AMERICAN COUNCIL ON GERMANY

Germany's Long-Term Care System: Lessons for U.S. States

Aaron Beitman, Ph.D.
2023 McCloy Fellow on Global Trends

Germany's Long-Term Care System: Lessons for U.S. States[1]

By Aaron Beitman, Ph.D.[2]

Abstract

Policymakers around the world are working to reform long-term care (LTC) systems, given rapidly aging populations. In Germany, a robust LTC system continues to adapt to meet the needs of the country's older adult population, despite financial and normative challenges. In the absence of comprehensive change at the federal level, U.S. states are considering state-level LTC reforms. Through a case comparison between Massachusetts and Germany featuring results from a unique qualitative dataset of key informant interviews from Germany, I provide lessons to potentially inform development of the Massachusetts system in terms of financing, service delivery, and regulatory reforms.

Key words: long-term care policy, Germany, Massachusetts,

Introduction

As the post-World War II Baby Boomer generation retires and birth rates continue to decline across OECD countries, policymakers are increasingly focusing on long-term care (LTC) system development. In the absence of comprehensive national LTC reform efforts in the U.S., state-level policymakers are actively exploring options. In 2019 the U.S. state of Washington enacted a public LTC social insurance program that provides eligible citizens with a $36,000 lifetime benefit, while at least seven other states are actively studying LTC finance options.[3]

In the U.S. state of Massachusetts, an emerging coalition of policymakers and community partners has begun to consider LTC reform options. Changes could extend coverage to the roughly 75% of the eligible population currently lacking LTC insurance, strengthen support for family caregivers, and improve quality controls for providers and workers. What experiences in other countries might inform how Massachusetts approaches LTC reform?

Germany, a liberal democracy with a federal system of government and diverse economy, has had a robust LTC system in place for nearly 30 years. Facing rising costs borne by state and local residual welfare systems, a conservative coalition government in 1994 enacted a partial cost coverage, universal public LTC social insurance program or *soziale Pflegeversicherung* (SPV) that provides cash, nursing home, and/or home care in-kind benefits to eligible persons of all ages.

There are a few reasons why the German case is fruitful for Massachusetts. First, as depicted in Figure 1[4], both Germany and Massachusetts are experiencing similar demographic trends.

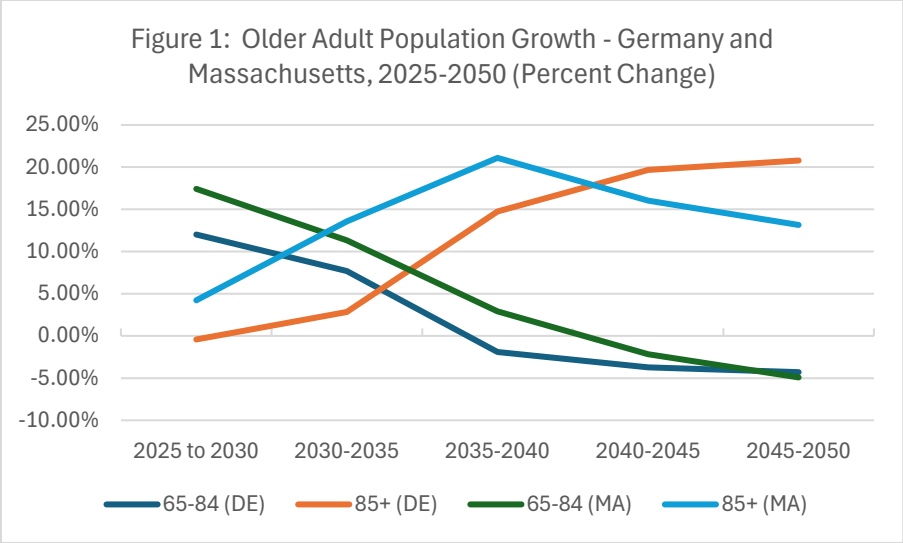
---

[1] This research was supported by a John McCloy Fellowship from the American Council on Germany. The author is responsible for any and all conclusions.

[2] Aaron Beitman is a former official in the Commonwealth of Massachusetts and currently a consultant on long-term care and social protection policy.

[3] Celli Horstmann et al., "U.S. and Global Approaches to Financing Long-term Care," *The Commonwealth Fund*, February 16, 2023, Boston, MA: Commonwealth Fund

[4] Sources: Author's calculations based on data published by the German Statistische Bundesamt and the University of Massachusetts Donahue Institute: https://www-genesis.destatis.de/datenbank/online/statistic/22421/table/22421-0010; https://donahue.umass.edu/business-groups/economic-public-policy-research/massachusetts-population-estimates-program/population-estimates-by-massachusetts-geography.



Second, as one of 50 U.S. "laboratories of democracy," Massachusetts is able to develop a public LTC system covering all state residents, as Germany did in 1994 for all German citizens, while German federal states must adhere to laws governing the SPV. Third, like Germany, LTC in Massachusetts will continue to be structured such that families play the central role in organizing and managing care.

In this article I argue in favor of reforms to Massachusetts' current LTC system, applying analysis of the German case to illustrate some important policy choices for Massachusetts. My approach generally follows Fischer, Frisina-Doetter, and Rothgang (2009) in considering LTC systems in Massachusetts and Germany in three areas: financing, regulation, and service delivery. After a brief literature review, I describe the current Massachusetts LTC landscape. Next, I provide an overview of Germany's LTC system to contextualize discussion of a unique qualitative dataset of 19 semi-structured interviews with German professionals working in or on the country's LTC system. In presenting results from the qualitative analysis, I derive lessons for policymakers in designing future reforms to the Massachusetts LTC system.

