

e estudios/Working Papers

Edición Especial (WP-2015-03)

Document Title **Challenges and reforms in Long-Term Care policy in Spain**

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Reception: 20/10/2014
Accepted: 29/01/2015
Published: 23/02/2015



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Challenges and reforms in Long-Term Care policy in Spain

Moreno Fuentes, Francisco Javier

Abstract:

The NorSpaR project aims to analyse the main public policy initiatives by which Norway and Spain cope with the new social and economic challenges derived from the so-called New Social Risks (NSR). Although both countries present significant differences in their institutional settings (such as Spanish EU membership), or its belonging to diverse welfare regimes types (Norway is generally included in the Nordic regime, while Spain is part of the Mediterranean one), both countries share a common interest in addressing the aforementioned challenges while maintaining social cohesion. In the last decade, governments in both countries have tried to respond to those challenges by reforming their labour markets, adapting their unemployment schemes, as well as their gender, family and long-term care policies. The analysis covered in this project includes three areas of public policy addressing NSR. First, dependency is one of the most daunting challenges for post-industrial societies experiencing population ageing and with an increasing number of frail people in need of care. This situation is forcing governments to rethink their long-term care policies. Second, family and gender public programs need to respond to the growing difficulties of families in reconciling professional and family life. Third, in the transition to a post-industrial order, and in a context of mass unemployment, social protection systems have a renewed prominence. Along with the so-called passive policies offering financial support to the unemployed, active labour market policies are geared to put people back into work. In our analysis we try to find answers to the following questions: What are the challenges that each of these policies have been trying to address in recent years? How have these policies evolved? What kinds of reforms have been implemented, and which ones have been neglected? Have the policy goals and targets of welfare programs been modified in any significant way? Have the policy tools (services, transfers, funding or models of provision) changed? To what extent have these policies been successful in coping with social and economic problems? To what extent a social demand in favour of these changes exist? What are the main political and social actors intervening as stakeholders in these policies? Finally, what are the major similarities and differences existing between the two countries? To what extent are there policy proposals that might easily travel between them? Could they foster mutually enriching exchanges of information?

Keywords:

Welfare State; Public Sector Reform; Public Policies; Labour market; Long Term Care; Family Policies; Europe

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Project financed by the EEA Grants through the Norwegian Embassy in Spain

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This paper is part of a Special GIGAPP Working Paper series aimed at disseminating the results of the NorSpaR Project (Coping with New Social Risk in Norway and Spain: Long-term policies, gender and family policies, and labour market and unemployment protection). This project has been financed by the EEA Grants through the Norwegian Embassy in Spain, and conducted by a group of Norwegian and Spanish researchers, including: Erling Barth, Inés Calzada, Svein Olav Daatland, Angie Gago, Arnlaug Leira, Pau Mari-Klose, Francisco Javier Moreno Fuentes, and Eloisa del Pino.

Introduction

Over the last decades most Western European countries developed social protection schemes aimed at responding to the disability and long term care (LTC) needs of its populations. Nevertheless, it is only in recent years that the increasing social and political visibility of dependency related issues has led to the discussion, design and implementation of LTC policies in Southern European countries, where public policies designed to deal with situations of dependency remained generally fragmented and poorly developed until very recently.

This paper aims at reviewing the initiatives adopted by Spanish authorities to respond to the LTC needs of its population, analysing how these policies have evolved in terms of the organization, structure and governance of care provision systems in recent years. In order to account for the evolution of these policies we shall briefly review their historical evolution, linking this analysis to the basic typology of welfare regimes models previously described. From a neo-institutionalist perspective, taking into consideration the importance of “path dependencies” should allow us to understand the determinants of the programs introduced in Spain in relation to LTC.

After this introduction, the following section will analyse how the significant socio-demographic transformation experienced by the Spanish population, and the increasing profile of the issue of the caring needs in the public and political agendas in Spain over the last decade, played a central role in the drafting of the 39/2006 “Promotion of Personal Autonomy and Care for Dependent Persons Law” (generally known as the “Dependency Law”), policy development that established a new system of social protection for dependent people in Spain. As in other countries of the Mediterranean welfare regime, Spanish families continue to be the main providers of care, and State administrations traditionally adopted a subsidiary role in terms both of funding and provision of care services for dependant people. The 39/2006

Law, which came into force on January 2007, constitutes the main landmark of the development of a public response to the challenges posed by LTC needs to Spanish families, and aims at granting a universal access to the care that every citizen may need when in a situation of dependency. Theoretically oriented towards the provision of services (both by State authorities and private actors), and complemented by the allocation of cash transfers in those cases when this alternative is considered more appropriate, this Law also aims at involving the different levels of State authority (national, regional and local) in the management of the system, as well as to regulating the working conditions of informal care-givers.

The third section of this paper will review how the economic and financial crisis that has profoundly affected Spain since 2008 impacted on the 39/2006 Law, and how State authorities introduced a series of measures aimed at significantly reducing spending in this area of welfare policies. The nature of these cost-containment and budget cut measures, and the reactions by different social and institutional actors to these reforms will be analysed taking into consideration the fact that the complex multi-level governance structure that has characterized this system from its inception has greatly contributed to the development of “blame avoidance” and “blame shifting” strategies between different levels of State administrations aimed at trying to avoid (or at least to minimize) the political costs of introducing deeply unpopular welfare retrenchment measures.

We will then proceed to analyse the impact of those welfare cuts in terms of outcomes, outputs, and institutional reconfiguration of a LTC system which was still in its early stages of implementation when the fiscal crisis hit. By reviewing the evolution of the data on spending, co-payments, number of beneficiaries of the program and those in the waiting lists, nature of the services provided, proportion of transfers over services, figures on regular employment in the care sector, etc., we will try to provide a dynamic image of the evolution of the LTC policies in Spain, specially focusing on how the current crisis has affected the deployment of the recently passed “Dependency Law”.

As a matter of conclusion we will review the main implication of these developments for the evolution of LTC policies in Spain, and how these may respond to the NSR of dependency in a context of accelerated socio-demographic transformation.

1. Major features of LTC in Spain

There are large differences between Western European countries in the way they address the LTC needs of their populations, not only in the intensity of the protection, but also, and more fundamentally, in the mechanisms and the allocation of responsibilities in this policy area. The extensive literature on welfare regimes and the different classifications and types made in this regard are clearly relevant in this respect. Thus, the Scandinavian countries (Social democratic welfare schemes) are not only among those where these policies are more developed, but they have also kept a high profile in these programs in recent years. At the other extreme of the welfare regimes spectrum, Southern European countries (included under the Mediterranean welfare regime type) are characterized by the high degree of subsidiarity of the State in the area of LTC, which translates into a very low level of public spending in the domain

of care, a central role played by families (most notably women), and the residual nature of government's intervention in the provision of care for dependant people.

