

# Lessons from Abroad, Applied State-Side: The US Needs to Increase Investment in Home and Community-Based Services

By David C. Grabowski

**T**he US needs to follow other countries like Denmark and the Netherlands in transforming its spending on long-term care and medical services. The US currently buys too much low-value medical care and buys too little high-value long-term care — specifically, home and community-based services (HCBS).

As the Biden Administration considers an expansion of HCBS, several factors would make this investment most productive. First, the US should use this investment to improve care coordination across long-term care and medical services. Second, as part of this system of care, the US needs to invest in a navigating function such that families can learn about and access the services that best meet their needs. And finally, the US should invest in better pay and working conditions for caregivers.

## An Outlier in Medical Spending

When it comes to medical services, the US is an outlier in spending far more of its gross domestic product (GDP) on health care services than any other country in the world. The US spends over 17 percent of its GDP on medical care, whereas the next highest country, Switzerland, devotes 12 percent of its GDP to medical spending. Out of every dollar of spending, the US devotes five cents more to medical care than its next closest counterpart. Much has been written about how this extra spending does not produce better health care outcomes in the US.

The opposite is true when it comes to long-term care spending, with the US spending significantly less relative to other countries. The US spends roughly 1.5 percent of its GDP on long-term care, similar to countries such as Iceland and New Zealand. By comparison, countries such as the Netherlands and Denmark spend over 3.5 percent of their GDP on long-term care. Out of every dollar of spending, the US devotes less than half as much on long-term care relative to these countries. Unfortunately, when it comes to long-term care, the US gets exactly what it pays for relative to its northern European counterparts.

## Significant Value of Long-term Care Spending

What does the extra investment in long-term care buy in these other countries? Quite a lot. Regardless of where they live, older adults prefer receiving care in the community rather than a facility. More HCBS also leads to less reliance and stress on family caregivers and a lower likelihood of entry to nursing homes.

In countries like the Netherlands and Denmark that invest far more in HCBS than the US, there are generally high levels of satisfaction with long-term care services. Conversely, satisfaction rates in the US are consistently low. Denmark has double the share of individuals receiving long-term care at home relative to the US.

The COVID-19 pandemic revealed another reason to support increased investment in HCBS. In a study of Connecticut long-term care settings, the rate of COVID cases and deaths were far lower for those receiving HCBS than in either nursing homes or assisted living facilities. During the five-month study period, more than one-third (37 percent) of nursing home residents and 14 percent of assisted living residents were COVID-positive, compared with 2-3 percent of HCBS recipients. The share of nursing home (11 percent) and assisted living (5 percent) residents who died from COVID-19 was considerably higher than the HCBS population (< 1 percent). Thus, HCBS is not only associated with better quality of life, it also likely saved lives during the pandemic relative to facility-based long-term care settings.

## Growing HCBS in the United States

An influx of public dollars in HCBS is needed. The Biden Administration initially proposed a sizable investment in HCBS of \$400 billion over the next eight years. The Build Back Better Act included \$150 billion for Medicaid HCBS. Regardless of the level of funding that becomes available, a key question is how to spend it. Several years ago, I led a study that surveyed over 1,100 long-term care experts about HCBS. Not surprisingly, the experts expressed strong enthusiasm for increasing investment in HCBS. Experts supported system-based approaches for this expansion,

including better care coordination, helping consumers make informed long-term care choices, and supporting paid caregivers. These elements are exactly what are found in countries that invest more heavily in HCBS.

***Better Care Coordination.*** HCBS are just one of many long-term care and medical services that will be needed by older adults. Over time, HCBS recipients often require nursing home care. It is wrong to treat investment in HCBS and nursing homes as competing objectives. This is a false dichotomy. Instead, the US needs to encourage greater coordination in care between institutional settings and home-like settings.

Likewise, the goal in the US should not be to rebalance from nursing homes to HCBS but rebalance from institutional settings to more home-like settings. Other countries like the Netherlands not only invest more than the US in HCBS, but also invest more in home-like, less institutional nursing homes. These home-like models are associated with a better quality of life. The US needs to grow HCBS and transform its stock of nursing homes to build a true long-term care system.

In addition to reimagining long-term care, the US also needs to better connect long-term care with health care services. Several innovative models that integrate health and long-term care have been developed in recent years including the financial alignment initiative and the fully integrated dual eligible special needs plans. By coordinating health care for individuals living in the community with long-term care needs, the hope is that these models can allow individuals to age in place and avoid unnecessary, costly transfers to the hospital and nursing home.

***Making Informed Long-Term Care Choices.*** Another important feature in growing HCBS is providing tools for older adults and their families to navigate the system and access the services that they need. Currently, care recipients in the US are often “flying blind” due to the complexity of long-term care choices and the lack of resources to help navigate the system. Older adults need a centralized community-based resource where they can get help quickly and easily. Moreover, they need to be able to find resources and guidance from advisers who are not beholden to private enterprise, and who can steer them toward the solutions that best meet their financial, care, and social needs. What is needed is a network of community-based healthy aging hubs across the country where families can go for resources, support, and advice — a one-stop shop for ongoing services and support needs.

***Supporting the Workforce.*** The final piece in the expansion of HCBS is support of the workforce. In the US, many caregivers working in HCBS are underpaid and undervalued, often paid at or near minimum wage with few benefits. They are predominantly women. Many are persons of color and recent immigrants. The work can be difficult and isolating, and these challenges were magnified during the pandemic. There are a range of ideas for improving the support of this workforce, but it starts with improving wages and benefits for direct caregivers. As the US invests more public dollars in HCBS, the bulk of this investment needs to be directed to the individuals doing the care.

### **Building a Better System**

By tapping elements of the successful long-term care systems from other countries like Denmark and the Netherlands, the US can transform its spending practices. Focusing on a rebalancing of long-term care from institutional settings to a more home-like model would go a long way to improving not only the cost of care, but patient satisfaction. With the Biden Administration’s efforts to expand HCBS, there is an opportunity to improve care coordination, better assist families in navigating the complexities of long-term care and enhance the pay and working conditions of paid caregivers. ●



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