Comparative LTC systems: Germany and the U.S.

The existing academic literature comparing LTC systems in Germany and the U.S. has focused on how the German experience can inform policy change at the U.S. federal level. Schunk and Estes (2001) argue that application of Germany's LTC system in the United States could enable the U.S. to reach key policy goals, including access to universal entitlements, consumer choice, equitability, and uniformity. Harrington et al. (2002) consider cost containment, home care services, quality control, and administrative structure in the German and U.S. LTC systems, concluding that the German model offers learning opportunities for U.S. policymakers. In one of the more comprehensive studies, Gibson and Redfoot (2007) compare LTC systems in Germany and the United States with respect to demand, coverage, financing, consumer options, family caregiving, and consumer satisfaction. The authors highlight the relative lack of security for those needing LTC in the U.S., relative to Germany. In exploring the applicability of Germany's system to the U.S. and other developed countries, Cuellar and Wiener (2018) argue that Germany has the only LTC system where most expenditures and beneficiaries are in community-based as opposed to institutional benefits.

In comparing German and U.S. LTC systems, other scholars have examined narrower, but important questions. Pinquart, Soerensen, and Davey (2003) explore similarities and differences between German and American adults with respect to future care needs planning. In explaining why the U.S. has not

established a national LTC system, Campbell and Morgan (2005) argue that Germany's federal structure enables federal states to voice concerns and spur action on LTC financing, while U.S. states are unable to force similar action. Nadash and Cuellar (2017) evaluate Germany's 2013 Pflege-Bahr reform, which established a private supplementary LTC insurance subsidy, and compare this development to the U.S. and other countries.

Analysts have also explored the Obama administration's attempt to establish a voluntary federal public social insurance program, the CLASS Act, in comparative perspective. Campbell et al. (2010) draw upon research focusing on Germany and Japan to argue that an even broader universal LTC social insurance program would be practical and affordable in the U.S., an approach echoed by Galston (2014), based on analysis of the German case. Given that Andrews (2014) is probably correct that there will never be a public LTC social insurance program at the federal level in the U.S., this paper fills a gap in the literature by drawing lessons from the German case for state policy in U.S, where LTC reform is happening.

LTC in Massachusetts

Massachusetts is getting older. In 2010, 14% of the Massachusetts population or 900,000 people were 65 and older, while about 145,000 people or 2% were older than 85.[5] By 2050, Massachusetts is projected to have 22% or 1.6M people 65 and older and more than 320,000 people or 5% older than 85. Given the state's aging population, policymakers have begun to shape the contours of potential LTC reforms, after funding for an LTC actuarial study was secured in the FY2024 Massachusetts state budget.

Financing

Though Massachusetts makes significant investments in providing services to older people in need, there is currently no state-wide public LTC social insurance program. Individuals with lower incomes can access funding and services through the Massachusetts Medicaid (MassHealth) program or the Executive Office of Elder Affairs (EOEA) Home Care program. Medicare, the federal healthcare program for older adults, pays very little of all long-term care costs; a small share of the population receives services supported by private LTC insurance. As a result, about 75% of Massachusetts residents are not covered by LTC insurance.[6] In the absence of Massachusetts specific data, 2021 national data show that Medicaid spending on LTC services was about $207B or 44% of total spending, while self-pay was $64B or 13.7%, and private insurance was $37B or 7.9%; other public and private sources accounted for the remaining spending.[7]

[5] Sources: Author's calculations based on data published by the University of Massachusetts Donahue Institute: https://donahue.umass.edu/business-groups/economic-public-policy-research/massachusetts-population-estimates-program/population-estimates-by-massachusetts-geography.

[6] Sources: Author's calculations based on data published by NAIC and Blue Cross Blue Shield Foundation of Massachusetts: https://content.naic.org/sites/default/files/LTC-LR.pdf, https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2024-04/LTSS_Access-Affordability_Apr2024_FINAL_0.pdf.

[7] Anthony, S. et al. (2024). "Long-Term Services & Supports (LTSS) in Massachusetts: A Primer on LTSS Coverage, Access, and Affordability." Blue Cross Blue Shield of Massachusetts Foundation. https://www.bluecrossmafoundation.org/sites/g/files/csphws2101/files/2024-04/LTSS_Access-Affordability_Apr2024_FINAL_0.pdf.

Service delivery

With respect to formal service utilization, MassHealth funds LTC services for about 110,000 older adults; about 32,000 people reside in nearly 400 nursing homes, 90% of whom have care funded by MassHealth.[8] EOEA's publicly-financed Home Care program provides services to approximately 65,000 individuals, while the 16,000 people in assisted living residences must pay all costs privately.[9] About 3,000 individuals live in resident care facilities (rest homes); costs are mostly subsidized by public funds.[10]

In line with demographic projections, the Massachusetts direct care workforce is expected to have nearly 23,000 new job openings by 2030, building on an estimated 146,870 jobs available as of 2021.[11] Despite constant job openings, providers have struggled to fill direct care roles due to low wages, a tight labor market, and competition from other sectors. About 84% of LTC care is provided by unpaid informal caregivers, and 16% is provided by formal paid LTC workers.[12] As of 2020 there are an estimated 780,000 family caregivers in Massachusetts providing $15.1M in unpaid care.[13]

Direct services are offered by a combination of private, non-profit agencies, and public entities in Massachusetts. Nearly all Massachusetts communities are served by municipal Councils on Aging (COA), which are supported by local and state funds. COAs provide services to older adults and caregivers, including digital literacy and fitness classes, transportation assistance, meals, health screenings, and information and referral services, typically via a local senior center. In addition, 24 regional non-profit agencies, Aging Services Access Points (ASAPs),[14] offer nutrition services, preventative care, family care support, case management as well as other services and supports to older adults in Massachusetts. ASAPs also offer housing support and options, family caregiver support, money management services, nutrition programs, options counseling to assist individuals in making informed decisions about their LTC options, and information and referral services.