1.1. Traditional LTC structures in Spain

As it corresponds to a country generally included under the Mediterranean welfare regime category, the response to the LTC needs of dependents in Spain has been traditionally characterized by a low level of public involvement and a central role of family structures in the provision of care. Up to 2006, the residual State intervention in this domain was structured around two basic programs: a social insurance scheme (granting mostly cash-transfers) for workers with LTC needs derived from accidents at the workplace; and a poorly developed system of personal social services run by municipalities and regional governments, characterized by the deployment of means-tested programs targeted to the most disfranchised groups (notably elderly dependants without resources or substantive family support networks), and fundamentally focused in funding the provision of institutionalized residential care.

This highly selective public LTC system, characterized by the extreme heterogeneity of the level of coverage as well as of the nature of the services provided across the territory, served only a small proportion of the dependent population, and it effectively depended on the considerable ability of family networks to absorb and internalize the functions of care of its members. The responsibility for the care of dependents relatives fell mainly within the women of the family, situation that had considerable consequences in terms of availability of women to participate in the labor market, and most notably over their personal and professional life opportunities when they assumed the role of care-givers.

In this context, the use of undocumented migrant workers (also women for the most part) allowed families to set up financially affordable solutions to the care needs of its members (given the low salaries paid to these women). The implications of the substantial growth of this informal market in recent years contributed to the questioning of the traditionally weak role of public policies in the domain of LTC. Nevertheless, and despite the limitations of this situation (unequal treatment to different sectors of the population, low levels of assistance to those in need, precarious working conditions of care providers, poor quality of care due to the lack of qualifications of care providers, strong economic and functional pressures on families especially for those women trapped in the role of care-givers, etc.), the inclusion of this topic in the public and political agendas did not occur until relatively recently.

1.2. The socio-demographic drivers of LTC policy change

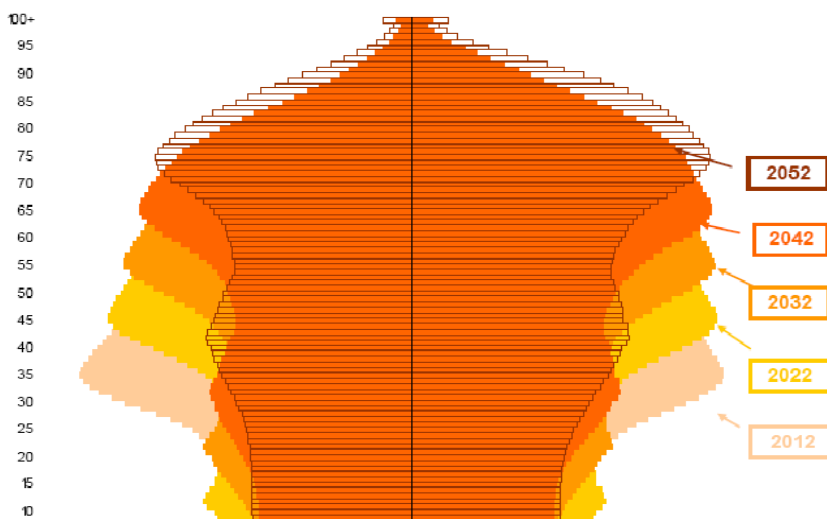
Despite this substantially different approach to how to handle LTC needs, European countries face very similar socio-demographic challenges, strongly related to the transformations experienced by these societies. On the one hand, the long and steady decline in mortality for all age groups, combined with declining birth rates and higher life expectancies, have brought a greater weight of the elderly across Europe (according to Eurostat, the old age dependency ratio¹ in the EU-27 has increased from around 20.6 percent in 1990, to 27.5 percent in 2013,

¹ Ratio between the total number of elderly persons aged 65 and over, and the working age population (15-64).

and is projected to increase to 39 percent by 2030, and to 45.91 percent by 2040). This trend of population aging, together with the higher prevalence of situations of dependency and LTC needs (chronic and degenerative illnesses, mental health issues, etc.) that generally come with it, contributed to increase the visibility of this issue in the political agenda, significantly increasing the pressure for change in public policies in this domain.

In the case of Spain this ageing trend is particularly acute. The old age dependency ratio currently shows similar (high) levels when compared to the average for the EU-27 (20.2 percent in 1990, and 26,3percent in 2013), and it may continue in phase with European trends up to 2030 (39.56 percent), but it is expected to deteriorate rapidly after that date, reaching 53.49 percent in 2040 (by contrast with 45.91 percent in the EU-27), and even 62.59 percent in 2050 (by comparison with 49.43 percent in the EU-27). This negative tendency appears as the result of the higher than average life expectancy, and extremely low fertility rates experienced by the Spanish population over the last two decades. Although high levels of immigration contributed to slow down this deterioration process of the demographic balance during the second half of the 1990s, and the first half of the 2000s (period of 13 years of economic growth that preceded the crisis initiated in 2008), its effects could only delay a clear trend towards increasing dependency ratios. The emigration flows experienced by this country since the beginning of the crisis (made of immigrants returning to their countries or re-emigrating to other countries, plus a significant number of Spanish nationals looking for opportunities abroad) can only accelerate the ageing process, and will probably show in the future projections once they appear adequately reflected in the statistical data.

Graph 1. Projection of Spanish demographic structure (2012-2052)



This situation implies the expectation for considerably increasing costs in welfare programs associated to demands of an older population (notably in the domain of pensions, healthcare, and of course also LTC needs).

A second socio-demographic change associated to the transformation of Spanish society which greatly affected the perception of the importance of developing LTC policies in this country is the trend towards the increasing incorporation of women into the labor market, process which

openly challenges some of the main assumptions of the Mediterranean welfare regime, notably the central role occupied by women in the provision of care within the household.

Table 1. Evolution of female activity rates ages 20-64 (percent)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EU-28	65,5	66,2	66,9	67,1	67,6	68,1	68,4	68,7	69,5	69,9
Denmark	77,8	77,6	78,2	77,7	78,0	78,2	77,6	77,8	77,7	77,8
Germany	68,8	70,7	72,3	73,0	73,4	74,1	74,4	75,3	75,4	76,1
Ireland	62,6	64,8	65,8	67,1	67,0	66,9	66,4	66,3	66,3	67,2
Greece	58,1	58,4	59,2	59,0	59,2	60,6	61,6	61,7	62,6	62,8
Spain	60,2	61,5	63,9	65,2	67,0	68,9	70,1	71,3	72,4	72,9
France	70,0	70,4	70,3	70,6	70,8	71,3	71,4	71,4	72,0	72,3
Italy	53,4	53,6	54,1	54,0	55,1	54,6	54,6	55,0	57,0	57,2
Netherlands	69,9	70,9	71,8	73,0	74,2	75,0	73,8	74,3	75,4	75,8
Portugal	71,3	72,5	73,0	73,5	73,7	73,8	74,8	74,5	74,8	74,8
Finland	76,8	76,7	77,2	77,5	77,7	77,5	76,6	76,7	77,2	77,1
Sweden	80,0	80,8	80,7	81,4	81,5	81,2	81,0	82,0	82,3	82,9
United Kingdom	70,6	71,0	71,5	71,4	71,9	72,1	72,2	72,5	73,1	74,0
Norway	77,5	77,3	77,9	79,1	80,1	79,6	79,0	79,2	79,1	79,4

Source: Eurostat.

