Municipal care

Preconditions for the successful decentralisation of long-term healthcare to municipal level

Summary

The central question
The tenability of healthcare spending will pose a problem over the coming decades. Quality and accessibility are currently adequate, but healthcare expenditures are too high and rising at a rapid pace. The Dutch government views the decentralisation of claims under the Exceptional Medical Expenses Act (*Algemene Wet Bijzondere Ziektekosten*, AWBZ) and other benefits to municipal level as part of the solution. The previous effort to decentralise domestic care (2007) proved successful. Efforts are currently under way to further decentralise aspects of the AWBZ, Youth Care and the Work-incapacitated Persons [Participation] Acts. The so-called efficiency cutback plays a key role in this regard.

Despite the limited scope of healthcare decentralisation (generally restricted to supervisory aspects), the Council feels it would be prudent to thoroughly analyse the relevant opportunities and risks, and to formulate the preconditions for a successful transition. This recommendation serves to address the question as to whether and how a better balance between the public interests of quality, accessibility and affordability can be achieved by allocating responsibilities to the municipalities. In answering this question, the Council does not aim (or claim it is qualified) to issue an opinion on the desirability and feasibility of any far-reaching decentralisation of long-term care.

Exploring the landscape
In order for the decentralisation effort to be successful, municipalities will have to ensure continued quality and accessibility, while achieving substantial cost savings. The municipalities' strength lies in their budgetary discipline, the wide range of instruments at their disposal facilitating synergy and tailor-made solutions, and - finally - their direct relationship with the general public (ensuring that the balance does not completely swing towards austerity and access restrictions). These factors help create a favourable climate for decentralisation in the social domain. The scale of the challenge and the financial risks involved will prompt municipalities to adopt a novel approach and to seek out new solutions. This will involve a learning process and shift in organisational culture that affects all the parties involved, and is implemented under budgetary pressure.

The Association of Netherlands Municipalities (VNG) has developed an appealing vision in this regard, which is already being broadly applied in practice. At its heart lies a Change in thinking based around a shift from the perspective of care and services to the perspective of the client's own strengths. According to this model, citizens experiencing problems in terms of self-reliance or to participate in society will initially be required to seek assistance from their own environment, in which the municipality has invested in terms of cohesion and (paid) basic facilities. If this form of assistance proves inadequate, the citizen may then turn to the municipality which will assess whether any supplementary individual services are to be provided in exchange for an income-based patient contribution. A second-line support network will be established for specialised care.

This redistribution of care duties and responsibilities to the citizen represents a major challenge that will prove difficult for some and is subject to limitations. The implementation of this Change in thinking raises many questions: about citizens, professionals, volunteers and the municipality itself.

How do we determine who genuinely requires formal support and how do we ensure that these individuals can be identified by the municipality? Which citizens run the greatest risk of falling through the cracks? The intake of new clients - often with a limited social network and social skills - represents an important point of attention for municipalities in this regard. Professionals will be required to play a leading role in the transition process; this, after all, is the purpose for which municipalities will have contracted their employers. This will undoubtedly result in market dynamics, but may also lead to employment uncertainty and unrest. Care providers will have to invest in the competencies of their employees. The overlap between support and care offers them opportunities in terms of synergy, efficiency and quality. Under which conditions will these objectives be achieved?

Increasing demands will be made of volunteers and carers. Several hundreds of thousands of carers already feel overloaded at present; volunteers will play a key role in lightening their workloads. There is great potential here in terms of volunteer work by recently retired pensioners; the working population offers less potential as as result of labour market shrinkage. We must also assess the potential for a more mandatory form of caring, similar to the systems in some of our neighbouring countries.

Municipalities must formulate criteria that allow them to determine the level of support, the available budget and local tax and social security contribution burdens. It is also important to consider how they will go about achieving - in addition to the

Change in thinking - synergy and decompartmentalisation. As a result of the decentralisation effort, the social domain will become an increasingly prominent item on the municipal budget. Controlling these costs will require effective harmonisation of the municipal organisational structure.

As a part of the research underlying this report, we spoke with municipalities that are thoroughly and pro-actively preparing for these issues and developing a varied range of solutions that reflect both the necessary Change of thinking and the local situation in the municipality concerned. Based on initial experiences gained in these municipalities, we look forward to the further decentralisation process with a sense of confidence. Although the municipalities we spoke with are all investing in social cohesion (zero-level support), the emphasis is on first-line care, with a particular focus on the support intake organisation. Municipalities emphasise the importance of broad decentralisation in the social domain, including the Youth Care and Work-incapacitated Persons [Participation] Acts. The greatest yields can be achieved through an integral approach to multi-problem families, investing in paid work and involving clients and their network in the development of tailor-made solutions.

Opportunities and risks
There is every reason to believe the municipalities will be able to achieve efficiency and quality by implementing the necessary Change in thinking, synergy and tailor-made solutions. Municipalities will also develop their own forms of support, suited to their local preferences and culture. This will yield the desired variety and serve as a driver for innovation in the social domain.

