The Economics of Dementia Care

Optimizing the Impacts of National Dementia Strategies
UK-Korea Workshop

Adelina Comas-Herrera
Personal Social Services Research Unit (PSSRU)
London School of Economics and Political Science
a.comas@lse.ac.uk
@adelinacohe
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- The opinions, comments and interpretations of all the material presented here do not reflect the views of my current and former co-authors and research funders.
The future is by definition uncertain...

... but one thing we know is that we will need to spend much more on the care of people with dementia than we are spending today.
The costs of Dementia in the UK

Total cost = £26.3 bn ($37.2 bn)
Average cost per person = £32,250 (€45,670)

- Social care: 39% (£10 bn)
- Health: 16% (£4 bn)
- Unpaid care: 44% (£11 bn)

Estimates by PSSRU for Dementia UK: 2nd edition (Prince et al, 2014)
Who bears the costs of dementia?

- NHS-funded care: £4.3bn
- LA-funded social care: £4.5bn
- Privately funded social care: £5.8bn
- Unpaid care: £11.6bn

Individuals with dementia and their families “fund” 2/3 of resources used in dementia care.

Estimates by PSSRU for *Dementia UK: 2nd edition* (Prince et al, 2014)
The cost of dementia in the UK today - per person per year (£), 2013.
There are 816,000 people with dementia in the UK today.

Although the age-specific prevalence rate might now be slowing, the total number will increase.

Hence: big increases in reliance on unpaid carers; & big increases in health & social care service costs.
Economics and dementia care

THE PRODUCTION OF WELFARE
The Production of Welfare

Resource Collection:
- General taxation
- Social Insurance
- Private Insurance
- Income & savings
- Unpaid care

Purchasing:
- Budget
- Social Care
- Health Care
- Others...
- *Opportunity Costs*

Commissioning

Provider Budget

User Needs & Preferences

Resource Inputs:
- Staff
- Buildings
- Consumables
- Equipment
- Unpaid carers

Intermediate Outputs:
- Service volume
- Quality of care
- Casemix

“Non-resource” Inputs
- Social environment
- Individual history
- Resilience
- Staff attitudes

Final Outcomes
- Change in user health status, quality of life...
- Family & carer effects
- Societal impact

Policy / practice themes

Resource Collection:
- General taxation
- Social Insurance
- Private Insurance
- Income & savings
- Unpaid care

Purchasing
- Budget
- Social Care
- Health Care
- Others…

Opportunity Costs

Commissioning & Markets

Resource Inputs:
- Staff
- Buildings
- Consumables
- Equipment
- Unpaid carers

Choice & Control

Intermediate Outputs:
- Service volume
- Quality of care
- Casemix

“Non-resource” Inputs
- Entorn social
- Características individuals
- Actituts

Final Outcomes
- Change in user health status, quality of life…
- Family & carer effects
- Societal impact

Outcomes
- Equity
- Efficiency

THE KEY QUESTION TODAY IN DEMENTIA CARE:
How can we afford to meet the future needs of people with dementia and their carers?

1. Finding ways of decreasing the future numbers of people affected by dementia
2. Ensure we have adequate care financing mechanisms
3. Make sure that we “spend well” on care
1. Decreasing the future numbers of people affected by dementia

• Helping/encouraging people to adopt healthier lifestyles to reduce the risks.

• Better management of other chronic health conditions.

• Drugs that moderate symptoms and, eventually, finding a disease-modifying treatment!
2. Ensuring we have adequate financing mechanisms

• 2/3 of the £26.3 billion cost of dementia in UK shouldered by carers and people with dementia (Dementia UK 2014, published by the Alzheimer’s Society).

• Public expenditure on social care in England has not been keeping up with increased need*

Determinants of future dementia care costs:

- Demographic changes.
- Changes in prevalence (by severity).
- Availability (and propensity to provide) unpaid care.
- Structure of the care system.
- Financing system: generosity of public finance
- Relative price of care and other goods and services.
- Economic growth and other macroeconomic factors.
- Values and public expectations about the quality, range and level of care.
- Other factors? Quality/adaptability of housing, pensions...
LTC systems and economic sustainability

• Although demography is a major driver of LTC expenditure, other changes, such as shifts from unpaid care to paid care may have an even bigger impact in a number of European countries.