During the 1990s and early 2000s, Spain experienced a profound transformation of its economic structure which altered occupational structures and, with it, family and gender relations. The emerging service economy opened new employment opportunities for women and other 'outsiders' (especially new migrants from developing countries), but often at a heavy cost in terms of the quality of employment. Low wages and poor-quality jobs had a particularly hard impact on the lives of young people, and a large number of youngsters faced major difficulties to reach financial independence, and therefore to leave the parental household. This implied delayed couple formation and increasingly late first-time parents, driving fertility rates to unprecedented low levels.

In a parallel social transformation, the increasing access of women to higher education implied a clear redefinition of women expectations regarding the equilibriums of the professional and personal spheres. The rise in female employment increased the number of dual earner households and, with it, the difficulties found by these families to reconcile work and family life. Women's increased financial autonomy contributed to questioning the traditional division of labor within households (according to which women assume the unpaid care of children and other dependents), giving women new bargaining capacities, and inducing changes in gender relations. The need to redefine the sharing of household responsibilities, the changing gender social roles, and the "double shift" for women who did not manage to get their partners to assume a higher role in household tasks contributed in many occasions to straining couple's relationships, and obviously also had effects on the already extremely low fertility rates.

As Table 1 shows, Spain experienced an increase of more than 12 points in female labor market participation over the last decade, a larger figure than any other country in the EU,²

² It is, in addition and for the most part, full time employment, by contrast with countries like Germany of The

approaching female activity rates of Scandinavian countries, and well over the patterns that remained common in countries of the Mediterranean welfare regime.

In these conditions, welfare equilibriums operating under the presumption that care and domestic work would be performed by full-time housewives on an unpaid basis could no longer be sustained. The perception of the inadequate nature of the institutional and financial frameworks dealing with LTC needs in Spain implied increasing pressures on State authorities. The urgent demands arising from these socio-demographic changes set the stage for a reform of this relatively undeveloped area of welfare policies.

1.3. The 39/2006 “Dependency Law”

The 39/2006 Law on the Promotion of Personal Autonomy and Care for Dependent Persons (generally known as the “Dependency Law”), came into force on January 1st. 2007, establishing a national system of LTC called SAAD (System of Autonomy and Dependency Care). This basic Law aimed at defining the normative backbone of a public LTC system of universal coverage and, with it, at broadening the scope of the public network of social services, creating formal employment in the care sector, defining a more coherent governance structure for the LTC system, and improving the level of cooperation between social and health services in the domain of care for dependant people.

As Rodríguez Cabrero and Marbán (2013) point out, this reform was possible due to the accumulation of a series of favorable factors including the arrival in power of a new socialist government in 2004, the positive influence of discussions about the increasing salience of LTC issues within the European context, and the rising consciousness within Spanish civil society (including professionals of the care sector, experts, and the main social actors) about the profound effects of the socio-demographic transformations that had radically transformed the conditions in which care for dependant people had been traditionally provided, as well as about the serious challenges this system was facing. To that list of factors we could add the positive effects of the cycle of economic growth experienced by the Spanish economy since the mid 1990s, which improved the situation of public finances and made more feasible the adoption of expansive measures in a domain of welfare policies up to that point structurally underfunded.

1.3.1. Actors involved in the drafting of the “Dependency Law”

Although the “window of opportunity” for the passing of the “Dependency Law” widely opened only in the mid 2000’s, this piece of legislation reflected the conclusions of a long series of informal discussions and debates that over a significantly extended period of time had involved a large number of actors linked to the world of welfare and social policies. Quoting Rodríguez Cabrero and Marbán (2013), *“The definition of the Reform’s main goals, its institutional setting, the types of benefits, and the mechanisms of funding were each the result of a long and uneven process of negotiation among institutional actors, different layers of government (at national level, the autonomous regions and, to a lesser extent, the municipalities and provinces), social actors (NGOs advocating for older people and those with*

Netherlands where most women continue working after having children but only on a part-time basis.

disabilities), the social partners (unions and employers' organizations), and professional actors (representing social workers, gerontologists, and geriatricians). These actors created a series of advocacy coalitions on the basis of different combinations of beliefs, interests, and resources" (206).

Beyond the basic consensus about the need to transform the system of LTC in Spain radically increasing the role played by State authorities in it, reducing the burden for families, professionalizing care, and extending the coverage of public protection to all dependant people, a central disagreement existed between those who advocated for the inclusion of the new system under the umbrella of the Social Security system (trade unions, NGOs), and those who proposed a system financed through general taxation and anchored under the control of regional governments (private providers in the domain of care as well as governments of the *Comunidades Autónomas*, most notably those were peripheral nationalist parties play a central role in the regional political arena). While trade unions and NGOs were interested in guaranteeing equality of access to the future SAAD across the national territory, establishing a central role for the public sector in the system, and reaching a significant level of professionalization within the care sector (something they considered to be better granted by including the new scheme under the Social Security system, controlled by the national government), they often disagreed on issues related to the working conditions that should prevail in the sector. On the other hand, while regional political elites were trying to reduce the influence of the national government in the running of the future SAAD, the for-profit care sector strongly preferred a decentralized system in which the regulatory capacities of State authorities would be more restricted. The debate was finally won by the coalition of interests pushing for the creation of a decentralized system independent from the Social Security and financed through general taxation so the "Dependency Law" established such a system, although all actors obtained some of their initial objectives, which explains the large consensus enjoyed by this Law.

1.3.2. Ideas influencing LTC policy development

In previous lines we already mentioned the guiding principles that set the foundations of the "Dependency Law". An additional aspect worth discussing when analyzing the nature of this keystone of LTC policy in Spain is the role of ideas in the final form adopted by this regulation, and how these ideas shaped the equilibriums between the "path-dependencies" (linking the new system to the previously existing schemes) and new conceptual elements extracted from the general debates about LTC taking place both nationally and internationally.

One of those debates had to do with the discussion about the need to create new employment niches in a world in which jobs increasingly emerge as a scarce resource. The idea that the service sector, and within it the personal services sector, constitutes one of the strongest sources of potential employment in a post-industrial globalised economy (extremely exposed to the competition dynamics that rule international markets), has generated arguments that propose regularizing and emerging the already existing jobs related to care that up to now have operated within the sphere of domestic reproduction (with families assuming those tasks as non-reattributed functions), or in informal markets (care providers hired in the underground economy without social rights or contributions to social insurance schemes). The discussion about the need to develop a coherent LTC policy in Spain internalized this discussion, and the

“Dependency Law” was born with the explicit objective of creating/emerging nearly 300,000 jobs in the care sector by the end of the period of implementation of the newly created SAAD (in 2015).

A second debate influencing the discussion about the drafting of the “Dependency Law” was linked to the shift experienced over the last decades from forms of intervention in the care domain from residential care towards community care-based models. The idea that dependent people should continue living in the same physical and social environment in which they run their life before losing autonomy has gradually gained ground among care professionals in recent years, coinciding with the preferences of a vast majority of the dependant population who wish to live in their home, maybe with the help of their families, but now with the necessary institutional support.

