

# **Nordic eldercare in the time of privatization: Experiences from Sweden**

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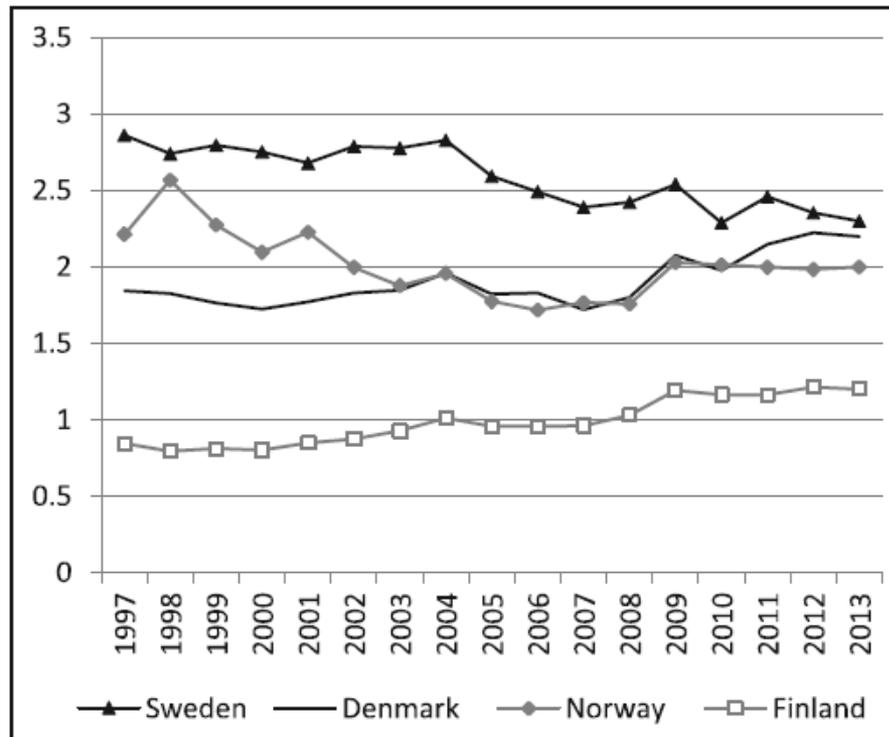
# Universalism an ideal in Nordic eldercare

- Publicly funded, publicly provided, high quality services directed to and used by all social groups according to need and not purchasing power
- **An equality ambition:** if the same services are used by all social groups the quality will improve for all
- Universalism: a matter of degree rather than a dichotomy
- But how universal are the Nordic welfare states, what are the trends and what do we know about the consequences?

# Similar legislation in the Nordic countries

- Local authorities are obliged to provide services for all residents according to need
- **But need is an elastic concept**
- Despite unchanged national universalist principles: tightened local guidelines
- Highly independent municipalities → large geographical variation
- **In practice: a comparatively weak right becoming weaker**

# Still comparatively generous public funding but clear Nordic differences



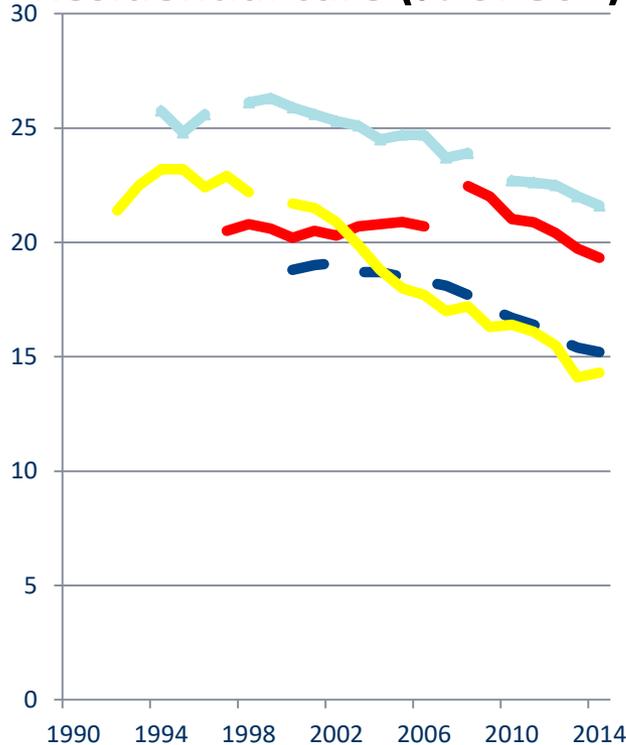
**Figure 1.** Spending on eldercare services as share of GDP, 1997–2013.

