

# ASPECTS OF FUNDING OF LONG- TERM CARE IN ISRAEL



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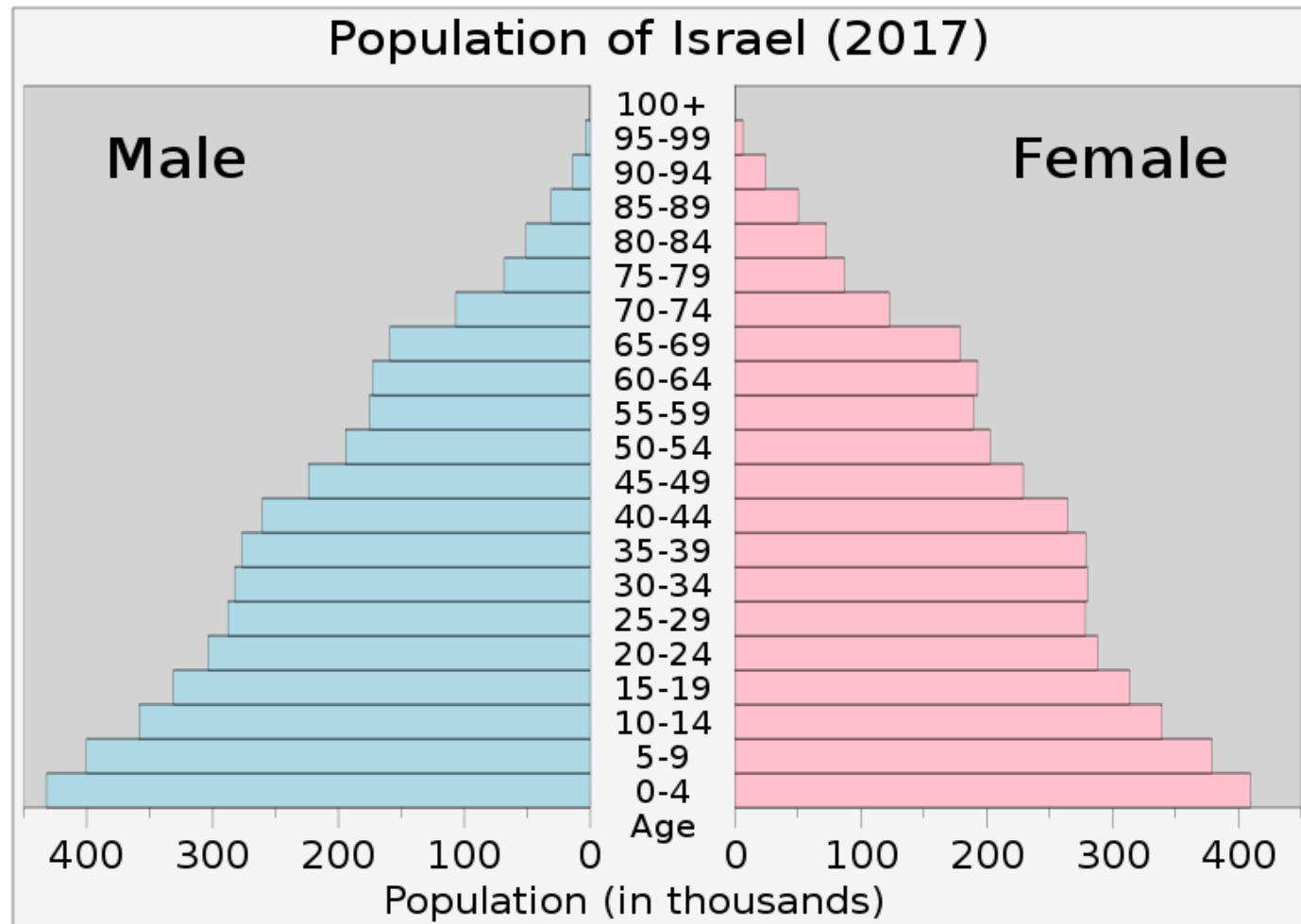
# THE POPULATION IN ISRAEL, CRS 2016 (THOUSANDS)