These discussions have had a strong visibility in the debates held at the international arena, and from there they influenced the national discussion taking place before the adoption of the “Dependency Law” partly as a consequence of the process of Europeanization of social policies.

1.3.3. Eligibility to the benefits of the SAAD

The different approaches towards entitlement and eligibility to the LTC schemes ultimately refer to very different logics of “deservingness” and solidarity that have deep roots in the welfare regime existing in each country. Thus, while the social-democratic regime tends to be based on a logic of universalist individual social rights, and the corporatist system operates under the logic of social insurance and benefits based on previous contributions, the liberal model functions under a dual logic of market and residual means-tested social assistance for vulnerable groups. As part of the Mediterranean welfare regime, the poorly developed LTC policies existing in Spain before the “Dependency Law” was passed were made of a collage of corporatist and social assistance residual programs. The creation of the SAAD aimed at changing that situation by establishing a subjective universal right to care for all those residents (living in Spain for longer than 5 years) that could prove a certain degree of dependency (regardless of their age ,and assessed by an official professional commission according to the terms of the Law).³

The traditional Spanish LTC system, which in origin was grounded on a limited set of Social Security benefits combined with some residual schemes run by municipalities and regional governments, evolved after the passing of the “Dependency Law” towards a model that imitates the basic traits of the universalist “social-democratic” model, financed via general taxation, and granting access to a universalistic and basic (limited) protection in the form of a package of services and/or cash transfers.

³ The level of dependency (moderate, severe, large) is determined according to the frequency and intensity of assistance required (moderate implying intermittent support at least once a day, severe meaning extensive support two or three times per day, while large means indispensable and continuous support several times a day) after interviews and direct observation of the potential beneficiary in his/her everyday environment by the professional commission appointed to that effect.

The initial schedule for the deployment of the SAAD aimed at implementing the whole program in the period between the coming to force of the Law, in January 2007, and the end of 2015. In this period the organizations involved in the running of the programs were supposed to conclude the process of evaluation of all those potential beneficiaries of the program, including them gradually under the protection of the different schemes. In that respect, those classified as more seriously dependent (Grade III of dependency, large dependents) were expected to be recognized and start receiving services in 2007, those classified as Grade II (severe) between 2008 and 2009, and those in Grade I (moderate) from 2011 onwards.

1.3.4. Multi-level governance of the LTC system

A key area of analysis in relation to the functioning of the SAAD after the passing of the “Dependency Law” refers to the role of the different levels of government in the regulation, financing and provision of LTC. The inter-institutional balances that characterize this area of policies determine the powers and responsibilities of each level of government in caring for dependent people, something that has profound implications regarding the role of the different political actors involved in the process of development and reform of these policies (political mobilization, level of inter-institutional cooperation/competition, nature and composition of financial flows, evaluation of the implementation of the system, etc.).

Before the passing of the “Dependency Law”, Spanish central governments largely abstained from intervening in an area of policy which rested in the hands of municipalities and regional governments. The new regulatory framework implies the assumption of a key role in defining the basic legislation for LTC policy by the central government. This, of course, does not take place in an empty space, but in a sphere strongly conditioned by the previously existing schemes developed over time by regional and local governments.

The governance of the new system is based on a structure of powers shared between the central government and the Autonomous Regions through the *Consejo Territorial del SAAD* (SAAD Regional Board). Both the central government and the regions are represented in this body, which defines the main traits of the functioning of the system, and aims at guaranteeing the basic right to LTC protection in the whole country. Regions remain, though, the level of government actually responsible for the daily functioning of the LTC system since they have exclusive powers over the domain of social services.

Several aspects of the functioning of the multi-level governance structure of the LTC system constitute potential sources of tension between the different levels of government involved in this area of policy. The first one has to do with the ideological opposition that often exists between the central government and those in power in the regions, which makes cooperation and information sharing an extremely complex process. The poor articulation of the participation of municipalities in the functioning of the SAAD, and the different level of political compromise of the regional authorities with the implementation of the “Dependency Law”, also contribute to the emergence of potential difficulties in the coordination of LTC.

1.3.5. Funding mechanisms

The funding of the SAAD comes from the general taxation system. The national government is supposed to pay for about a third of the total costs of the system. This contribution is mainly channelled through the funds aimed at guaranteeing the common basic coverage granting a similar minimum level of benefits in the whole country (known as the “minimum” funds). Additional funds aimed at granting territorial redistribution agreed with the regions in accordance to criteria of territorial dispersion, population size and number of users (known as the “agreed” funds) are also transferred by the central government to the regions within this Law. These two funding schemes are complemented with an additional inflow of financial resources which are the responsibility of the regions, level of government that is supposed to assume about a third of the total costs of running the SAAD. The last third of the costs of funding the LTC system are supposed to be generated through copayments by the beneficiaries, in accordance to their relative levels of income and wealth.

The final word regarding how resources are allocated, what kind of services are granted, and where benefits are supposed to be attributed rests within the regions, which have exclusive decision-making rights in this regard. They are also responsible for regulating the different forms of copayment by beneficiaries. The application of copayments raise serious concerns about potential inequalities resulting from the application of income thresholds, and the inclusion of different elements of personal wealth beyond disposable income (ie: real state ownership), the degree of family responsibility in the financing of care for relatives, the difficulties arising from the application of rent control mechanisms and, in general, the potential emergence of social inequalities in access and use of LTC schemes.

1.3.6. Structure of provision of services and/or monetary transfers

Among the explicit objectives of the “Dependency Law” was the creation of a coherent and well developed system of public social services (working in cooperation with third sector organizations involved in this area of intervention) specialized on LTC. The objectives of professionalization and creation of regular employment in the care sector previously mentioned were also at the origin of the preference for a SAAD that would focus its main efforts in providing care services to dependant people. Thus, the 2006 “Dependency Law” explicitly prioritizes services over cash benefits. Only if the provision of services does not appear as a viable option for the municipality and the region in which the beneficiary resides, cash transfers are supposed to be assigned. Those exceptional monetary transfers were supposed to be associated to the purchasing of care services in the market, to cover the costs of employing professional care personnel (for those with major dependency grade), or for covering part of the costs of a family or a non-professional care-giver (which were supposed to register in a Social Security scheme, and pay contributions).

This theoretical preference for services was then confronted with the reality of pre-existing and heterogeneous social services schemes set up by regional and local governments. The strong path-dependency linked to those embryonic regional and local systems of care for dependent people strongly contributed to the shape that the SAAD took in every region and city. These regional systems were often characterized by a close cooperation with private (often non-profit) operators in the care market focused in residential services, as well as by a very weak development of public care services. A consequence of that state of affairs was a

clear lack of professionalization of care-givers, and a weak development of labor market niche linked to care.

Despite the normative preference for the provision of care services, financial restrictions experienced by regional governments, ideological preferences of regional policy-makers, and the social and institutional preference for cash benefits has led to a systematic deviation of the reality of the implementation of the “Dependency Law” with respect to those objectives, and to the general predominance of cash transfers over the direct provision of services.

