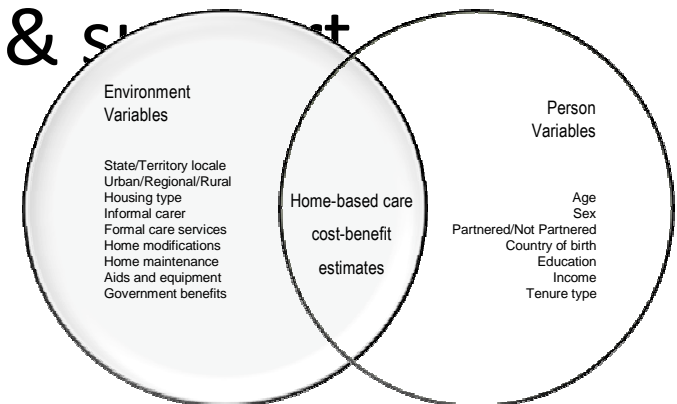
- Large number of policies impacting on disability/ageing, housing and care services.
- Piecemeal and historical nature of linkages. For example, many program initiatives are not directly linked to State/Territory funding agreements, National Standards or Acts.
- Lack of integration and consistency between programs, which is compounded by a narrow mission focus in terms of outcomes and outputs.

# Thus, initial policy analysis indicated that there was:

- Lack of knowledge about relative effectiveness of different packaging of income support, accommodation and care.
- Lack of coordination, complexity and piecemeal nature of the current system. Note: This appears to be similar in New Zealand i.e. *“funding buckets are often too rigidly tied to specific purposes or types of providers rather than meeting the genuine needs of the older person, and their desire to remain independent. That must change.”*  
(Tony Ryall, 10 September, 2009)
- Issues in regulating the private market are compounded by the trend towards privatisation of housing “user pays” and care “self service” options.