Percentage		Total	Males	Females	Age
100.0%		8,546.0	4,237.2	4,308.8	TOTAL
	10.3%	878.2	451.0	427.2	0-4
36.1%	9.4%	806.9	413.4	393.6	5-9
	8.5%	730.5	374.2	356.3	10-14
	7.8%	669.3	342.7	326.6	15-19
	7.2%	615.9	313.9	302.0	20-24
	7.0%	596.0	300.6	295.4	25-29
	6.8%	584.7	292.3	292.4	30-34
	6.5%	558.8	277.6	281.2	35-39
52.7%	6.2%	532.8	264.1	268.7	40-44
	5.3%	454.1	224.3	229.9	45-49
	4.7%	404.1	197.9	206.2	50-54
	4.5%	386.7	185.7	201.0	55-59
	4.3%	369.3	175.3	194.1	60-64
	3.9%	335.4	157.1	178.4	65-69
	2.4%	206.4	95.2	111.1	70-74
	2.0%	173.3	75.7	97.7	75-79
11.2%	1.4%	122.0	50.8	71.2	80-84
	0.9%	75.5	28.9	46.6	85-89
	0.4%	34.9	12.2	22.6	90-94
	0.1%	11.1	4.4	6.7	95+



# POPULATION OF ISRAEL 2017





# TOTAL COST OF LTC IN ISRAEL

3.4 BEURO  
1.2% of the GNP  
226,000 ELDERLY  
24% of 65+

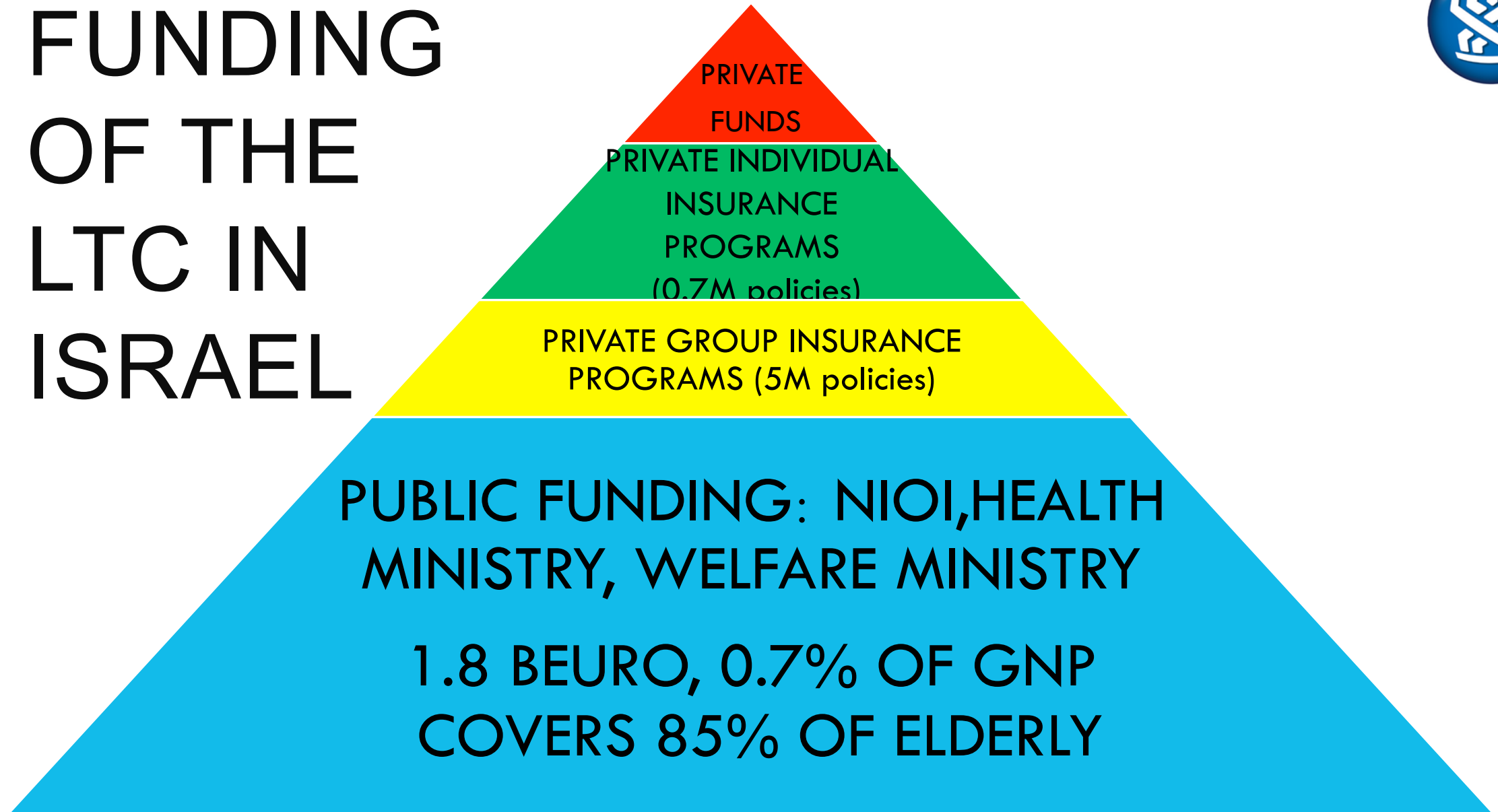


# WHERE ARE THEY, 2015

AGE	POPULATION	% NIOI	% IN COMMUNITY	% HOSPITALIZED	% DEPENDENCY
62-64	118,856	0.9	1.1	0.2	1.3
65-69	264,719	2.6	3.1	0.5	3.6
70-74	190,599	7.3	8.9	1.3	10.2
75-79	170,869	17.1	20.8	3.1	23.9
80-84	118,845	34.1	41.7	6.2	47.9
85-89	78,005	52.3	63.9	9.5	73.4
90-94	36,785	61.2	74.9	11.1	86.0
95+	8,990	67.1	82	12.2	94.2
TOTAL	987,668	160,760	196,512	29,265	225,777



# FUNDING OF THE LTC IN ISRAEL





# DISTRIBUTION OF DEPENDENT ELDERLY, 2016

	COMMUNITY	HOSPITALIZED
PUBLIC FUNDING	1 60,000	14,500-HEALTH MINISTRY 8,000-WELFARE MINISTRY
PRIVATE FUNDING	36,000	7,500
TOTAL	196,000	30,000

# COVERED BY THE MINISTRY OF HEALTH AND THE MINISTRY OF WELFARE



Covers cost of hospitalization in nursing homes.

Eligibility is determined after income and assets test of the elderly and their children.

Is sufficient for low income elderly, and is considered a financial incentive for hospitalization.





# THE NIOI LONG-TERM CARE INSURANCE PROGRAM

Israeli citizens and permanent residents pay national insurance fees, of which a certain amount is dedicated to NIOI LTCP that are split between the employee and the employer.

	EMPLOYEE	EMPLOYER	TOTAL
REDUCED RATE	0.01	0.04	0.05