The implementation of the “Dependency Law” in Spain takes place in a context in which international discussions about the way LTC schemes should be run promote the prioritization of care in the community (at home and/or with relatives supported by public care systems) as an alternative to the institutionalization of people in situations of dependency. The implications of this trend are quite significant in a country in which informal care structures staffed by women relatives have traditionally characterized the care provision schemes. Particular attention should also be placed to the segmentation of the market of care provision by nationality, where immigrant care-givers (often undocumented and working irregularly) have constituted an informal (and relatively cheap) market response to the care needs of Spanish families (Berjano et al., 2005). In addition to the convenience of liberating women (human capital) from their caring responsibilities so that they can join the labor market and develop their own professional trajectories without limitations, issues related to the working conditions of those involved in the domain of care (full or part time, salary levels, etc.), the skills that should be required from them depending on the tasks they are supposed to perform (personal assistance, health care, housework, etc.), and the career paths of caregivers, constitute key aspects in the analysis of the implementation of LTC policies. Since one of the objectives of the “Dependency Law” was to improve the quality of the care provided to dependant people, the choices made by regional and local authorities between direct provision of services or cash transfers, and the potential role of immigration in this informal niche of the labor market, deserve special attention, particularly in relation to the role that checks and/or direct cash benefits may have in creating and sustaining informal care markets.

1.3.7. Initial outcomes of the implementation of the SAAD

The LTC system set in motion by the 2006 “Dependency Law” was characterized by its strongly decentralized nature, its universal (although basic) coverage theoretically focused in a mixed provision of services that comes to try to alleviate the pressures experienced by Spanish families in their need to respond to the care demands of their dependant relatives, while reaching feasible levels of compatibility of a professional and personal life for their (female) members. This ambitious reform was the result of a basic political, social and professional consensus responding to a significant mobilization by civil society organizations over a relatively long period of time.

In 2010 the first evaluation of the results of the implementation of this Law provided a mixed balance of the first four years of functioning of the SAAD system (Asociación Estatal de Directores y Gerentes en Servicios Sociales, 2010). While this system was in the middle of its implementation process (planned to conclude in 2015), some traits of the weaknesses of the model were already quite visible. By September 2010, more than 1.4 million people had been

evaluated to assess their level of dependency, roughly one million had been considered as potential beneficiaries, and some 620,000 were already receiving some kind of benefit (those in Grades II and III), while the remaining 380,000 were supposed to start receiving benefits during 2011 (once those in Grade I were supposed to join the ranks of beneficiaries). As that report pointed out, between 1999 and 2008, the increase in services provided was quite significant for the different types of schemes included in the system: residential care coverage for dependant people over 65 increased from 2.95 to 4.44 percent, day-care centres coverage increased from 0.26 to 0.30 percent, home-care increased from 1.67 to 4.69 percent, and remote assistance schemes' coverage increased from 0.72 to 4.72 percent.

Although the system was supposed to provide a combination of services and cash transfers, a gradual shift towards the latest quickly emerged (cash benefits amounted to a little more than 50 percent of all benefits), even if they were supposed to have been only an "exception". Regional governments favoured the cash transfers (particularly transfers for care within the family) for they were easier to manage, and they were cheaper in comparison with the direct provision of services. On the other hand, beneficiaries also showed a tendency to prefer cash transfers due to the long tradition of informal and family care based of female work, and the large number of women over 50 with low qualifications and little work experience (due to their past involvement in domestic and caring activities) that would candidate for receiving a monetary transfer in order to care for a close relative.

Nevertheless, and despite the significant role played by cash transfers, the first years of the implementation of the "Dependency Law" witnessed a significant increase in the number of jobs created in the job sector, something favoured by the fact that the costs of the Social Security contributions of family care providers were assumed by the State. Thus, a total of nearly 190,000 new jobs in the care sector were created between 2007 and 2009 (Rodríguez-Cabrero and Marbán, 2013).

With funding responsibilities distributed among different levels of the State administration and stakeholders (individuals and families), and a complex multi-level governance structure, the implementation of the SAAD was characterized by the limited availability of financial resources, increasing tensions between different levels of government, and an extremely uneven territorial implementation of the program from its early stages.

2. Crisis, reforms in LTC policy, and their impact on the SAAD

From its inception, one of the main characteristics of the financial and economic crisis started in the US in 2007 was its capacity to acquire different forms, to mutate and to adapt itself to the particularities of every country, revealing the weaknesses of each specific economic, social and political institutional environment. While in the US, the crisis exposed the irrational nature of the speculative banking and financial practices developed during the previous decades, making explicit the unsustainable situation of a series of important macro-economic parameters of the US economy, in the EU it not only pointed at the declining importance of European countries in the world economy, but also at the huge imbalances within the countries of the Euro zone, consequence of the flaws in the design of a decade old monetary union (a coherent coordination of the economic and fiscal policies of the member states was

not established, and a system to keep the internal economic heterogeneities under control was not articulated).

One of the first victims of the crisis has been the positive vision of globalisation that had largely prevailed up to this point. The idea that the opening of world markets to the free circulation of goods, services and capitals operates as a positive sum game⁴ (benefiting both developing countries, and the developed world) has been substituted by the perception that the global economic system functions, in fact, as a zero-sum socio-economic construct. In it, Western societies have to compete with developing countries both for markets and for to access scarce resources. Within an expanding neo-Malthusian atmosphere, the crisis of employment in developed societies reinforces the notion that jobs constitute also a scarce resource, and that this crisis is, in fact, a reflection of the transformation of the structures of production and distribution of wealth at the global level. The relocation of an increasing number of activities (initially low-skilled manufacturing jobs, but increasingly also other tasks of higher added value within the production process) to countries with lower production costs (consequence of their lower salaries, lack of labor market and environmental regulations, and low levels of social protection granted to their workers and citizens), has reinforced those arguments that claim that the welfare programs of Western societies constitute a “luxury” that undermines the competitiveness of those economies.

The narrative accounting for the emergence and development of the crisis has shifted from blaming a group of unscrupulous traders and investment bankers operating in excessively unregulated financial markets, to pointing at a series of (more or less) interconnected factors ranging from the profligacy of states, or the excesses of societies living beyond their means, to the unsustainable nature of economic systems not backed by sound “work ethics”.

The skyrocketing public deficits and debts accumulated by most states emerged to a large extent as a result of government policies aimed at bailing out their banks (responsible of facilitating the accumulation of private debt, fuelling real state bubbles, and creating financial mayhem with their use of derivatives and other speculative financial instruments). State’s efforts to reduce the effects of the “credit-crunch” on the “real economy”, and to minimise the impact of the crisis by applying basic Keynesian instruments (most of them operating as “automatic stabilisers” –unemployment benefits, etc.-) operated as additional factor to aggravate the state of public finances. This did not prevent the emergence of a powerful political discourse that emphasises the need to reduce public spending and to atone past excesses in consumption and investment (equated to “sins”) through the implementation of strict (“virtuous”) austerity measures. The early proposals for a political and ethical “re-formulation” of capitalism were quickly transformed into morally loaded admonitions for budget austerity and State retrenchment. While low taxation (specially for the returns of capital, and the upper-classes) was once again praised for its (supposedly) beneficial effects in promoting economic growth, the State was made responsible for the bad shape of the economy. Public debts and deficits were accused of crowding out resources from the more

⁴ The free movement of people, the fourth element of that formula, was never envisioned as a desirable outcome of globalisation, although large population movements occurred as a side effect of the increasing internationalisation of the economy.

efficient private sector, and addressing the “moral hazards” supposedly associated with social protection schemes was pointed out as the way to proceed in order to reformulate Western social and economic systems.

