

ISF Report 2012:12

The personal care
assistance market in
Sweden, an analysis of
the payment system

Swedish Social Insurance Inspectorate

Stockholm 2012

© Inspektionen för socialförsäkringen

Summary

The Swedish Social Insurance Inspectorate (Inspektionen för socialförsäkringen, ISF) is an independent supervisory agency for the Swedish social insurance system. The objectives of the agency are to strengthen compliance with legislation and other statutes, and to improve the efficiency of the social insurance system through system supervision and efficiency reviews and evaluations.

The ISF's work is mainly conducted on a project basis and is commissioned by the Government or initiated by the Agency. This report has been initiated by the Agency.

Background

The Social Insurance Code chapter 51 contains rules on compensation to certain disabled people for the costs of personal care assistance.

In 1994, the current legislation came into force. The reform was directed at individuals with an extensive need of support, due to disability (clients). Through the assistance reform, the legislation emphasized the client's autonomy. The intention was to deprofessionalize the assessment of how, where and when the support for people with disabilities should be carried out. These matters should be decided by the client. The client can also choose type of provider (private or municipal providers). The Government's task, through the Swedish Social Insurance Agency, is limited to determining the scope of the need for personal care assistance, i.e. the number of hours of assistance required per week.

Since 1 September 1997, providers receive a standard hourly allowance for every hour of assistance granted. This allowance is set by the Government and has been increased every year to date. For 2012, the Government has set the standard hourly allowance to SEK 267. The providers do not report to the Swedish Social Insurance

Agency how the allowance is spent. Any surplus, therefore, becomes a profit. The cost of the allowance amounted to SEK 5.2 billion in 1998 and in 2011 it had increased by approximately 470 per cent to SEK 24.3 billion.

Since the introduction of the standard hourly allowance, and up until 2011, the private companies' share of the market of personal care assistance has increased from 25 per cent to 45 per cent.

Objectives

The main objective of this review is to study whether the model for the standard hourly allowance, disbursed by the Swedish Social Insurance Agency, meets its intended purpose. In order to assess this, the terms applying to municipalities as providers of personal care assistance have been compared with the terms applying to private providers.

The ISF has, primarily, reviewed the financial conditions applying to private companies on the personal care assistance market.

Findings

This review shows that the standard hourly allowance is high compared to the actual costs incurred by the private companies for carrying out personal care assistance. According to ISF's calculations, the standard hourly allowance for 2012 allows for a margin of SEK 54 per hour for the private personal care assistance companies. Considering that these companies occupy 45 per cent of the personal care assistance market, which touches upon almost 100 million assistance hours, there is overcompensation of at least SEK 2.5 billion. An aggregated review of 20 private companies confirms that the standard hourly allowance is high, in comparison with the personal care assistance companies' costs.

Furthermore the review shows that the costs of providing personal care assistance are higher for municipalities than for private companies. Certain municipalities are unable to provide personal care assistance within the given limits. As a result, several municipalities do no longer provide personal care assistance and instead refer to private companies.

Recommendations

The Government should look into the structure of the standard hourly allowance.

The Government should assess whether it is effective to have the same allowance system regardless of provider. This assessment is necessary primarily because private companies on the one hand, and municipalities on the other, act on different financial terms. In the present system, it is only the private companies that benefit from any financial improvements to their services. The Government should consider whether there are better ways of allowing effectiveness in the private companies to benefit the public sector.