

Seminari di Economia

Venerdì 6 Maggio 2016

Ore 12:20 - Aula Arcari

Facoltà di Scienze Economiche Giuridiche e Sociali - Viale S. Ignazio 86, piano terra

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Evaluating Long-Term-Care Policy Options, Taking the Family Seriously

Abstract We propose a dynamic non-cooperative framework for long-term-care (LTC) decisions of families. We first document the importance of informal caregiving and economic determinants of care arrangements in the US. We then build a heterogeneous-agents model with imperfectly-altruistic overlapping generations to account for the patterns we find. A key innovation is the availability of informal care, which is determined through intra-family bargaining. This has important implications for self-insurance and opens up a new margin in response to policy. The model generates a host of realistic care arrangements. We calibrate the model, and find that the model captures the observed care arrangements well. We ask what the implications of German-style LTC insurance would be for the US. We find that an informal-care subsidy substantially reduces Medicaid reliance; the reduction of tax revenues due to lower labor supply by caregivers is small. Combining a cut to the current Medicaid program with an informal-care subsidy is budget-neutral, and yields welfare gains in both the short and the long run.

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