However, there is a risk of undesirable differences between the municipalities. Certain municipalities may fail to organise an effective informal support network or notification and intake organisation due to a failure to vigorously implement the required Change in thinking or decompartmentalisation effort. In an even more undesirable potential situation, municipalities might opt for a low standard of facilities on the basis of risk assessments and cost reduction potential. However, such discrepancies are more likely to occur if the allocation of funding proves to be inadequate and continues to reflect the costs of a growing municipal social domain that transforms as a result of the Change in thinking.

Expectations regarding the pace of this transformation process and the potential offered by synergy, volunteer work and carers - and thus budgetary savings - could also prove unrealistic. This possibility represents a risk of an entirely different nature. This could cast the administrative debate into a negative spiral, in which the focus shifts to covering the deficits and mutual trust becomes eroded.

Potential solutions

- Government monitoring

The transformation process initiated by this Change in thinking must be effective and balanced, and should be adjusted where necessary. This will take time; the process involves a fundamental shift that affects the very heart of society. The process should be facilitated by an annual **national monitoring effort**, that serves to integrate various functions. Ultimately, such monitoring concerns outcomes at population level. This means studies of known clients (at municipal and care institution level) in need of support will not suffice. The monitoring of processes, organisational adjustments and collaboration may also be required over the course of the transformation process, in order to help prevent the aforementioned risks.

- budgets and other preconditions

In order to expedite the transformation process, the stakeholders will need clarity on **budgets** and other **preconditions** in the short term. Budgets are dependent on the macro budget, and the objective basis for the financial apportionment model. An effective model will help create a level playing field amongst municipalities and reduce the risk of undesirable discrepancies. It would seem desirable to ensure that such models incorporate the aspect of informal social cohesion. The extent to which these models can (or cannot) be influenced and their subsequent operationalisation can be monitored and assessed.

The other preconditions for successful decentralisation comprise a level playing field in terms of the relationship between municipalities and citizens, and the relationship between municipalities and the care sector (insurers and care providers).

A level playing field in the relationship between *municipalities and citizens* will ensure that municipalities can claim a reasonable amount of personal initiative and care capacity from the citizen's personal network, taking into account the available basic facilities. If necessary, citizens can force the municipality to provide the necessary individual support. The municipality will then be free to choose a form of support that serves to activate the citizen to the fullest possible extent. In accordance with the Council for Public Health and Health Care (RVZ) recommendation on Self-Reliant Parenting, it would be desirable to encourage citizens to (financially) prepare for this shift in responsibilities. It would be recommendable to identify the

(ethical) limits and potentials (do's and don'ts) of caring incentives in greater detail, thus offering a framework of guidelines for municipalities, care institutions and - potentially - government policy.

- playing field for interactions between municipality and first-line care sector

A level playing field in the relationship between *municipalities and the care sector* will ensure that municipalities, first-line care providers and long-term intramural care all have an equal interest in the sharing of relevant information, cooperation on integrated services and contractual harmonisation on behalf of the most vulnerable group of citizens living at home. An alliance between these parties will help ensure that problems can be identified in time and facilitate preventative interventions to protect the most vulnerable. Although such cooperation is a matter of course in some locations, this is not always the case; these alliances will be more difficult to form in areas with no single dominant insurance company and/or no close cooperation between/with smaller municipalities. This could be resolved by making the allocation of new financial means for community nursing and social community teams (jointly totalling € 250 million) subject to collaboration.

- playing field for interactions between municipality and long-term intramural care providers

Preventative efforts by the municipality and health insurance companies and care providers can help postpone or prevent clients from ending up in the intramural care system. However, the resulting financial benefits will accrue to the AWBZ. Another option would be to reward municipalities and care providers for their efforts in this regard by means of funding. Alternatively, there is the option of facilitating consultations on long-term intramural care between municipalities and healthcare insurers and organising co-financing of specialised support in order to prevent the need to request an indication for intramural care.

Recommendations
The decentralisations of the social domain are driving the existing development towards greater municipal responsibility within the framework of the decentralised unitary state. The Council recognises the urgency of this development and acknowledges the relevance of the aforementioned vision on the necessary transformation process (the Change in thinking). However, caution is also of the essence, as the process involves significant risks. Without any pretence of having added many significant new insights to the debate, the Council has decided to issue a number of targeted recommendations:

1) *Organise a single integrated national monitor that issues annual reports on outcomes at population level and the progress of the transformation process (Change in thinking) at all municipalities.*

2) *Simultaneously encourage the development of relevant municipal competencies.*

3) *Study and monitor the degree to which social cohesion can be influenced and operationalised, and incorporate this factor into the financial apportionment model for municipalities.*

4) *Commission the Netherlands Centre for Ethics and Health (CEG) to publish a report and recommendation on the do's and don'ts of initiatives by municipalities and healthcare providers to intensify the mandatory nature of volunteer work and caring.*

5) *Strive to create a level playing field for the relationship between municipalities, first-line care providers and AWBZ care.*
   a) *Allocate additional funding for community nursing and social community teams (€ 250 million) in the form of a subsidy for the first three years, on the condition that municipality and first-line care providers collaborate. These funds should not be added to standard funding resources (municipal fund, risk equalisation) until this condition has been met.*
   b) *reward efforts to minimise influx into the long-term intramural care system via municipal and care funding and/or*
   c) *ensure inthat longterm-care providers can consult with municipalities and healthcare providers on forms and co-payment of support that is more costeffective than longterm-care.*