



# Taking care of the elderly: Free choice of provider

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# Introduction to the Danish senior and free choice policy

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# 1. Danish old-age policy

- Public services are the core of the policy.
- The system is universal.
- Services and benefits are financed through public taxes.
- Services are generally free of charge.
- The system of care-services is decentralised.
- The pension system is centralised.

### 3. The Consolidation act on Social Services

- The Consolidation act on Social Services constitutes the main framework of Danish elderly care policy.
- The Consolidation act on Social Services can be found at the following link:  
[http://english.vfm.dk/MinistryOfSocialWelfare/legislation/social\\_affairs/social\\_service\\_act/Sider/Start.aspx](http://english.vfm.dk/MinistryOfSocialWelfare/legislation/social_affairs/social_service_act/Sider/Start.aspx)

## 4. Local government responsibility

- The Danish Parliament determines the overall principles applying to senior citizens in Denmark.
- According to the act on Social Services all decisions concerning help to elderly people have to be taken as an individual and concrete decision by the municipality.
- The system of care-services is thereby decentralised with the legal responsibility for ensuring the elderly both practical and personal help placed at the local government (municipality) level.
- It is the municipalities who pay for the services through local taxes and block grants from the state, set the standards of local help and decides how much help a person is entitled to, based on the individual need.
- On the 1st of January 2007 a new Danish local government reform came into force.

## 5.1 Home care services

- The goal of the help offered is to allow elderly people to stay in their own homes as long as possible and to prevent the citizen from further loss of physical and mental health.
- This means to help an elderly in his or her own homes if the individual for example needs help to clean the house or to get dressed in the morning.
- All help according to the act on Social Service has to be seen in relation with the fundamental idea of “*help to self-help*”.
- Today around 200.000 people receive permanent home care services with a number of care hours between 1,0 and 1,1 mill. being delivered every week to 25 pct. of all citizens aged 67 and older.

## 5.2 Home care services

- Home help - fundamental principles:
- That it should be offered on the basis of the individual's needs (people are different and have different needs and resources).
- That it is free of charge.
- That it is flexible.
  
- The system:
- Local authorities set the general standard of the help – on a local level.
- Local authorities assess the individual needs.
- Based on the assessment local authorities will decide on the amount of help.
- The older person has a right to get this help free of charge (temporary help is income regulated, food services are charged for).
  
- The goal of the help:
- Allow people to stay in their own homes as long as possible.
- Prevent further loss of physical and mental health.
- 'Help to self-help'.

## 6. The free choice reform

- Until a new law called “greater choice of provider” was decided upon in the Parliament in 2002, local municipalities were the only providers of home care for the elderly. In place january first, 2003.
- The new law aims at securing elderly people who receive home care services:
  - The freedom to choose between different providers
  - Dismantle the municipality’s monopoly in providing services
  - Make the services more efficient through competition
  - Strengthen management and financial reporting
  - Comparability between municipalities
  - The option of swapping help services to a certain extent
- A major effect of the law has been to make way for increased transparency and clear separation between the level of authority and the level of provider.
- Competition on quality and/or price
- This has not only caused consciousness about costs involved – and the link between cost and level of service – it has also invoked an enhanced follow-up system of the level of service.

## 6.1 Quality standards

- Each municipality needs to have defined quality standards. These express the politically decided upon service level of a municipality:
- They:
  - Shall express local political goals to the public
  - Shall be possible to use as a basis for the daily local caring efforts
  - Create transparency regarding the connection between the politically decided service standard, the specific ruling on help, and the services delivered.
  - are a management tool
  - are information material for the citizen
  - The municipal council has to ensure that there are the necessary resources in order to carry out a given level of service
- It is up to the municipal council to decide upon – and change – the level of service in each municipality

## 6.2 The ruling

- Prior to each help provided by the municipality, there needs to be an assessment of and a ruling on the need for help.
  - Concrete and individually based assessment and ruling
  - Result in a written statement on the help provided
  - Whether the help is permanent or temporary
  - Who your contact person is
  - Guidelines to Instructions for complaint