Szebehely &  
Meagher 2017

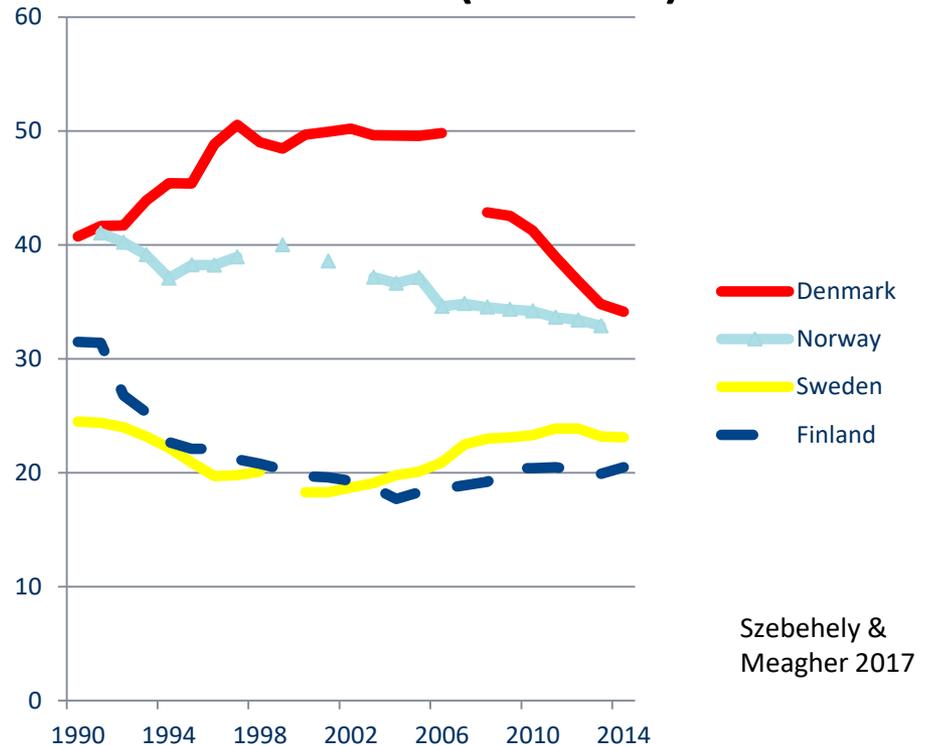
In relation to the ageing population – slight increase only in Denmark  
Finland: least generous public spending and highest user fees

# Declining service coverage

## Residential care (% of 80+)



## Home care (% of 80+)



Szebehely &  
Meagher 2017

Reduced coverage in all Nordic countries – cannot be explained by improved health in 80+ population.

DK and NO more generous than SE and (especially) FI but a general trend of declining coverage

# Inequality consequences of declining coverage: Re-familialisation and privatisation

- **Re-familialisation:**

- Clear trend in Sweden but indications of increase also in Finland and Norway
- **Mainly affecting those with fewer resources**