Southern European countries were particularly affected by this financial and economic turmoil. Since the creation of the Euro in the early 2000s, these countries had greatly benefited from the financial stability provided by their participation in the single currency (easy access to foreign creditors, strong currency, historically low interest rates), their economies grew quite steadily, and their convergence with the more advanced Central and Northern European societies seemed under way according to most socio-economic indicators (GDP per capita, activity rates, female participation in the labor market, etc.). Nevertheless, behind the facade of economic success, a series of unbalances were accumulating, weakening the foundations of their future economic stability. The “illusion of wealth” resulted in uncompetitive costs structures linked to the existence of a structural inflation differential with the rest of the countries of the Euro-zone, a rapid growth of their balance of trade deficits, a substantial increase of their aggregated debt (in different combinations of public and private), the development of real state bubbles, an acceleration of investment in infrastructures (sometimes without the adequate cost-benefit analysis, and/or consideration of their future operational costs), and the arrival of significant immigration flows to occupy the niches of the labor market not wanted by autochthonous workers. With their productivity decreasing, their competitive position in global markets significantly deteriorated, and their fiscal balance became increasingly compromised. When the current financial crisis hit Europe, it quickly adopted the shape of a sovereign-debt crisis (with international investors speculating about the capacity of the “PIGS” to service their debt, and betting on the break-up of the Euro-zone). From there it quickly extended to the “real economy”, as public and private actors changed their investment and consumption strategies and behaviours, economies slowed down, real state bubbles busted, unemployment soared, fiscal revenues collapsed, and public deficits soared.

The questioning of welfare programs in Southern Europe has become a matter of political and public discussion, not only within the national arenas, but also at the international (and probably most notably at the European) level (Marí-Klose and Moreno-Fuentes, 2013). The EU and IMF programs to bail out the governments of Greece, Ireland, and Portugal included very precise demands on cutbacks in social protection programs (pensions, health care, welfare transfers, etc.). The austerity plans signed at the EU level with the objective of sending a clear message to the “markets”, and to reduce the pressure over the sovereign debts of Italy, Spain and even of countries like Belgium or France, have come with a clear “recommendation” to introduce the “necessary” structural reforms (concerning the regulation of the labor market and welfare programs) that should facilitate the development of a more “virtuous” economic growth within the Euro-zone in the future.

Beyond the re-emergence of deeply rooted prejudices and stereotypes about the “qualities” and “specificities” of Southern European societies,⁵ the current crisis is operating as an

⁵ The assumption that “the flying “PIGS” eventually had to land” predominates in the media and in the public arenas of Central and Northern European countries to this day, impregnating the political narrative about the way the crisis is affecting the Southern members of the Euro-zone, and about how those problems have to be addressed.

institutional “analyser”, revealing the weak points of the social, political and economic systems of these countries. The characteristics of the Mediterranean Welfare Regime and the pre-crisis evolution of welfare structures will strongly condition the reforms that may be introduced in the domain of social rights and policies. A crucial question in these turbulent times will also be the role of Mediterranean families as “shock absorbers” cushioning extreme forms of social exclusion. Family micro-solidarity is unlikely to provide support to the extent it did in former crisis, when family ties and familistic expectations were much stronger, and male breadwinners were more effectively protected against redundancies by stringent employment protection laws.

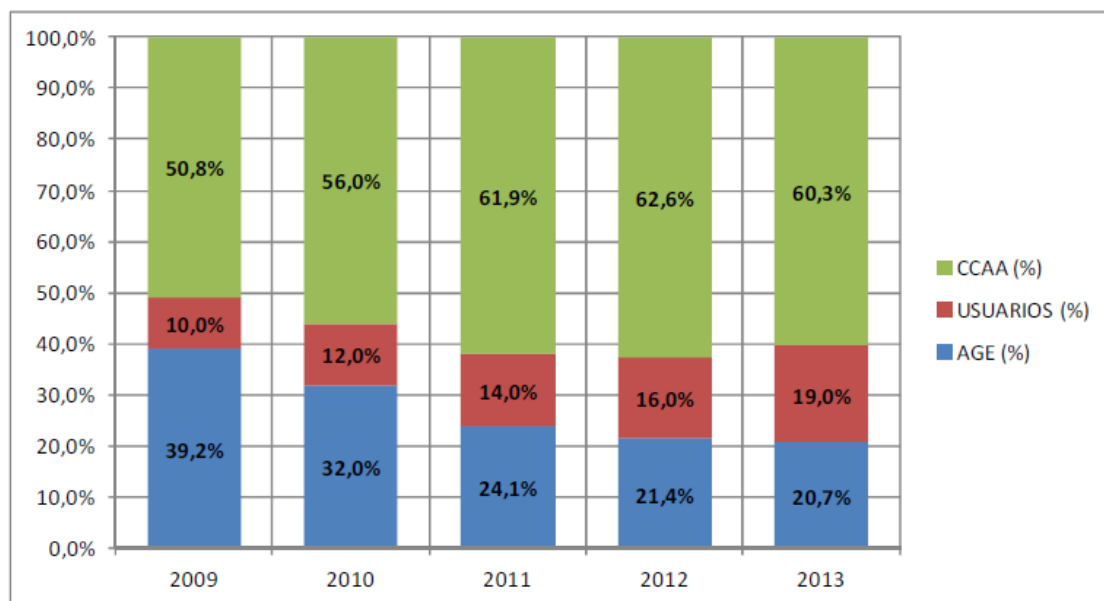
The deployment of the Spanish “Dependency Law” was initiated in the middle of this turmoil, and was inevitably affected by it in very substantial ways.

2.1. Reforms introduced in the SAAD during its deployment

In the context marked by the pressures to reduce public deficits and cut expenditure, significant reforms were introduced in the program of deployment of the SAAD such as it had been designed in the 2006 “Dependency Law” through a series of decrees (8/2010 in June 2010; 20/2011 in December 2011; and 20/2012 in July 2012). These decrees implied the introduction of a series of measures that affected central aspects of the functioning of the recently created LTC system, and clearly reduced its scope and capacity to provide care for dependent populations.