Regulation

LTC institutional facilities in Massachusetts are regulated by MassHealth, the state Department of Public Health, EOEA, and the Office of the Attorney General. Only home care service providers funded by MassHealth, and EOEA meet a set of credentialing and operational standards.

---

[8] Kaiser Family Foundation. "Total Number of Residents in Certified Nursing Facilities." https://www.kff.org/other/state-indicator/number-of-nursing-facility-residents/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D#.

[9] Massachusetts Executive Office of Elder Affairs. "Annual Legislative Report: Fiscal Year 2023." March 2024. https://www.mass.gov/doc/elder-affairs-annual-legislative-report-2023/download.

[10] Massachusetts Association of Residential Care Homes. (2022). "Rest Homes in Massachusetts: An Overview of the Industry's Value, Barriers, and Priorities." https://maresidentialcarehomes.org/wp-content/uploads/2022/03/Factsheet.pdf.

[11] PHI. "Direct Care Workforce State Index: Massachusetts." https://www.phinational.org/state/massachusetts/

[12] Anthony, S. et al. "Long-Term Services & Supports (LTSS) in Massachusetts: A Primer on LTSS Coverage, Access, and Affordability."

[13] AARP. (2023) "Family Caregivers in Massachusetts Provide $15.1 Billion in Unpaid Care to Loved Ones." https://states.aarp.org/massachusetts/family-caregivers-in-massachusetts-provide-15-1-billion-in-unpaid-care-to-loved-ones#:~:text=The%20unpaid%20care%20provided%20by%20the%20780%2C000%20caregivers,since%20the%20last%20report%20was%20released%20in%202019.

[14] Mass Aging Access. "ASAP Programs and Services." https://agingaccess.org/programs/.

Efforts at the state and local level continue to focus on shifting the narrative around aging. Massachusetts works actively to become a more age- and dementia-friendly state, in part by encouraging people to think about aging as an "asset" as opposed to a "challenge," increasing literacy on aging-related issues, and eliminating ageist images and expressions in language across social, print and other media.[15] The Massachusetts Healthy Aging Collaborative, a non-profit organization, promotes age-friendly initiatives state-wide, in part by collecting detailed community level data on older adult health; Massachusetts is one of a handful of U.S. states that collect this data.

For those with coverage, the Massachusetts LTC system provides a range of services, which are largely financed by MassHealth and private pay. Changing demographics are resulting in workforce challenges and greater pressure on family caregivers, who are the primary source of LTC in many cases. An patchwork regulatory landscape means that not all LTC services provided have oversight, while Massachusetts continues to work to change societal norms in terms of aging and LTC.

Germany's LTC system

By the early 1990s, a combination of factors, including regional and local finance shortfalls driven by demographic change, helped facilitate establishment of Germany's public LTC social insurance program. Enacted in 1994, the *soziale Pflegeversicherung* (SPV) covers 90% of the population and is financed by a payroll tax paid equally by employers and employees. The remaining 10% of the population is covered under mandatory private LTC insurance schemes or *private Pflegeversicherung* (PPV).

Rothgang (2010) describes the SPV's many successes: LTC was acknowledged as a social risk, fiscal burdens for LTC expenditures on state and local governments were reduced, family care support was strengthened, and formal LTC sector capacity expanded significantly. The 1994 reforms also had a major impact on both home and community-based services and residential care offerings, as the number of HCBS providers and residential care facilities roughly tripled between 1995 and 2013 (Nadash et al. 2018). Today, German citizens covered by the public system are eligible to receive benefits ranging from a cash benefit of about $1,635 per year (1,500 Euros) to $26,235 (24,060 Euros) depending on the case severity and type of benefit chosen.[16]

After a decade or so of stasis, the SPV has undergone significant reform in the past 20 years. In addition to periodic increases to the individual SPV contribution rate, recent reforms added adult day and night care benefits, redefined benefit levels, increased consumer protection measures, and expanded benefits to include dementia and related illnesses.[17] Germany's LTC system, however faces significant challenges today, driven in large part by the country' quickly ageing population. States in the territory of former East Germany and West Germany are experiencing demographic change[18] and pressure on the country's LTC system in different ways.

---

[15] Commonwealth of Massachusetts. (2022). "Reimagine Aging: Planning Together to Create an Age-Friendly Future for Massachusetts." https://www.mass.gov/doc/reimagine-aging-year-three-progress-report/download

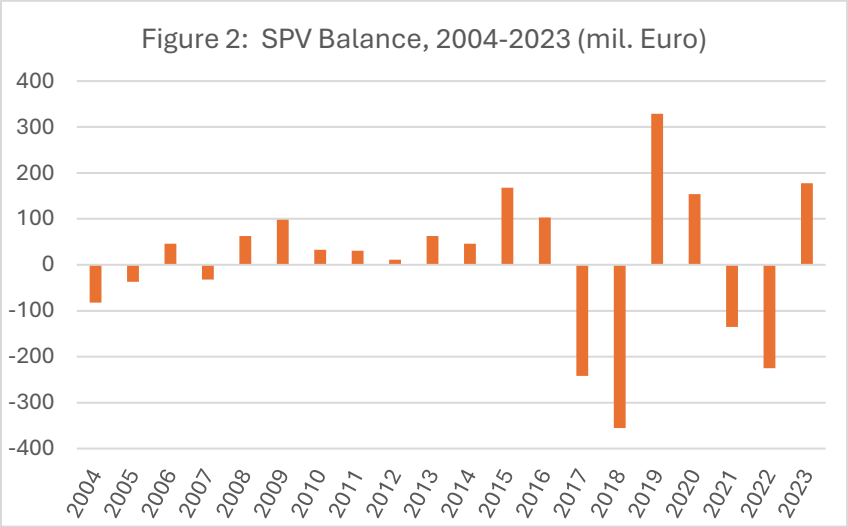
[16] Bundesministerium fuer Gesundheit. (2024). "Finanzierung der Pflegeversicherung." https://www.bundesgesundheitsministerium.de/themen/pflege/online-ratgeber-pflege/die-pflegeversicherung/finanzierung/.