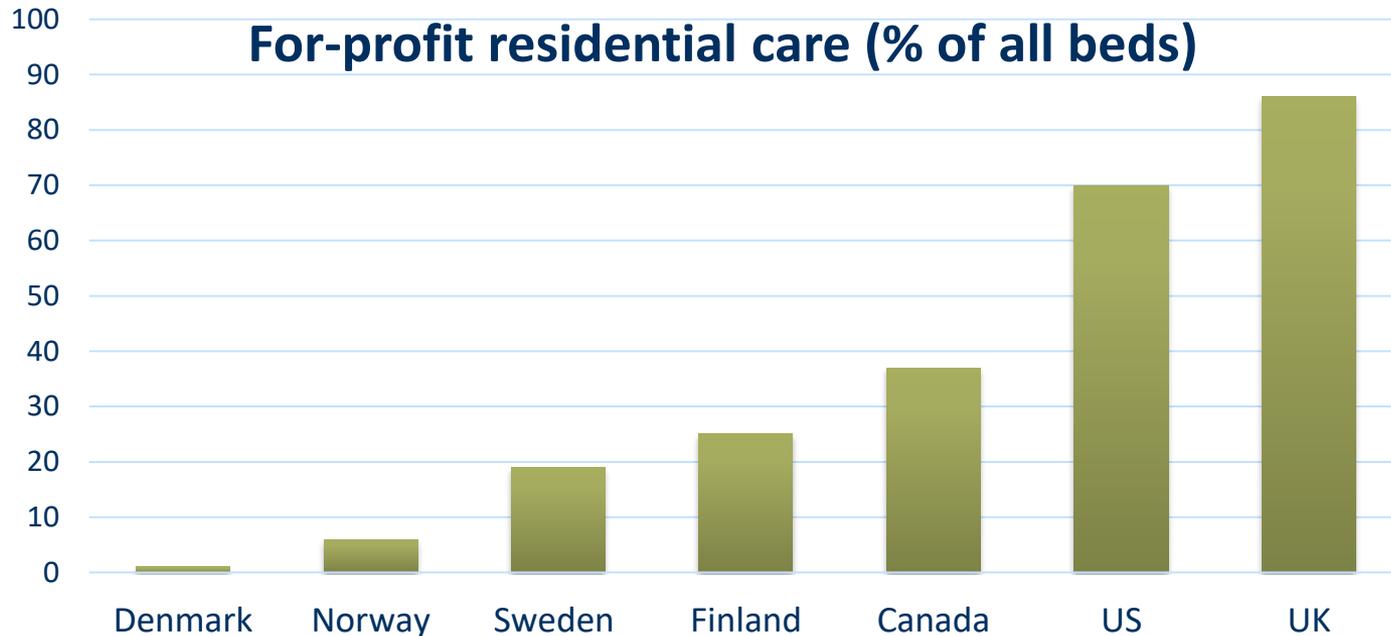
- **Privatisation:**

- Supported by **tax rebates** except for Norway
- Clear trend in Sweden but indications of increase also in Finland and Denmark – less so in Norway
- **Mainly affecting those with more resources**

## A third trend: marketisation

- **Marketisation in two waves:** Opening up for **competitive tendering** and outsourcing to for-profit providers in 1990s and for **choice models** in 2000s
- **Increase of for-profit providers** from almost zero before 1990 to around 20% in SE and FI; less than 5% in NO and DK
- **Non-profit private eldercare:** unchanged around 3% in Sweden; strongest tradition in Finland but declining: from 19 to 14% between 2000 and 2014

# Despite increase – still fairly small for-profit sector compared to Anglo-Saxon countries



Meagher & Szebehely 2013; Harrington et al. 2017; [THL 2018](#)

Differences between types of care: in Finland 7% of institutions but **38% of service housing** are run by for-profit companies in 2014 – **increase from 16% in 2000**

**Large local variation:** in 20 Swedish municipalities (of 290) the majority of residential care is privately provided – 2/3 of municipalities have no private homes at all (**political majority, urbanisation and individuals' income matter!**)

**Outsourcing after competitive tendering: hopes that competition will reduce costs, improve quality and stimulate the public sector (+ increase the non-profit sector)**

- **First price competition – mainly in residential care**
- Favoured large corporations (economies of scale, underbids) → increasingly concentrated market.
- Today often **quality competition** but small companies and non-profit organisations are still disadvantaged

## Similar trends in Finland and Sweden

- Competitive tendering started early, dominance of large corporations
- Heavily affected by recession around 1990 → promises of reduced costs attractive for local politicians
- Denmark och Norway much less affected by financial crisis at this time
- **Denmark and Norway have chosen to protect the non-profit sector (direct awards without competitive tendering); Finland and Sweden have overimplemented the EU competition legislation**