# Implications for housing researchers and policy makers from previous research

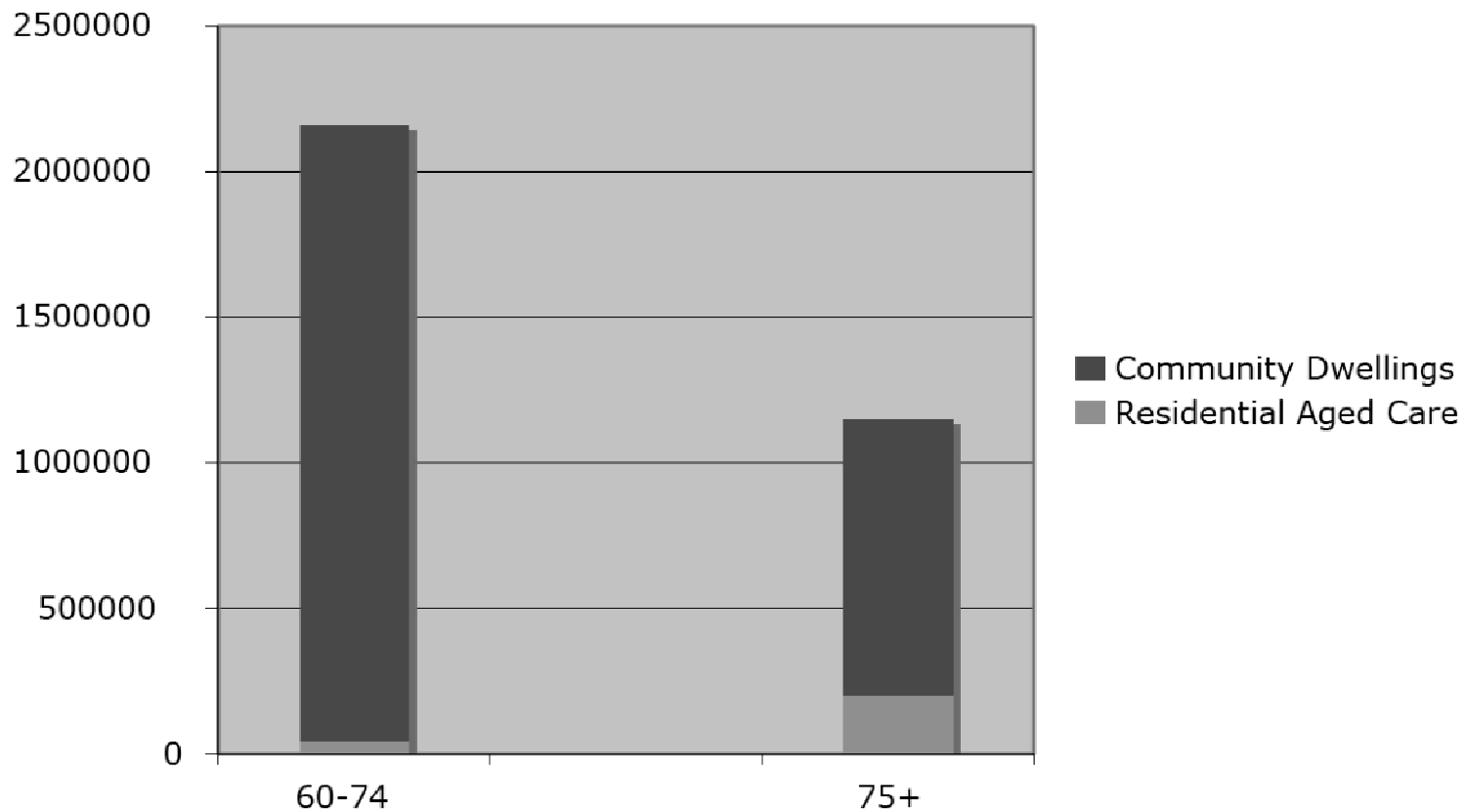
- The huge range of terms used to describe schemes makes comparison difficult (i.e. close care, sheltered housing, flexi-care etc.)
- Lack of conceptual clarity makes research comparison difficult because of the variance in independent and dependant variables included. (i.e. tenure, housing & support provider relationships etc.)