FULL RATE	0.14	0.19	0.33

In total, about 1.4% of the entire national insurance fees are dedicated to NIOI LTCP.



# INCOME-TEST IN NIOI LONG-TERM CARE PROGRAM

One of the criteria of eligibility.

Included in the income test are monthly sources of income such as old-age benefits, pensions, and monthly revenues from real-estate and savings.

Excluded from the income test are properties, real-estate and irregular sources of incomes. Also, excluded from the income tests are benefits for Holocaust Survivors.

Only the claimant and her/his spouse are subject to income-testing.

Equal coverage for 1-7 income percentiles.



# PUBLIC FUNDING OF LONG-TERM CARE NEEDS IN THE COMMUNITY

## Less Fragile Elderly

- 70%-75% of the long-term care needs

## The Elderly Requiring Around-the-Clock Supervision and Help

- 40% of the long-term care needs



# FOREIGN WORKERS IN THE NIOI LTCP

40% of employees caring for NIOI beneficiaries are foreign workers.

A ruling by the High Court of Justice – Israel's Supreme Court – in 2013 ordered that the employers of formal non-Israeli care givers are not subject to paying overtime due to the unique nature of their role.

The cost of employing a non-Israeli care givers are around 1,800-2,300 Euro

The cash NIOI LTCP benefit at the highest level for is about 850 Euros.



# NIOI LTCP– NEW IMMIGRANTS

One has to pay insurance fees at least 5 years prior to reaching the retirement age in order to be eligible.

However, new immigrants that came to Israel less than 5 years prior to reaching the retirement age or at an older age ( circa 20% of the beneficiaries) are covered by the program according to an agreement between the National Insurance Institute and the Ministry of Finance and financed by the Ministry of Finance.



# NIOI LTCP: SOURCES OF FUNDING

Insurance Fees collected by NIOI cover only one-sixth of the cost of NIOI LTCP – about 250 million Euros compared to 1.5 billion Euros.

The Ministry of Finance paid in 2016 about one-eighth of the total spending on NIOI LTCP benefits.