[17] Siegl, Johannes. (2024). "Die Pflegestaerkungesetze: PSG 1, PSG 2, PSG 3". Pflege.de. https://www.pflege.de/pflegegesetz-pflegerecht/pflegestaerkungsgesetze/#magazin-4-fragen-an-dr-regina-grundler.

[18] Source: Author's calculations based on data from Statistisches Bundesamt Deutschland: https://www-genesis.destatis.de/datenbank/online/statistic/12421/details.

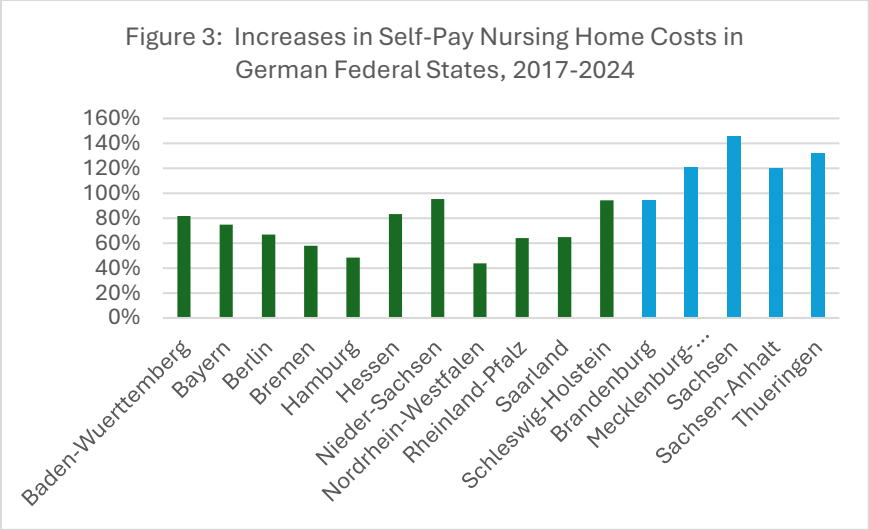
Liquidity challenges, residual spending increases, and consumer cost growth

Recent financing trends underscore pressure on the SPV, as depicted in Figure 2.[19] Avoiding a permanent deficit in the SPV since 2017 has only been possible by increasing the contribution rate from 2.35% in 2015 progressively to 3.40% in 2023 for individuals with children (split evenly with employers) and 2.6% to 4.0% for individuals without children, where the additional contribution for childless individuals grew from 0.25% to 0.6%.



As Germany's system covers only a portion of LTC costs, consumers and their families must fund all costs above system benefit levels. As an illustration of the growing cost burden on consumers and their families, Figure 3[20] shows growth in self-pay nursing home costs between 2017 and 2024. Self-pay nursing home costs grew €on average by 71%, or €1,793 per month to €3,025 per month in former West German states and 122%, or €1,193 per month to €2,641 in the former East Germany.

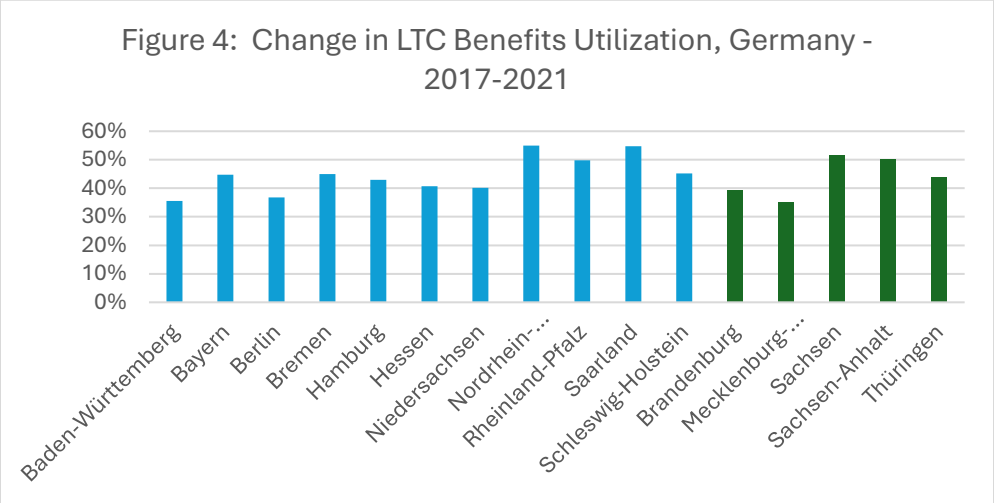
[19] Source: Author's calculations based on data from the Bundesministerium fuer Gesundheit: https://www.bundesgesundheitsministerium.de/themen/pflege/pflegeversicherung-zahlen-und-fakten/.
[20] Sources: Author's calculations based on data from Barmer and WIDO: https://www.bifg.de/media/dl/Reporte/Pflegereporte/2017/barmer-pflegereport-2017.pdf, https://www.wido.de/fileadmin/Dateien/Dokumente/Forschung_Projekte/Pflege/Finanzierung_03_2024/Abbildungen_Entwicklung_der_Eigenanteile_in_der_vollstationaeren_Pflege_Stand_31.03.2024.pdf.