## Implications for housing researchers and policy makers from previous research Cont...

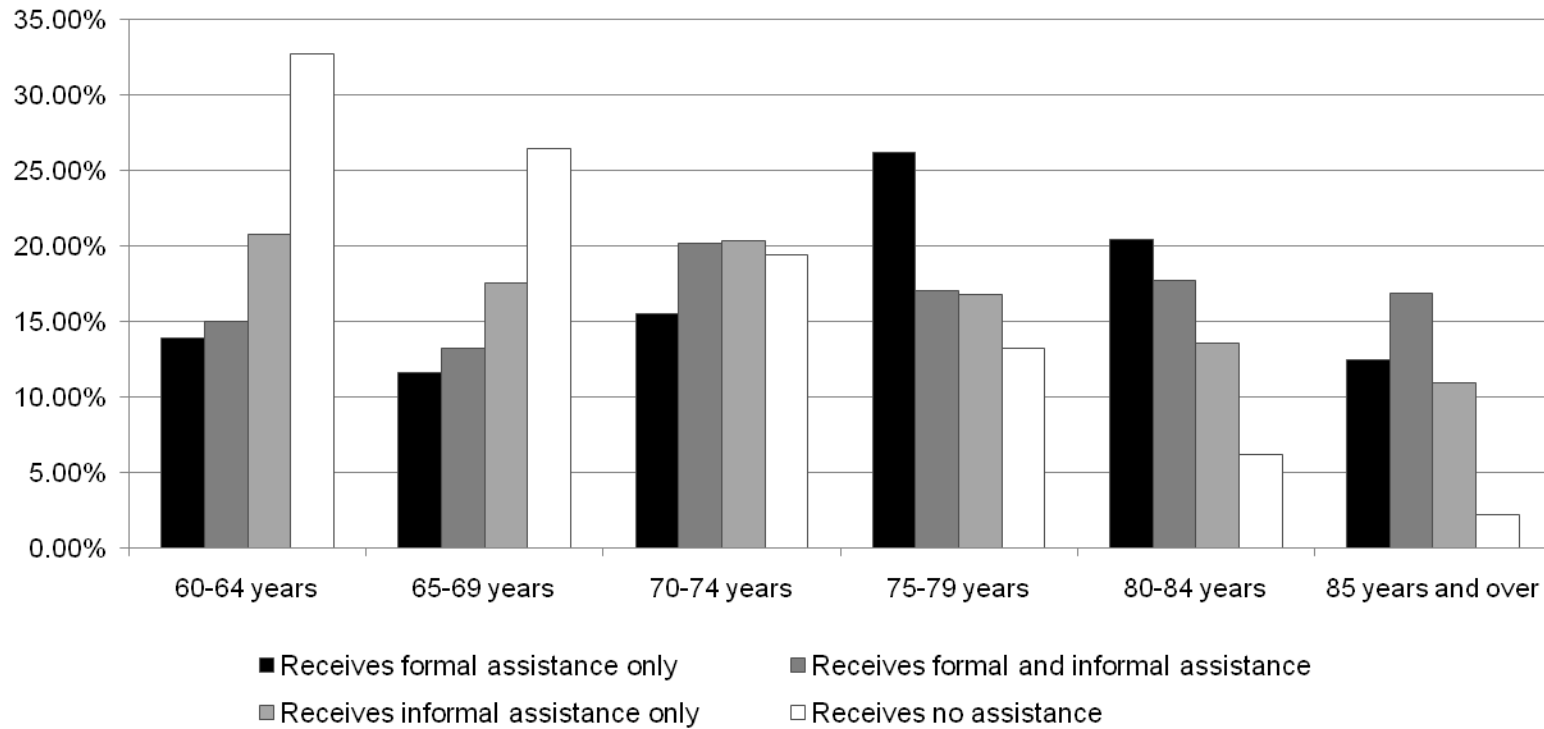
- Different housing, health & social care finance systems, patterns of tenure and policy formation impact on resources available and dominance of different models in different countries at different times.
- Most prior work could be considered simplistic in its approach (i.e. most do not consider building type or design, independence, social; isolation or consumer costs etc.)
- Many cost models in use lack transparency