On the delivery of help on the basis of the ruling

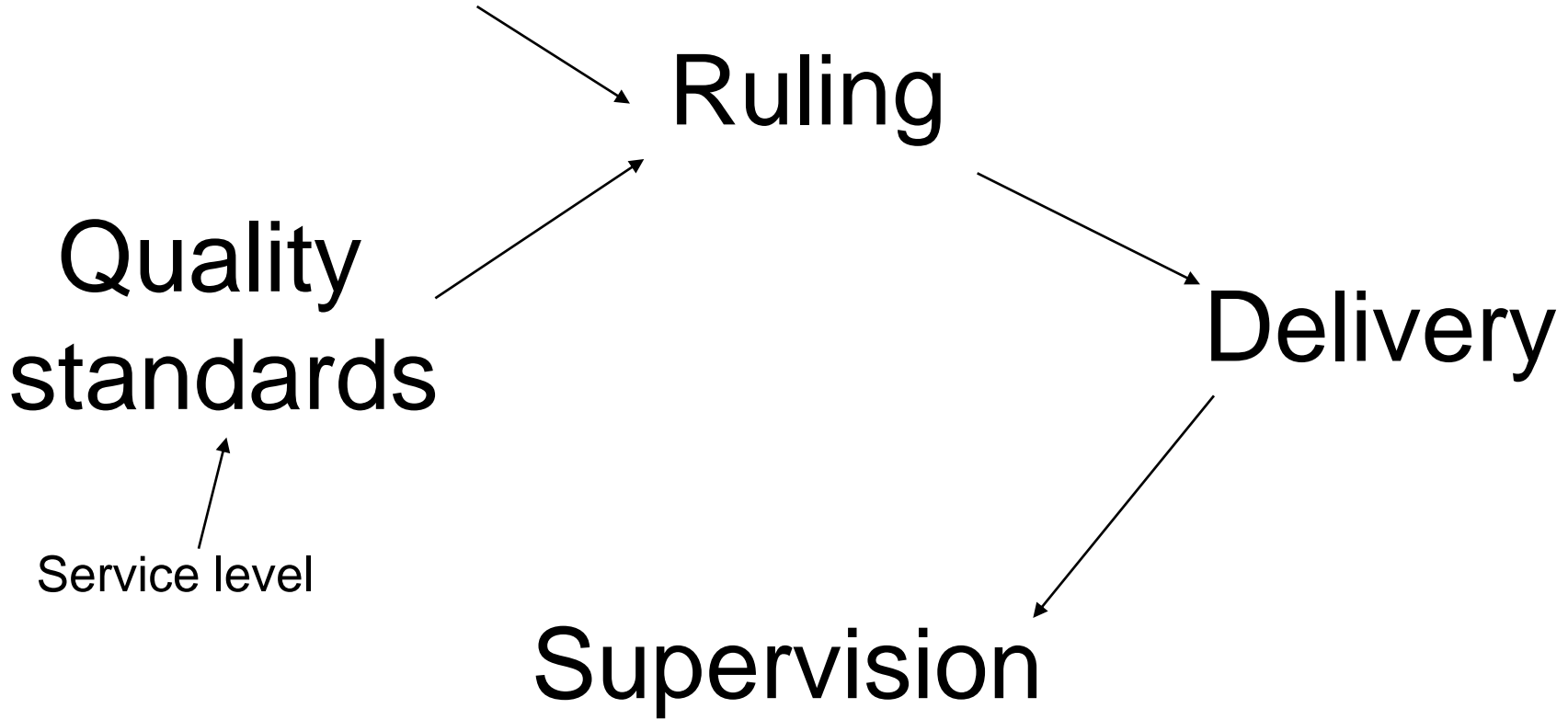


Free choice of provider

## 6.3 Customer rights & service quality verification

- You have the right to receive the help that the ruling states. Otherwise you can complain
- To ensure the quality of the services, the municipality has to state specific service quality standards that they have to live up to
- The municipality by law has to carry through supervision, ensuring that the help is carried through as it should.

6.4 Citizen with a need



## 7. Three models of free choice

### ***Ground rules:***

- 1. The local authorities inform the citizen about the alternative providers***
- 2. The recipient of help chooses between the alternative providers***

### **Model of approval**

Providers of help apply for approval by the local authorities, which will allow them to offer their services. If a provider offers a service that meets up with the local quality standards, the provider will be allowed to enter the market. The providers will be paid pr. hour of delivered help equal to the public provider.

### **Call for tender**

The local authorities call for tender and let potential providers of home care services compete with each others. The local authorities decide how many providers of help are allowed into the market. At a minimum there has to be two providers – otherwise the model of approval will come into to use.

### **The mixed model**

By calling for tender a main provider is found. All potential providers, who offers a service at the same price and of same quality as the main provider, is allowed into the market.

## 7a. Model of approval

### **Pricing:**

Prices for each service are calculated on basis of the costs related to the service delivered by the public provider of help in the local municipality.