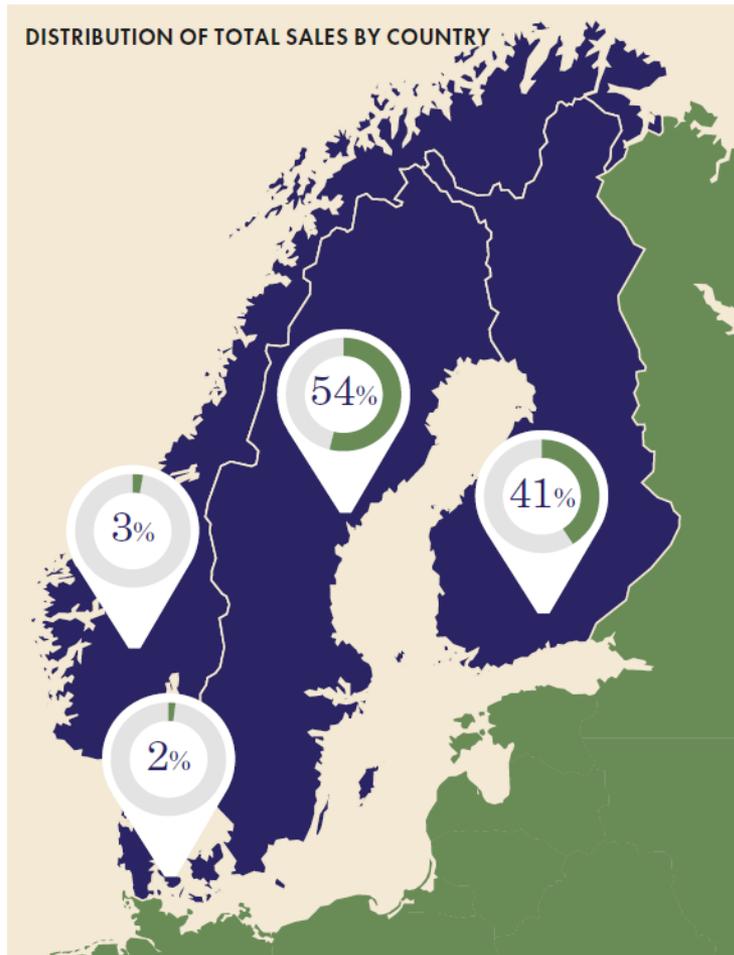
## Attendo – the largest care company in Finland and Sweden

- Started as a home-care company in a rich Swedish municipality in 1985 – today a “care conglomerate”
- Owned by private equity companies between 2005 and 2015; in 2016 listed on the stock market.
- Established in Finland in 2007 by merging with MedOne
- **Large and profitable:** More than 20,000 employees; more than 11 billion SEK net sales in 2017, operating profit (EBITA) more than 1 billion SEK, operating margin 9.7%.
- Strategy: “Attendo is to be the largest private care provider in Europe in 2025”

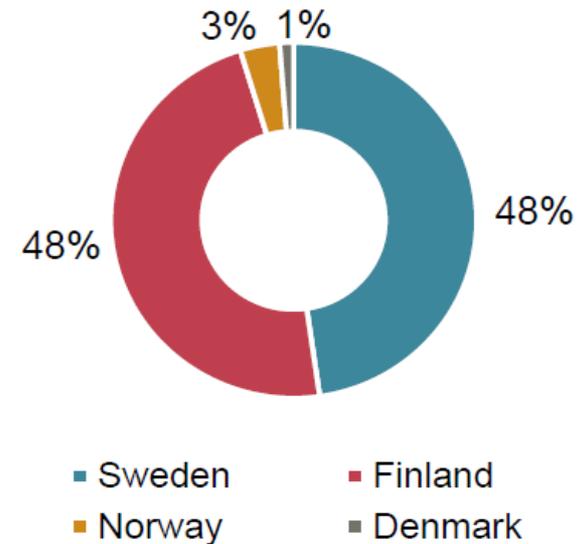
# Largest market in Sweden and Finland – fastest growth in Finland

Annual Report 2016:

Fourth quarter 2017:



Net sales per country, Q4 2017



# Increase in “own operations” – not outsourced services – in particular in Finland

## Units, beds and home care customers as of December 31, 2017

<b>Own units</b>	<b>Total</b>	<b>Sweden</b>	<b>Finland</b>	<b>Norway</b>	<b>Denmark</b>
Units in operation*	573	219	343	3	8
Beds in operation**	13,262	3,707	9,332	163	60
Beds under construction***	2,903	684	2,147	-	72
Home care customers	12,370	10,080	-	130	2,160