# Distribution between dwelling types by age based on total population numbers



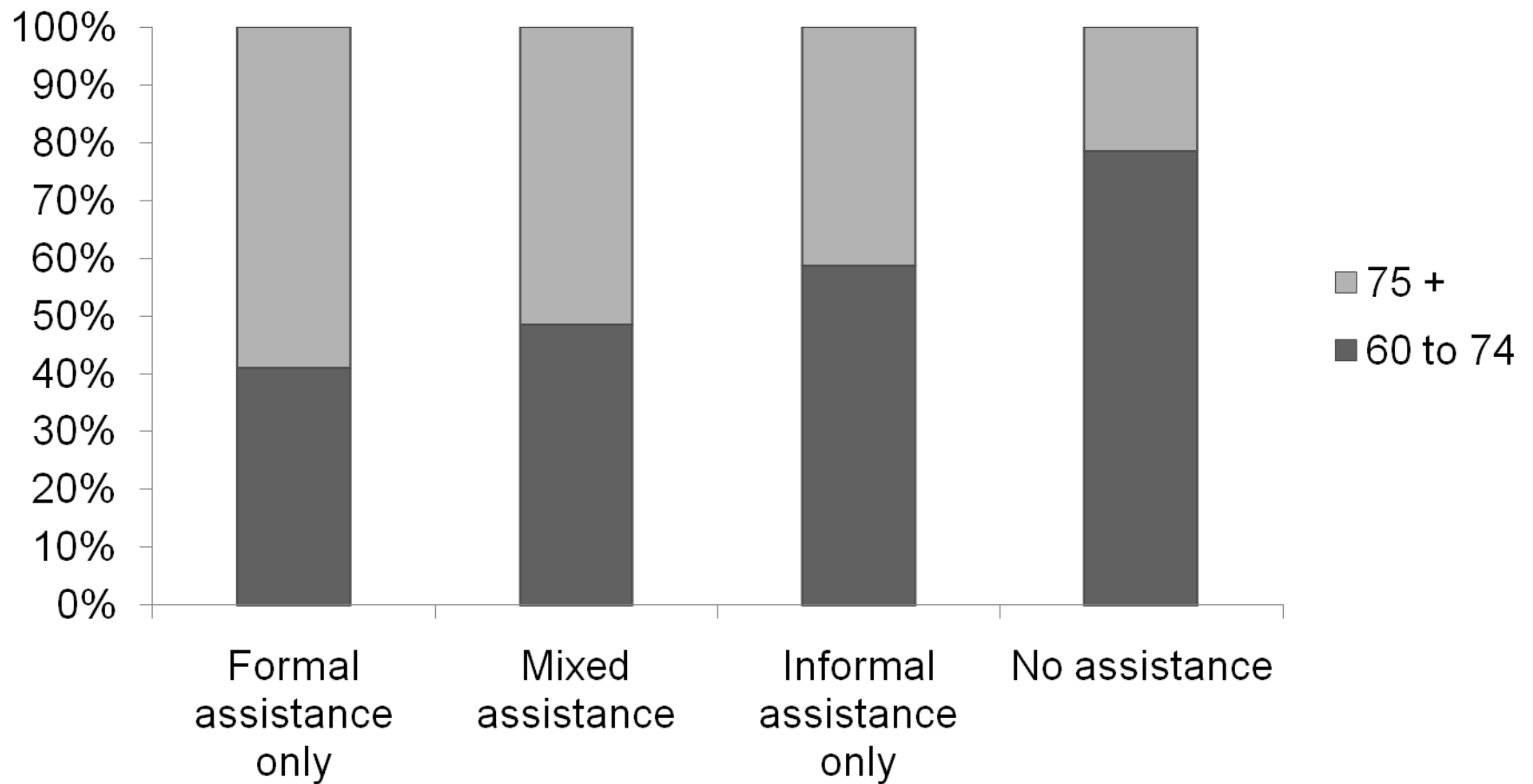
# Age

## by type of assistance



# Care types

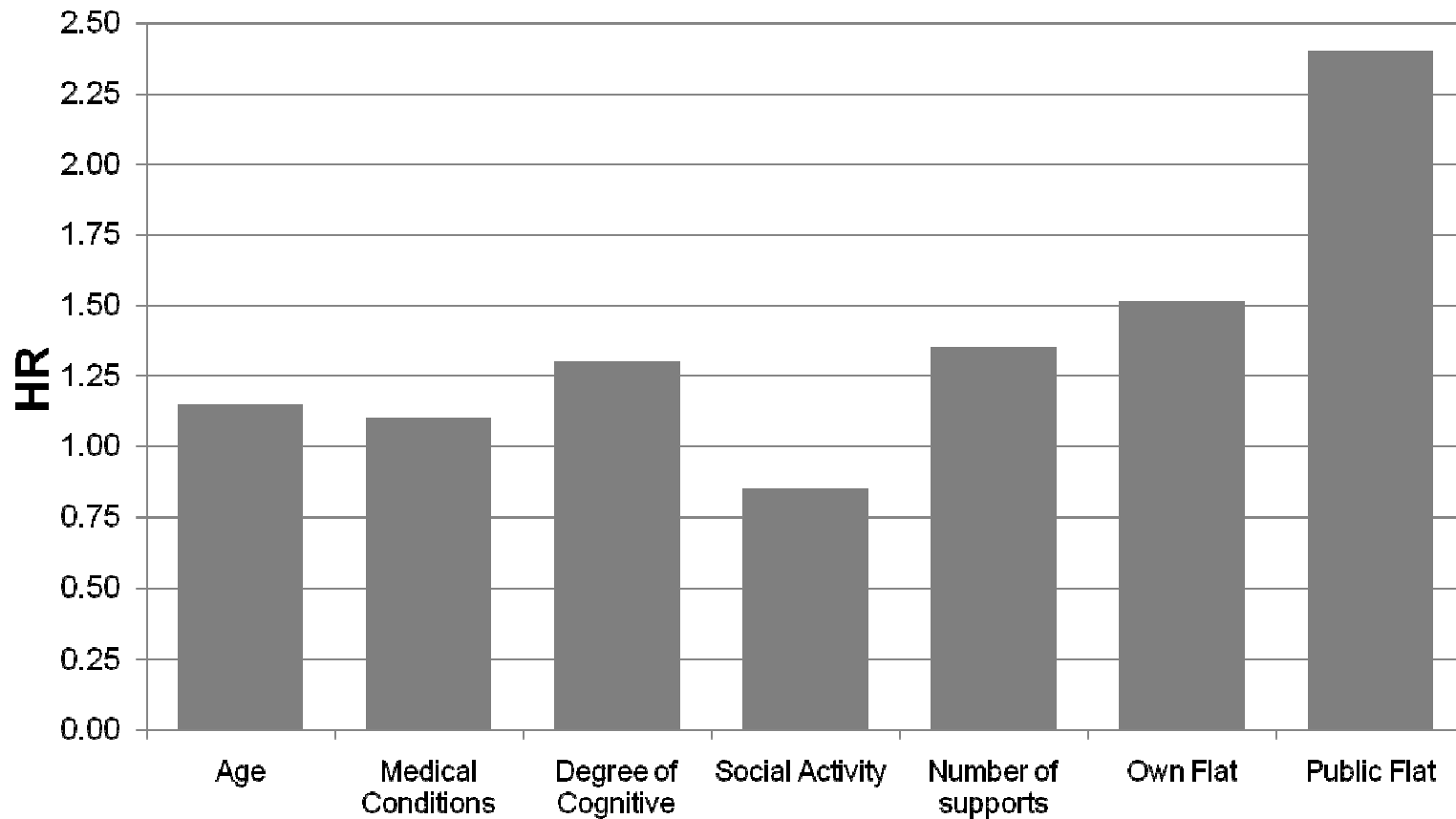
provided to older adults in Australia





# How does housing type & tenure relate to nursing home admission rates?

## Coxs Hazard Ratios (HR) for NH admission



# Average annual cost

per recipient of different care streams

Type of Care	Average cost estimate	Public share
Formal care only	\$7,520* (\$9,188 NZ)	92%
Formal and informal care	\$11,370* (\$13,893 NZ)	na
Informal care	\$10,880* (\$13,294 NZ)	35%
Residential aged care	\$48,710 (\$59,518 NZ)	69%

\* Authors estimates and Access Economics (2005) Table 4.3

# Conclusions

- A nexus exists between housing and the cost of in-home care for older adults as housing directly affects care provision and cost capping.
- Formal or informal home-based care has the potential to provide large savings to Government.
- Home ownership appears to have significant effects on the potential to modify existing dwellings and the potential for older people to remain in the community.
- Dwelling condition and type may impose functional limitations that increase care costs or make home-based care difficult.

# Want more information?

- For more information about this research project, the following papers are available
  - Positioning paper (This summarises literature and policy context)
  - Final Report (This summarises policy findings and conclusions)
- or will soon be available:
  - Research and Policy Bulletin
- Visit  
[www.ahuri.edu.au/publications/projects/p60313](http://www.ahuri.edu.au/publications/projects/p60313)