Individuals have the option to purchase supplementary private LTC insurance to cover costs that go above and beyond mandatory system coverage. The number of supplemental private LTC insurance policies continues to grow, with 4.17 million active policies as of 2022.[21] Reforms passed in 2013 to subsidize supplemental private insurance purchase have not led to significant change in purchases.

Utilization trends, workforce shortages, and fewer providers

As implied by demographic changes, the number of people accessing LTC system benefits continues to increase. Figure 5[22] shows growth across federal states in terms of the number of people needing care between 2017 and 2021, which on average increased by 45%, from about 3.4M to 5.0M individuals.

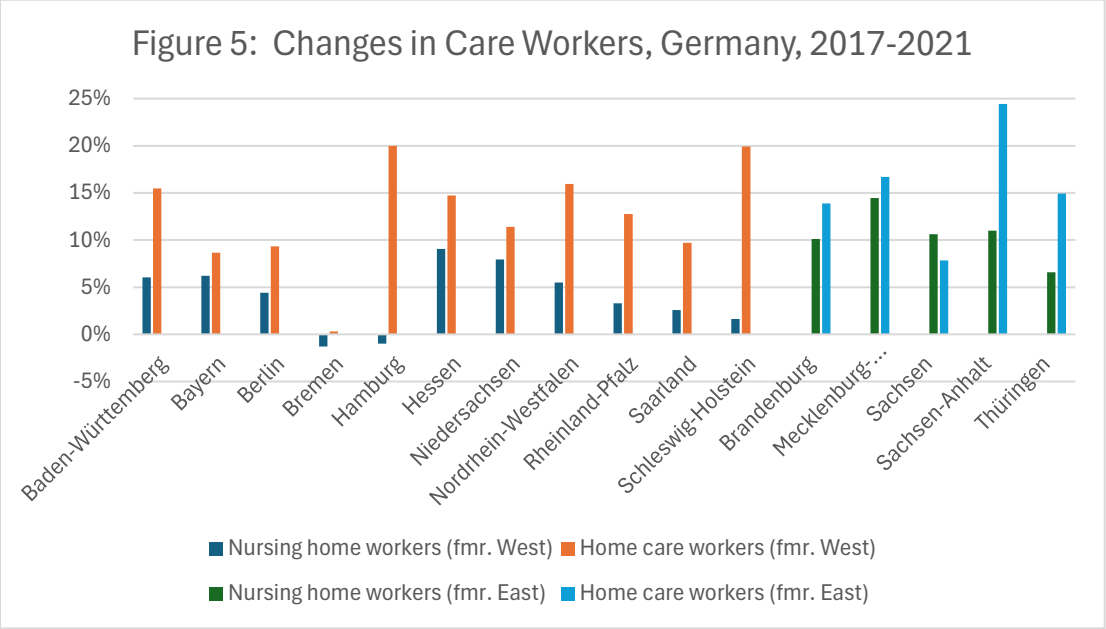


Formal sector workforce growth trends also help to show pressure on the capacity of the formal LTC sector and increasing burdens for family caregivers. While the number of home care workers grew by 13% on average between 2017-2021, from about 390K to 443K, the number of nursing home workers,

[21] PKV. "Vorsorgen mit der Pflegezusatzversicherung." https://www.pkv.de/wissen/pflegepflichtversicherung/vorsorgen-mit-der-pflegezusatzversicherung/

[22] Source: Author's calculations based on data from Statistisches Bundesamt Deutschland: https://www-genesis.destatis.de/datenbank/online/statistic/22421/table/22421-0010.

grew only by about 6%, from 765K to 814K, as shown in Figure 5.[23] Growth in the number of home care workers was roughly the same in the former East and West, while the number of nursing home workers in the former East grew by 10% versus 6% in the former West.



Turning to provider growth trends in recent years, Table 1 shows that private sector private growth in home care is driving overall provider growth in the home care sector.[24] The increase in public providers shown below is due to growth from a low base in the former East, 26 providers to 31 providers over the period in question; private providers in the former West grew by 1,011, from 7,035 in 2017 to 8,046 in 2021.

Table 1: Home Care Provider Growth, 2017-2024

	Private	Non-profit	Public
West - 2017	7,035	3,284	161
West - 2021	8,046	3,432	168
% change	14%	5%	4%
East - 2017	2,208	975	26
East - 2021	2,384	1,017	31
% change	8%	4%	19%

As of 2021, 41% of available nursing home beds were in private nursing homes, while 53% were in non-profit and 6% were run by the state. The number of available nursing home beds grew from 952,367 in

[23] Sources: Author calculation based on data from the Statistisches Bundesamt Deutschland: https://www-genesis.destatis.de/datenbank/online/statistic/22412/table/22412-0015, https://www-genesis.destatis.de/datenbank/online/statistic/22411/table/22411-0014.

[24] Source: Author calculation based on data from the Statistisches Bundesamt Deutschland: https://www-genesis.destatis.de/datenbank/online/statistic/22411/table/22411-0010.

2017 to 984,688 in 2021, driven largely by a 7% increase in private sector-run nursing homes.[25] Table 2 shows how nursing home bed growth overall appears to be driven by the addition of beds in the former East, where private nursing homes increased by 9%, non-profit beds increase by 3%, and state institution beds increased by 21%.

