

Does an increase in formal care affect informal care? Evidence among the French elderly

Perdrix et Roquebert

Demographic aging is associated with an increasing demand for long term care, which can be provided both by professionals (formal care) or by relatives (informal care). Facing this increasing demand, public policies encourage the consumption of formal care. One expected impact of these policies is to relieve relatives' burden.

This paper investigates the causal impact of formal care use on informal care among formal care users. We propose an original instrument for formal care use, using local disparities in the price of formal care providers. Using the recent French survey *CARE*, which is focused on the elderly population, we use a two-part model to disentangle between extensive and intensive margin of informal care. An exogenous increase in formal care is found to slightly decrease the probability to use informal care, but there is no significant effect at the intensive margin. Reforms extending the generosity of public policies for formal care use can thus be expected to have a limited effect on informal care use.