The measures adopted by the central government to scale down the implementation of the “Dependency Law” resulted in a significant reduction of its financial contribution to the funding of the LTC system. Thus, its contribution to the financing of the “minimum” level of benefits was reduced by 14 percent (from 1.4 billion € in 2012, to 1.2 in 2013). In addition to that, it also eliminated its contribution to the “agreed” fund (which in 2011 had meant 282 million €). The total cut applied by the national government to its financing of the LTC system added more than 700 million € in the year 2013. After these budget cuts, the contribution of the national government towards the financing of the SAAD system significantly decreased well below the third of the total budget that had originally being established. In 2013, the contribution of the central government had decreased to about 20 percent of the total cost of implementation of the “Dependency Law”.

Graph 2. Decreasing central government contributions and increasing co-payments



Source: Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014).

The share that the central government is not covering anymore has been evenly distributed between the regions, which are now responsible for around 60 percent of the total costs of the system, and the beneficiaries, which have increased their level of contribution to nearly 20 percent of the total costs through increasing co-payments. This state of affairs has, of course, significant consequences. For the regions, it implies a very heavy financial burden in a context in which they are also required to reduce their budget deficits. For the users of the system it implies having to devote a higher share of their revenues (most of the time coming from their retirement pensions)⁶ to finance the LTC services they receive.

The actual mechanisms through which the central government reduced the volume of its transfers to the financing of the SAAD included a series of measures that affected different dimensions of the LTC system as it had been originally designed. Among those changes we can include the reduction by 15 percent of the amounts granted as cash-transfers for care within the family, the cancellation of the State contribution for the financing of the Social Security contributions for family care providers (which implied a reduction of the family care providers registered in Social Security schemes from 180,000 in July 2012, to less than 20,000 one year later), and the elimination of the retroactivity of the benefits (which were previously received since moment of receiving a positive evaluation of dependency, and that is now only granted when the regional government considers appropriate). Other reforms introduced included the incompatibility of benefits granted to each beneficiary (not only between services and cash transfers, but also between different services -other than the remote alarm system-), as well as the increase in the magnitude of the co-payments that had to be paid by beneficiaries.

⁶ Although up to now the calculation of the contributions that beneficiaries had to do to receive LTC services had been made based on their revenues (basically pensions) in many regions, new measures are gradually introduced in most regions so that the aggregated wealth (in the form of real state property -other than the house of residence-, bank accounts, shares and other financial products) is also taken into consideration.

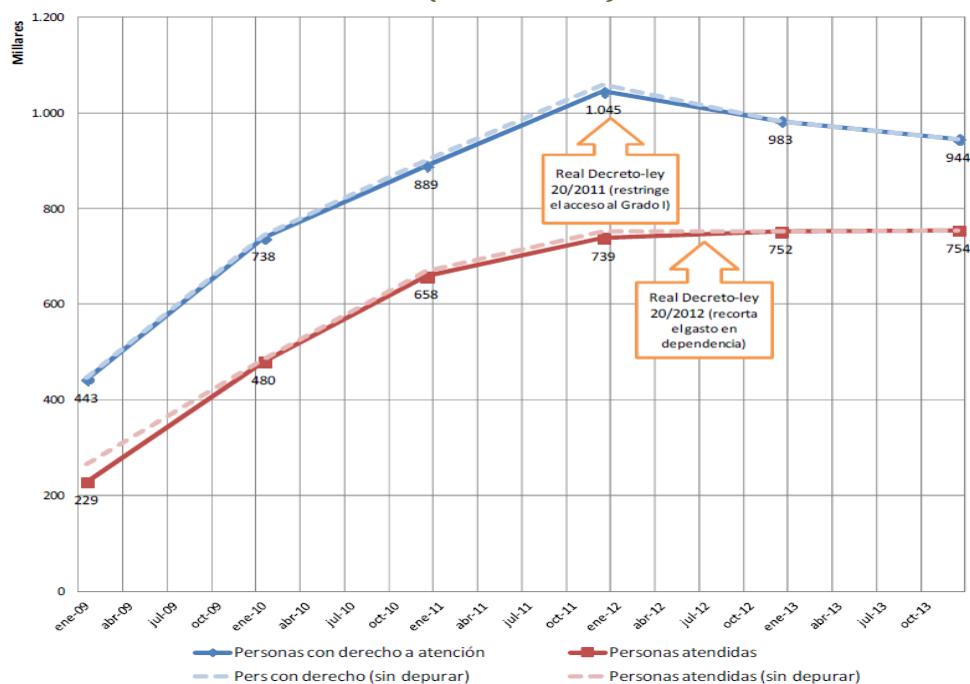
In addition to reducing the financial contributions to the SAAD, the national government re-scheduled the calendar of implementation of the LTC, delaying the dates by which all dependants had to be evaluated, ranked and/or receiving services or transfers from the system. Thus, the final deadline for the deployment of the system (through the inclusion in of all those evaluated with the Grade I of dependency) was set for July 2015 (instead of the originally established period of 2013-14).

The status of severe dependants (Grade III) has also been revised in a restrictive way in many instances, with the result of a significant number of them being recognized as having a lower degree of dependency, which theoretically implies a lower level of need and with it a reduction in the cost of attention. As a matter of example, the cash transfer for care within the family decreased from 387€ per month, to 268€ when passing from Grade III to Grade II of dependency, that is to say, a saving of more than 1,400€ per beneficiary per year. These revisions, performed by the evaluation committees established by the regions, have been more common among beneficiaries of cash transfers (due to the decrease in cost that reducing the level of dependency implies in those cases), and contribute to reducing the total cost of LTC schemes, both for the regional and the national levels of government (obviously, at the expense of the persons in need of care who experience a decrease in the intensity of the benefits they receive from the SAAD).

2.2. Outcomes of the reforms

One of the main effects of these restrictive measures introduced over the last years has been the stagnation (and in some cases, even the reduction) of the total number of beneficiaries of the different schemes included in the SAAD.

Graph 3. Evolution of people with right to benefits and attended by the SAAD since 2009 (in thousands)

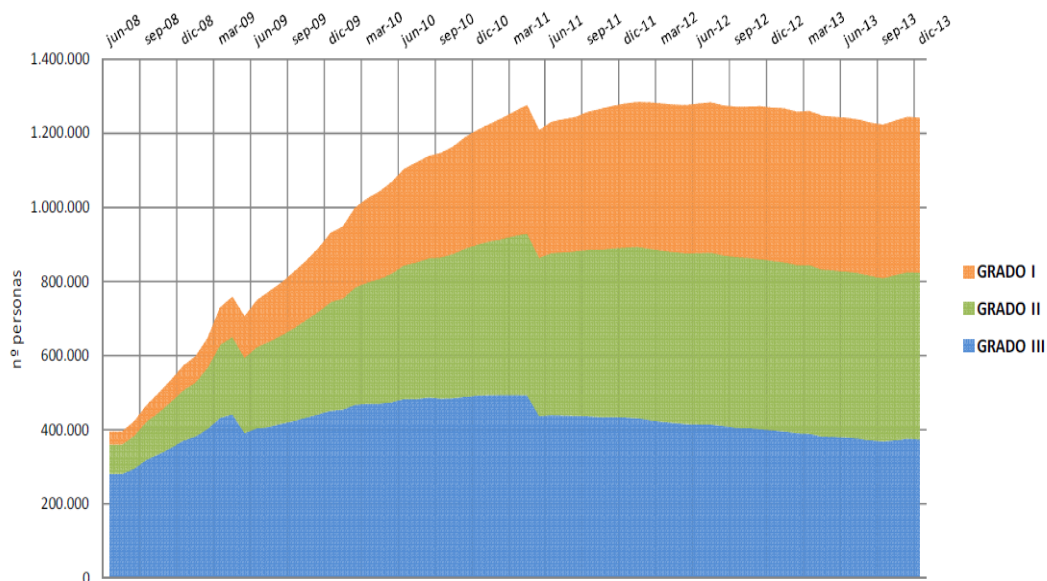


Source: Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014).