Table 2: Growth in nursing home beds, 2017-2021			
	Private	Non-Profit	Public
West - 2017	303,253	422,429	46,673
West - 2021	301,970	424,774	44,095
% change	-0.4%	1%	-6%
East 2017	71,739	96,217	8,883
East - 2021	78,304	99,236	10,711
% change	9%	3%	21%

Differences between the former East and West Germany remain salient for considering development of the country's LTC system. Without additional reform, the ability of the SPV to pay for future LTC costs is under question. In line with demographic trends, more people are utilizing services via the SPV, with a growing share choosing the self-directed option. This underscores the growing pressure on family caregivers. The LTC workforce in Germany is growing, but more slowly than demographic trends. LTC provider growth is being driven by the private sector generally and in the former East.

Table 3: LTC in Germany and Massachusetts: Demographics, Coverage, Service Delivery, Regulation, and Normative Change		
Measure	Germany	Massachusetts
% Change in 65+ Cohort, 2025-2050	+19%	+34%
Public LTC insurance coverage	90%	10%
Private LTC insurance coverage	10%	15%
Total LTC insurance coverage	100%	25%
LTC system organizing principle	Family	Family
Regulation	All institutional and home care providers	All institutional and some home care providers
Normative change examples	"Pflege im Quartier" (Neighbors helping neighbors)	"Age and Dementia Friendly"

Perspectives on Germany's LTC system and lessons for Massachusetts

In September and early October 2024, I conducted semi-structured interviews with nineteen professionals in 9 German cities (six federal states, including one in the former East Germany) working in or researching Germany's LTC system. Key informants included government or quasi-governmental agency officials, civil society activists, private industry representatives, service providers, researchers, and family caregivers. Fifteen interviews were conducted in-person at the key informant's workplace or in a café, while four interviews took place via video conferencing; on average, interviews lasted one to

[25] Source: Author calculation based on data from the Statistisches Bundesamt Deutschland: https://www-genesis.destatis.de/datenbank/online/statistic/22412/table/22412-0011.

two hours. Questions were tailored to each key informant's role in the LTC system, though certain general questions were asked of each interviewee. I took notes during the interviews and made no formal recording; interview notes and post-interview critical-reflective notes are stored on my password protected computer. Prior to the interviews, participants gave informed consent.

In this section I analyze the interview data, organized under four categories: system strengths, finance reform, service delivery challenges, and regulation. After results are presented for each category, I offer lessons for Massachusetts policymakers.

System Strengths

Interviewees were clear in recognizing the strengths of Germany's LTC system, despite the challenges. One key informant observed that it is a major advantage for the public LTC system to manage risk based on the principle of social solidarity. This interviewee also suggested that significant benefit expansions enacted in 2017 to include respite and dementia care are evidence that policymakers take reform seriously. For another interviewee, the fact that contributions to the SPV cannot be allocated to other political priorities means the system is politically insulated, which helps to inspire confidence. While acknowledging concerns about the system, one key informant spoke about how their family received the LTC care and support they needed, and that "the system can work well for people."

Lessons: If Massachusetts is to enact significant LTC reform, including establishing a public LTC social insurance program, residents will oppose losing or reducing services, should the reformed system deliver on promised benefits.

Financing

Given financial pressure on the SPV, interviewee perspectives on potential LTC finance reforms can be broadly divided into two camps: full public coverage and no bifurcated financing system ("*Pflegebuergervollverischerung*") or private coverage for all future costs beyond those currently covered by the SPV (*"Kapitaldeckung"*).

Five interviewees expressed clear support for adopting the *Pflegebuergervollversicherung*, which entails two major steps, as described by Rothgang and Domhoff (2019). First, partial SPV coverage for LTC costs is extended to full coverage. Individuals utilizing LTC services would continue to pay a "premium," which could be set to a periodically revised amount able to be supported by the average pension benefit, for example. The second major step eliminates the PPV and mandates that all German citizens contribute to the SPV, which will increase the financial stability of the SPV, as the incomes of PPV-insured individuals are on average twice as high. Given that 89% of Germans are covered by the public LTC social insurance system and 11% are covered by a private option[26], one key informant argued that the private system, used mostly by individuals with annual income over $75,700, civil servants, and self-employed people, amounts to a structural weakness where the rich opt out of social solidarity for LTC costs. Under the *Pflegebuergervollversicherung*, individual consumer costs would be limited and cost increase risks would be socialized.

On the other hand, two interviewees argued that *Kapitaldeckung* or capital coverage model was the right next step for Germany to address LTC system financing concerns. According to Breyer (2000), in the capital coverage approach citizens contribute money to a dedicated account, which is invested on their

[26] Bundesministerium fuer Gesundheit. (2023). "Zahlen und Fakten zur Pflegeversicherung." https://www.bundesgesundheitsministerium.de/fileadmin/Dateien/3_Downloads/Statistiken/Pflegeversicherung/Zahlen_und_Fakten/Zahlen_und_Fakten_pv_bf.pdf.

behalf by a private insurance company. Given the expected return on investment and acknowledging inherent investment risk, citizens would then have funds to cover LTC costs, if needed. The capital coverage model has the added benefit of being intergenerationally fair, in that a citizen accesses the funds that she has contributed when she needs them, as opposed to the SPV pay-as-you-go model whereby the current working generation pays the costs of generation currently using LTC services. Given that social welfare contributions as a percentage of income are already around 40%, two interviewees suggested that increasing SPV contributions further would have negative consequences for the Germany economy.

While German citizens have the option to purchase private supplemental LTC insurance for additional coverage beyond the SPV and PPV, relatively few do so. In explaining this, one interviewee suggested that private supplemental insurance products are complicated and not popular among the insurance sales force. Another interviewee argued that demand for private supplemental insurance remains soft because it is not mandatory.