There must be a price for every category of service - as minimum that means prices for:

1. An hour of personal help/weekdays
2. An hour of personal help/evening/Saturday/Sunday
3. Practical help
4. Food service delivered in own home
5. Food service

$$\text{Price of service pr. hour} = \frac{\text{all costs (related to service) in period x}}{\text{hours of delivered service in period x}}$$

### **Competition:**

Every approved provider of personal and practical help will compete for “customers” by offering the highest quality of help (quality that at a minimum meets the local standards).

## 7b. Call for tender

### **Pricing:**

If the local authorities decide to call for tender and let potential providers compete for access to the market they will have to issue general instructions for a calling for tender. Besides setting quality standard for the services in question the authorities have to:

1. Decide how many providers they wish to access the market.
2. Decide if all or only some home care services are up for bids.

The lowest bids will allow providers into the market. If a bid is 10 % higher than the lowest bid, the municipality is allowed to reject the bid. If it is not possible to make a contract with more than one provider the model of approval will come into force.

A call for tender is regulated by the European Union's general rulings on such.

### **Competition:**

A call for tender allows the municipality to create competition between providers on prices of home care services.

## 7c. The mixed model

### **Pricing:**

The municipality can also decide to use a model that combines the two kinds of competition methods. The model is applied within two steps:

1. Instead of letting the public main provider of help be the basis for calculating prices on services, the authorities can call for tender with the purpose of finding a private main provider.
2. The private main providers bid on one or more services will now equal the prices at which other providers are allowed to deliver help if they can meet the quality standards as well.

### **Competition:**

By using the mixed model the home care services are objects to competition on both price and quality

## 8. National survey of satisfaction

- As part of a national documentation project the government and KL (association of Danish municipalities) have agreed on an annual national survey of satisfaction among recipients of help.
- The aim is to collect information about the social services and thereby establish knowledge about outcomes and effect of the social performances.
- The study subjects are asked to rate their satisfaction with the quality of the services they receive, their satisfaction with the carers and the stability of the help. They are also asked if they are informed with their right to choose between different providers of the help.
- The first national survey was first carried out in 2007 and showed a surprisingly high rate of satisfaction among the receivers of help.
- Results of 2008 and 2009 validate the high rate of satisfaction.

*Percentage of receivers satisfied or very satisfied with the quality of the help delivered*

Quality of help received	Practical help		Personal help	
	<i>Own home</i>	<i>Dwellings</i>	<i>Own home</i>	<i>Dwellings</i>
<b>2007</b>	84 %	88 %	87 %	91 %
<b>2008</b>	82 %	88 %	95 %	89 %
<b>2009</b>	86 %	87 %	92 %	89 %

## 9. Databases

### **The free choice database ([www.fritvalgsdatabasen.dk](http://www.fritvalgsdatabasen.dk)) :**

- All Danish municipalities is obligated to report information about quality standards, prices and providers of home care services to the free choice database.
- The database allows citizens, municipalities and providers to gather information about local services and prices and compare the local service standards.
- It also allows both national and local decision-makers to follow the political developments of the free choice.

### **The service database ([www.brugerinformation.dk](http://www.brugerinformation.dk)):**

- The database addresses mainly users of home care services.
- The information is delivered by the municipalities - part of the information is mandatory, part of it is optional.
- It allows citizens to get an overview on local services, local political priorities and local housing for elderly.

## 10. Future challenges

### **Work force and demography**

- In addition to the initiatives concerning home care services and the free choice reform, a care home guarantee came into force on the 1st of January 2009, so that citizens eligible for nursing homes will have to wait no more than two months for a place to live.
- As such, Denmark has completed a wide range of extensive reforms over the past years. But Denmark is still facing new challenges that need to be addressed. The first challenge is to ensure Danish citizens a continued high level of welfare despite the fact that it is becoming increasingly difficult to hire a sufficient number of employees in the public sector. Over the next 10 years every fourth employee in the public sector will retire. It will be a significant challenge to fill vacancies as the work force decreases.

## 10. Future challenges

- Second, like people in the rest of Europe and the US people in Denmark live longer, and in addition the baby-boom generation born after the Second World War will soon reach the retirement age.
- According to statistical analyses the number of Danish citizens older than 80 years will grow from 224.000 persons in 2007 to 450.000 persons in 2040. This means a doubling of the number of citizens aged 80 and older and thereby a doubling of those citizens most likely to be in need of practical and personal help.
- As public help for the elderly in Denmark is based on the principle of universal right and given on the basis of individual need, the people in likely demand of public help will increase in the coming years. And thereby the demographical development in Denmark will challenge the universal system of home care services.

## For further information

Visit our website

<http://english.ism.dk/Sider/Velkommen.aspx>

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