

The impact of contracting formal care benefits on informal care provision and caregiver well-being: evidence from Japan¹

Rong FU, Dung LE, Yoko IBUKA

Abstract

The rapid demographic transition has resulted in an ever-increasing demand for both formal and informal long-term care. This study investigated how changes in formal care availability affect informal caregiver well-being, which adds to the heated discussion on what constitutes an appropriate level of formal care that is both sustainable and adequate. We leveraged a reform of Japan's public long-term care insurance in 2006, which contracted formal care benefits among a group of recipients. By applying a difference-in-difference approach with fixed effects to a nationally representative sample of informal caregivers, we found that informal caregivers took on care duties when formal care benefits were reduced, which was detrimental to their well-being. The negative impact on well-being was reflected in decreased mobility and stability, as well as increased stress from financial strains and domestic work. We also found that the impact of contracting formal care was not always detrimental. Caregivers who are female, working, or low-income are particularly vulnerable to the negative effects of a lack of formal care, whereas male and non-working caregivers benefit from it in terms of reduced stress levels. The results suggest that policymakers should consider the diverse well-being impact of providing informal care for future reforms on long-term care systems.

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