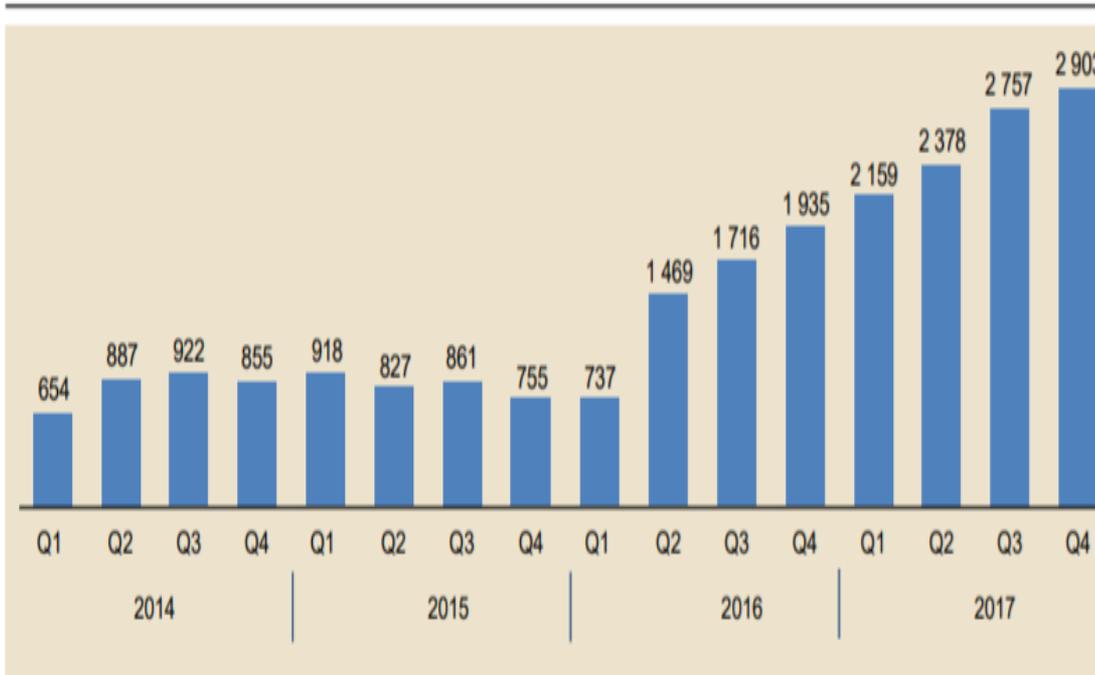
<b>Outsourcing</b>	<b>Total</b>	<b>Sweden</b>	<b>Finland</b>	<b>Norway</b>	<b>Denmark</b>
Units in operations*	129	86	37	5	1
Beds in operations**	3,678	2,754	586	310	28
Home care customers	1,390	750	640	-	-

\* All outsourced units including nursing homes, care homes and home care units and other units.

\*\* Nursing homes (CoP) and care homes (care for people with disabilities, social psychiatry and individuals and families).

# “Own operations” – a recent and growing phenomenon

No. of beds in own operation under construction<sup>2)</sup>

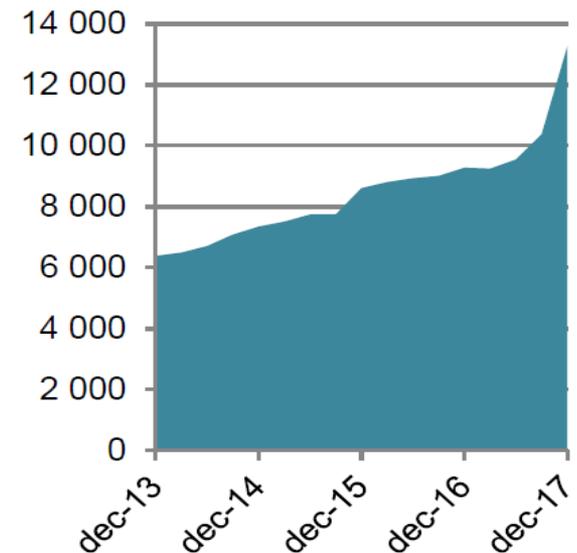


1) Own nursing homes (CoP) and own care homes (care for people with disabilities, social psychiatry and individuals and families)

2) Own nursing homes (CoP) and own care homes (care for people with disabilities and social psychiatry)

**Number of beds in own units**

Care for older people, people with disabilities and individuals and families



# **Partly as a response to oligopoly tendencies**

(but hand in hand with “own operations”: **choice models**)

- In Sweden new legislation (LOV) in 2009 – implemented in more than half of Swedish municipalities
- Private but not public providers can offer topping-up services (and pay half the price with tax rebate)
- Ideas behind choice models: competition and choice (exit) will empower users and improve quality (and favour small companies)
- But: care quality is difficult to assess and measure, older people are frail and continuity of care is crucial → difficult to choose and very few exit.