Lessons: The right financing mix for a future Massachusetts LTC system is likely a combination of public and private mechanisms. If the system baseline is a ring-fenced, universal public LTC social insurance program that covers a portion of expected costs and is funded by annual payroll contributions indexed to inflation, policymakers may consider individual or employer-based private supplemental LTC insurance products as additional cost coverage options. Another approach to supplement a public LTC social insurance program would be to establish market-based savings accounts to help residents set aside income to pay for LTC costs.

Service delivery

The gap between demand for LTC services and system capacity to deliver services in Germany has become a bigger challenge in recent years, leading one interviewee to suggest that "there is a right to invoice for LTC services, but no right to receive LTC benefits."

One of the major reasons consumers are unable to receive formal LTC services is the workforce shortage. Interviewees shared similar perspectives as to why, beyond demographic factors, growth in the number of formal sector LTC workers has not kept pace with demand. Nearly half of those interviewed described working conditions for LTC workers as challenging, while two key informants lamented how some LTC workers leave the profession after a few years because the training and education received are at odds with the job reality. Interviewees described how LTC workers typically must move from "case" to "case" without being able to offer consumers the time and concern they deserve, which takes the humanity out of the act of caring for another person; career advancement typically cannot happen through direct service work.

Workforce challenges mean a greater burden on family caregivers, who are mostly women. Four interviewees suggested that the German LTC system's family caregiver-centered model is under pressure. Germany's birth rate is low and family members do not necessarily live near one another anymore; family caregiving at a distance is a challenge. Though Germany's social welfare system provides family caregivers with 10 paid days off work, financial support for family caregivers is otherwise limited. Two key informants maintained that political representation is a major issue for family caregivers, though the establishment of the advocacy organization "*wir pflegen!"* in 2008 and the subsequent spread of its federal state level affiliates has brought a greater national and local focus to family caregiving.

In describing service delivery challenges, interviewees also offered innovative, community-based solutions to formal sector LTC workforce shortages. Four key informants highlighted the idea of *Pflege*

im Quartier, which centers around building greater social reciprocity and volunteerism, by which people regardless of family connection care for one another. By improving the culture of volunteerism, the entire community can be mobilized to address LTC needs, albeit with a central role for the professional care worker in providing oversight, guidance, and advanced care.

LTC consumers in Germany can receive supportive services, care management, and advice from local and regional-based organizations called *Pflegestuetzpunkte* (PSPs), which are funded by LTC two social insurance institutions (*Pflegekassen* and *Krankenkassen*) and municipalities. There is uneven distribution of PSPs across German federal states, [27] in part because some municipalities lack the resources to build PSPs, as two key informants described it.

Lessons: By supporting the LTC workforce with attractive wages and improving working conditions, policymakers in Massachusetts can help blunt the impact of workforce shortages on service delivery. While Massachusetts does offer benefits to family caregivers, increased financial support, such as tax credits and age-friendly work environments would help ease burdens on family caregivers. If more strongly supported, family caregivers are more likely to be able to work and maintain financial independence. Innovative programs like the Caregiver to Caregiver network for parents and caregivers of children and youth with special health needs[28] could be models to advance existing state- and community-wide age-friendly initiatives. In addition, further strengthening of Massachusetts' ASAP and COA networks would help meet demand for case management and information and referral services.

Regulation

Key informants described challenges and opportunities in government oversight of Germany's LTC system and in the normative landscape for LTC. Over-bureaucratization was an important issue for four interviewees; one key informant suggested that heavy bureaucracy incentivizes people to avoid personal responsibility, leading them to rely on government officials to make decisions for them. Another key informant focused on how Germany's federal system of government and vagueness in the SPV law have allowed for both innovation and uneven development of federal state and local systems; wealthier federal states have prioritized and funded long-term care programs, while lower income states have been had less flexibility in this regard. Federalism, for another key informant, has meant a frequent gap between theory and practice, in that "the theory is developed at the higher levels of government and then there are not enough resources to implement the theory at the lower levels of government." One practical consequence of sometimes inadequate coordination between agencies at different levels of government is the lack of an incentive structure to implement prevention mechanisms, as four key informants described.

Another area of regulatory concern for interviewees was the under-professionalization and underrepresentation of formal care workers. Nurses generally and care workers more specifically are formally restricted in decisionmaking, leaving doctors to set care plans. Two key informants noted that while doctors have official representative bodies at the federal and federal state level, there are only two federal state level representative bodies for nurses. In addition, limited academic institutions for nursing and care workers are hindering the development of the LTC profession, according to three

[27] IGES Institute. (2023). "Evaluation der Pflegeberatung und der Pflegeberatungsstrukturen gemass der gesetzlichen Berichtspflicht nach § 7a Abs. 9 SGB XI." https://www.gkv-spitzenverband.de/media/dokumente/pflegeversicherung/beratung_und_betreuung/pflegeberatung/20230622_IGES_Abschlussbericht_Evaluation_Pflegeberatung.pdf.

[28] Suffolk University-Boston. (2023). "EMBA Graduate Lands $1.2 Million Grant." https://www.suffolk.edu/news-features/news/2023/07/10/15/05/beth-bostic.

interviewees. By deepening the academic basis for LTC, workers would receive stronger training and would leave school feeling more empowered.

While the number of LTC providers continues to grow, it appears that the supply of formal LTC services is not meeting demand. In particular, one key informant worried that private providers are being strengthened at the expense of non-profit organizations; another interviewee observed that non-profit providers are leaving the system. Regardless of type, all providers are held to federal quality regulations standards which ensures a measure of standardization across the country.

