

JESF 2020

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Title: Does informal care delay nursing home entry? Evidence from Dutch linked survey and administrative data

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Abstract:

Nursing homes are costly. To contain long-term care public spending, governments encourage aging in place and the provision of care by relatives, in particular by adult children. The extent to which informal care contributes to postponing nursing home entry is unclear though. We assess whether being provided informal care by children affects the probability of transitioning to a nursing home within a two-year period among the Dutch 65+. Exploiting linked survey and administrative data, we use children's characteristics, including lagged geographical distance, to retrieve plausibly exogenous variation in informal care receipt. Our results indicate that being provided informal care by children does not causally affect nursing home entry within two years for the average elderly. However, for individuals reporting a poor health or severe functional limitations, the probability of admission is increased. Further analyses show that higher chances of admission do not come at the cost of higher mortality and that informal care receipt is associated with a lower chance of post-acute care use. Policy makers should therefore not merely expect that promoting informal care will result in a lower nursing home admission rate. Support from relatives may even hasten institutionalization for the elderly with a bad health condition - which could be a policy objective.