# Profitmaking in welfare services: a heated topic in Sweden

- Started in media around 2011: High profits, tax evasion and a major care scandal
- Important topic in the 2014 election campaign
- Social democratic minority government charged a “Welfare commission” on limiting profit-taking in welfare services and measures to improve the conditions for non-profit actors.
- The government’s and commission’s argument:
  - “When firms that are primarily profit-driven are involved, there is greater risk that firms will, with a view to keeping costs down, **cut back on such quality that is difficult to measure and monitor, reduce the staff ratio or design the business to attract service users associated with low costs**”
- In line with public opinion: a majority of the general public are against profit-taking in welfare services – but heavily attacked by private corporations and their interest organisations

# Private welfare providers' interest organisations against limiting profit

- Wide-ranging and well-resourced lobbying
- Framing *private provision* as necessary for choice, diversity, quality, innovation and financial sustainability, and *profit* as a necessary (and just) correlate of private provision – a system based on *public provision* becomes almost unthinkable.
- The CEO of the Confederation of Swedish Enterprise (Svenskt Näringsliv):
  - The proposal to limit profit-taking is “a blow to the entire Swedish business community and an ideological attack on the basic principle of free enterprise and, in the long run, on prosperity and welfare”

# Consequences of marketisation – what is known about costs

- Some evidence for cost saving of first generation outsourcing (price competition) but not later
- Increased costs for regulation and oversight?
- Today no discussion about cost saving in Sweden

# Consequences of marketisation – what is known about quality

- No evidence for improved quality
- Care research: **time, continuity** and **flexibility** crucial for users
- Lower levels of staffing, training and permanent employment in for-profit eldercare – lowest in the largest corporations
- But better 'process quality' in for-profit eldercare
- No difference in 'user satisfaction'.
- **Measures and findings contested**
- "More market, more regulation"
  - Trust crucial for flexibility but incompatible with profit motives?

# Consequences of marketisation – what is known about universalism/inequality?

- Large actors have strong voices – can affect public policy
- Winners and losers in choice models → increased inequality?
- Differentiated quality + “topping up” in “own operations” → increased inequality?
- Stricter regulation and cutbacks affect quality of care and quality of work
  - Creates a demand for “topping up” services?
  - Deteriorating working conditions especially in Finland and Sweden

## To sum up

- Clear trends of **de-universalisation** – in particular in Sweden and Finland: re-familialisation, privatisation and marketisation
- A universal model at the crossroads – risk for increasing inequalities
- Care workers – a forgotten group in a Nordic 'passion for equality'!

## **Finally: What can be learnt from the Swedish experience?**

- Marketisation is a contested issue – hopes, fears and economic interests
- Not much positive to be learnt from Sweden
- Learning from Norway instead?
- Stronger resistance to marketisation
- No choice legislation
- No tax rebate
- Protection of the non-profit sector
- Care workers less negatively affected!



**Thanks for listening!**

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# Suggestions for further reading

- Anttonen A & Karsio O (2017) How marketization is changing the Nordic model of care for older people. In Martinelli, Anttonen & Mätzke, eds: *Social service disrupted*. Edward Elgar.
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- Meagher G & Szebehely M, eds (2013) *Marketisation in Nordic eldercare*, Stockholm University ([www.normacare.net](http://www.normacare.net))
- Svallfors S & Tyllström A (2018) Resilient privatization: the puzzling case of for-profit welfare providers in Sweden, *Socio-Economic Review*.
- Szebehely M & Meagher G (2017) Nordic eldercare – weak universalism becoming weaker? *Journal of European Social Policy*.
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- Winblad U, Blomqvist P & Karlson A (2017) Do public nursing home care providers deliver higher quality than private providers? Evidence from Sweden. *BMC Health Services Research*, 17:487