Normative change was a constant topic throughout the interviews. For three key informants, expectations of what the German public LTC social insurance system should deliver do not match the reality, which leads to disappointment. Four interviewees highlighted how needing LTC is perceived negatively because it happens at the end of a person's life; as a result, some people choose not to be prepared. Negative perceptions of LTC tie back to the idea that one interviewee shared, namely that LTC for older adults is not like caring for children, because "no one takes their demented mother to work."

Lessons: In terms regulatory reforms and normative change, Massachusetts should consider future steps to clarify the specific responsibilities that state and local agencies have, including coordination of prevention measures and authorizing services at the earliest point of need. By continuing to develop formal career ladders and including worker representation in policy discussions, Massachusetts would strength support for the LTC workforce. Consistent standards and credentials, particularly with respect to home care, perhaps drawing on the work of the Massachusetts Home Care Licensing Commission,[29] would benefit providers, consumers, and the LTC workforce. In addition, efforts to "reimagine" LTC and aging should continue to be front and center; the more that people change their perceptions of LTC and aging, the easier it will be for society to adapt to the realities of demographic change.

Conclusion

Populations in the Germany and the U.S. state of Massachusetts continue to grow older along similar trajectories. As Massachusetts has the policy freedom to develop a more robust state-based LTC system, lessons from Germany's experience with LTC reform over the past thirty years are potentially relevant for Massachusetts policymakers. About 75% of Massachusetts residents lack LTC insurance coverage, which means significant financial burdens for many families. A workforce shortage and attendant pressure on family caregivers translates into significant economic, societal, and political challenges for the state. Yet a well-developed provider landscape and strong regional and local non-profit and municipal agencies suggest that Massachusetts has a strong foundation upon which to base future LTC reforms.

The establishment of Germany's public LTC social insurance program in 1994 has improved the lives of many citizens. Demographic change, financing pressures, lagging provider growth, and an increasing consumer cost burden are challenging Germany's LTC system. Perspectives from 19 key informants working in or on researching Germany's LTC system help to underpin three sets of reform ideas for Massachusetts. First, Massachusetts policymakers should consider a combination of public and private financing mechanisms. Second, LTC service delivery in Massachusetts could be strengthened by supporting family caregivers and the formal workforce, as well as adopting societal reciprocity models,

[29] Massachusetts Department of Public Health. (2021). "Report on Establishing a State-wide Home Care Licensing Process." https://www.mass.gov/doc/home-care-licensing-commission-final-report-submitted-to-the-legislature/download.

by which community members assist one another. Case management and information and referral functions, provided effectively by regional and local non-profit and municipal agencies, should be further strengthened. Third, consistent standards and credentials for home care agencies could help improve care quality and workforce value, while the development of formal career ladders and ensuring worker representation in reform discussions are key. Strengthening prevention measures and enabling services to be accessed at the earliest point of need could improve consumer welfare and reduce subsequent costs. By continuing to shift perceptions around aging and LTC, Massachusetts would help residents to more fully acknowledge the reality of demographic change.

Massachusetts policymakers are actively exploring potential reforms to the state's current LTC system. In the absence of meaningful reform at the federal level in the U.S., Massachusetts has the opportunity to learn from the experience of other countries to develop a sustainable LTC system that meets the needs of the state's aging population.

References

Andrews, D. (2014). Can long-term care protection in other developed countries provide guidance for the United States? Germany as an example. *Society of Actuaries*.

Breyer, F. (2000). Kapitaldeckungs- versus Umlageverfahren. *Perspektiven der Wirtschaftspolitik,* 1(4), 383-405.

Campbell, A. L., & Morgan, K. J. (2005). Federalism and the politics of old-age care in Germany and the United States. *Comparative Political Studies*, *38*(8), 887-914.

Campbell, J. C., Ikegami, N., & Gibson, M. J. (2010). Lessons from public long-term care insurance in Germany and Japan. *Health Affairs*, *29*(1), 87-95.

Fischer, J., Frisina Doetter, L., & Rothgang, H. (2009). Comparing long-term care systems: a multi-dimensional, actor-centered typology. *Social Policy & Administration*, *56*(1), 33-47.

Galston, W. (2012). The long term is now. *Democracy*, (26), 60.

Gibson, M. J. S., & Redfoot, D. L. (2007). *Comparing long-term care in Germany and the United States: what can we learn from each other?* Washington, DC: AARP Public Policy Institute.

Harrington, C. A., Geraedts, M., & Heller, G. V. (2002). Germany's long term care insurance model: Lessons for the United States. *Journal of Public Health Policy*, *23*, 44-65.

Nadash, P., & Cuellar, A. E. (2017). The emerging market for supplemental long term care insurance in Germany in the context of the 2013 Pflege-Bahr reform. *Health policy*, *121*(6), 588-593.

Pinquart, M., Sörensen, S., & Davey, A. (2003). National and regional differences in preparation for future care needs: A comparison of the United States and Germany. *Journal of Cross-Cultural Gerontology*, *18*, 53-78.

Rothgang, H. and Domhoff, D. (2019). Die Pflegebürgerversicherung als Vollversicherung: Beitragssatz- und Verteilungseffekte bei Umwandlung der Pflegeversicherung in eine Bürgerversicherung mit Vollversicherung. *Hans Bockler Stiftung*, 150.

Rothgang, H. (2010). Social insurance for long-term care: An evaluation of the German model. *Social Policy & Administration*, *44*(4), 436-460.

Schunk, M. and Estes, C. (2001) Is German Long-Term Care Insurance a Model for the United States? *International Journal of Health Services*. 31(3): 617-634.