Ministry of Finance's participation in financing LTCIP since 2016 is also to cover rising spending due to the aging of the society which contributes the rising number of beneficiaries in LTCIP.

The major source of revenues covering NIOI LTCP are transfers from other programs run by the National Insurance Institute and its reserves.

NIOI LTCP is a program characterized by a growing deficit. It means that even though it enjoys public and political support, it may face vulnerability.



# PRIVATE INDIVIDUAL INSURANCE PROGRAMS

Contributions rise with age

Many variations in compensation schemes.

Includes a savings component designed to moderate the rise in cost with age and to ensure relative entitlement after quitting the program along the way according to the number of years of contribution completed.

Demands underwriting

Demands ADL testing, stricter than the NIOI tests.

Compensation is higher for those hospitalized than in the community.

# PRIVATE GROUP INSURANCE PROGRAMS



Limited years of compensation (5 or 7)

No saving component.

Much cheaper than individual policies

4M policies bought through the health funds

Contributions rise with age up to max 50 EURO

1M policies through work places.

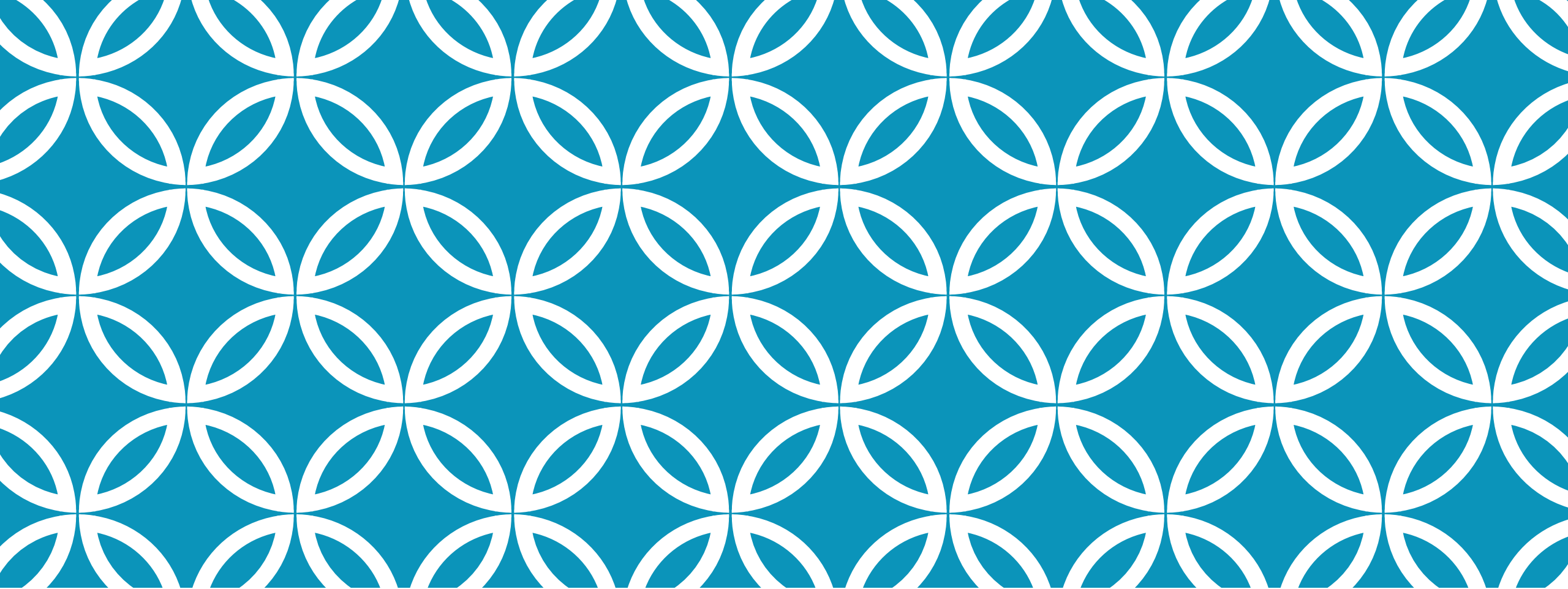
Cross subsidy for different age groups





# PRIVATE INSURANCE COVERAGE OF THE POPULATION

Income Group	Through Health Funds	Other
Low tertiary	25%	4%
Middle tertiary	43%	14%
Top tertiary	58%	33%
All	49%	15%



**THANK YOU!**