• Affordability is largely measured as a % of GDP (mostly from “official” economic forecasts), different rates of economic growth will be the key to what can or cannot be afforded.
3. Spending well on dementia care

Distinction between “good” and “bad” costs of dementia:

“bad costs:” care and treatment due to
- late or missing diagnosis
- unavailability of good quality care
- unplanned crisis admission into hospital, or
- breakdown in community support resulting in earlier admission into a care home than necessary”.

“good costs:” Appropriate and effective treatment and care responses to needs of individual and carers, following consultation around their preferences”.

http://www.pssru.ac.uk/blogs/blog/what-does-dementia-cost/ by Martin Knapp
How to “spend well”

We can use evidence from research to help shift the balance from bad to good costs.
MODEM

A comprehensive approach to modelling outcome and costs impacts of interventions for dementia

2014-2018
@MODEMProject
A collaborative study

LSE (PSSRU)
• Martin Knapp
• Adelina Comas-Herrera
• Raphael Wittenberg
• Bayo Adelaja
• Margaret Dangoor
• Josie Dixon
• Bo Hu
• Daniel Lombard
• Klara Lorenz (PhD student)
• David McDaid
• Amritpal Rehill

LSE (Social Policy Dept)
• Mauricio Avendano
• Emily Grundy
• Sanna Read

Southampton University
• Ann Bowling
• Jitka Pikhartova

Newcastle University
• Carol Jagger
• Andrew Kingston

Sussex University
• Sube Banerjee
• Nicolas Farina

International Longevity Centre-UK
• Sally-Marie Bamford
• Sally Greengross
The challenge

How can we provide **high quality care and support** for people with dementia and their carers in ways that are:

- **acceptable** to them
- at a cost considered by society to be **affordable**.
Research questions

1. How many people with dementia will there be from now to 2040; what will be the costs of their treatment, care and support under present arrangements?

2. How do costs and outcomes vary with characteristics and circumstances of people with dementia and carers?

3. How could future costs and outcomes change if evidence-based interventions were more widely implemented?
Interventions, costs and outcomes

• **Interventions of interest**
  – Prevention (e.g. lifestyle, nutrition, exercise etc.)
  – Treatments (e.g. medications, cognitive stimulation and other therapies)
  – Care and support arrangements (e.g. telecare/telehealth, respite, carer training and support programmes, training for care staff)

• **Costs and outcomes**
  – All resource impacts (health, social care and other), including resources of people with dementia, families and communities.
  – Quality of life, clinical and lifestyle effects
  – Carer outcomes
Intervention - e.g. CST

• **Intervention**
  – Cognitive stimulation therapy for 8 weeks
  – Includes reality orientation, reminiscence therapy) compared to usual care and support.

• **Costs and outcomes (8-week follow-up)**
  – CST had better outcomes (cognition and QOL), but also marginally higher costs
  – CST looks more cost-effective than usual care
  – Maintenance CST (another 24 weeks) – good QOL and ADL outcomes
  – ... also looks cost-effective (not published yet)
• **Intervention**
  
  – Individual therapy programme (8 sessions with psychology graduate + manual)
  
  – Techniques to understand and manage behaviours of person they cared for, change unhelpful thoughts, promote acceptance, improve communication, plan for future, relax, engage in meaningful enjoyable activities.

• **Costs and outcomes (8-month & 24-month follow-up)**
  
  – More effective than standard care and no more costly (from NHS and societal perspectives) – at 8m and 24m
  
  – Cost-effective when looking at costs and outcomes for carers – again over both 8m and 24m
  
  – Reduces care home admission rate for people with dementia over 24m
**MODEM Project: methods**

*Engage* with people with dementia, carers and other stakeholders at all stages.

**Project:**

- N of people with dementia over the period to 2040
- family or other unpaid support available to them
- costs and outcomes of services and unpaid support.

**Review evidence** of effective and cost-effective interventions for people with dementia and carers (incl. on-going studies)

**Collect data** to cross-walk between measures in studies and population surveys

**Gather experiential evidence** from people with dementia, carers

**Simulate wider roll-out** of evidence-based interventions on outcomes, costs, patterns of expenditure

**Legacy model** so that commissioners, providers, advocacy groups, individuals and families can access our findings and methods, and make their own projections of needs for care and support, outcomes and costs.
Some research challenges...

• We are still not very good at measuring the indirect costs of care, particularly unpaid care
• What happens to outcomes and costs when you “stack-up” interventions?
• Outcomes: combining the outcomes of people with dementia and those of carers
• Understanding better the impact of changes in severity of dementia and quality of life
Thank you for your attention

- On Twitter: @MODEMproject
- Email: a.comas@lse.ac.uk