As Graph 3 shows, the number of people positively evaluated, and therefore entitled to receiving some kind of protection by the SAAD, reached its peak in January 2012 (with 1,045,000 potential beneficiaries), only to decline after that (the latest available data estimated the total number of beneficiaries in 940.642 in May 2014, so more than 100,000 beneficiaries less). The number of actual beneficiaries of the system peaked around December 2013 (with around 754,000), and slightly decreased after that (to some 721,000 in August 2014).

Graph 4 shows how the LTC system has lost more than 65,000 beneficiaries of Grade III (some 14.6 percent of the total) over the last three years. This is the result of the blockade in the recognition of new beneficiaries for this level (following the delays in actually performing the evaluation for reclassification of beneficiaries of Grade II who may have experienced a worsening of their condition, as well as of the strengthening of the criteria to qualify for the level of large dependent), together with the natural attrition among the ranks of those included in this category. Regional governments are not replacing those beneficiaries of Grade III who passed away with new ones (revising the situation of those dependents of Grade II whose situation may have worsened) due to the financial constraints they are experiencing to assume the increasing share of the total costs of the LTC system that is falling in their shoulders. A similar process, although of a slightly minor magnitude, is also taking place with those dependents of Grade II (whose numbers decreased by about 10,000 in 2013).

Graph 4. Evolution of evaluations of Dependency Grades (June 2008-December 2013)

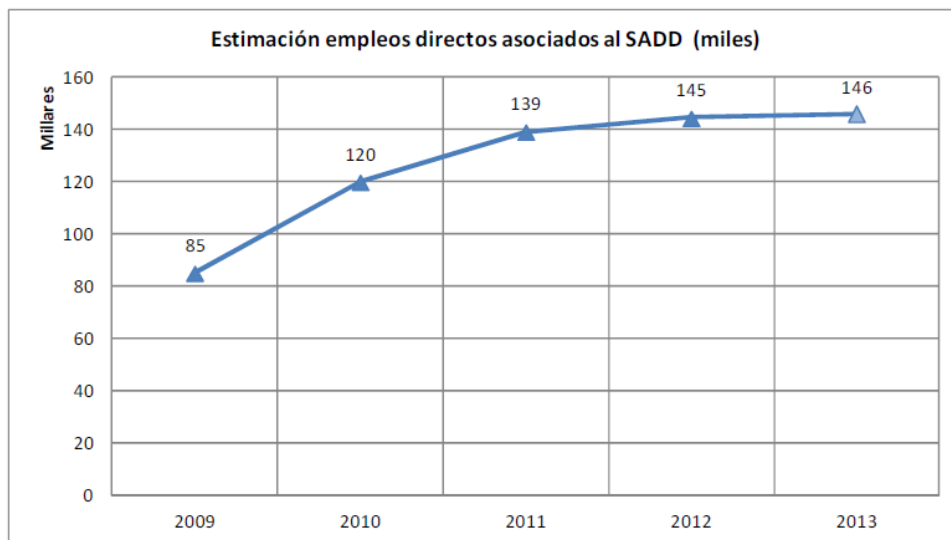


Source: Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014).

These restrictive measures are also having a significant effect on the numbers of dependant people who, having been recognised a certain level of dependency, are still waiting to receive an offer of services or cash transfers by the SAAD to respond to their care needs. Some 190,000 people were in this situation at the beginning of 2014. The fact of having postponed to July of 2015 the incorporation of all those evaluated with the Grade I into the system makes the total number of people waiting for some kind of assistance from the SAAD considerably larger.

When the “Dependency Law” was in the final stages of the drawing board, the estimates about the number of formal jobs that would be created in the care sector estimated that figure around 300,000. A later report (Jiménez Lara and Rodríguez Castedo, 2012) considered that the total number of jobs created by this sector once the “Dependency Law” was completely implemented could be well over 630,000 employments. The actual numbers of jobs in this sector since the beginning of the implementation of this Law have been considerably more discreet up to now (around 146,000 in 2013). The general preference of regional governments for cash transfers contributed to explain these poor results in the generation of jobs in the care sector for a more ambitious investment in service provision would have necessarily contributed to a larger number of jobs associated to care of dependant people.

Graph 5. Job creation in care sector after the implementation of the SAAD



Source: Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014).

The end of the public finance of the Social Security contributions of family care-givers also implied a radical reduction of the number of persons contributing to those social insurance programs. In this case, the savings for the State had a very direct effect on the quality of the working conditions of family care providers.

If the different regions embraced the implementation of the SAAD with varying intensity and degree of compromise, a similar situation can be observed in the application of the restrictive measures established by the central government regarding the LTC system. Thus, certain regional governments have pioneered the cost containment efforts in this domain, while others appeared to be considerably more reluctant in the implementation of those cuts. The June 2014 report of the Spanish Court of Auditors (Tribunal de Cuentas, 2014), pointed out the existence of significant delays in the handling of the files of those applying for dependency benefits, and how regions like the Canary Islands had 52 percent of the applicants with a recognised degree of dependency waiting to receive some kind of assistance. This supervising instance stressed the fact that 9 regions did not comply with the requirement to evaluate the cases of the applicants in six months after the procedure is initiated, and certain regions (notably Andalucía, Asturias, Valencia and Extremadura) had waiting periods bordering the 10 months. A similar statement had been made in the 2013 report of the Spanish Ombudsman

(Defensor del Pueblo, 2013), which pointed at another group of regions (in this case Andalucía, Castilla-La Mancha, Valencia and Murcia) when stating that they blocked the files of those having been granted benefits under the SAAD due to the lack of financial resources they experienced to pay for the benefits deserved by those applicants. In its report on the implementation of the SAAD, the Social and Economic Council (Consejo Económico y Social, 2013) also stressed out the large diversity existing between regions regarding a series a key dimensions of the implementation of the “Dependency Law” (from percentages of beneficiaries of Grade III with respect to the total of beneficiaries, to the share of services and cash transfers, passing by the percentage of the total population that benefits from any of the schemes of this LTC policy, or the level of co-payments requested from beneficiaries). The consequence of this is not only a system lacking internal coherence, but very particularly, the emergence of considerable inequalities between the treatments received by citizens depending on their region of residence.

Professionals involved in this area of policy maintain a pretty visible mobilization to question the implication of the welfare cuts affecting the SAAD, and systematically manage to engage the media and a considerable segment of the public to voice and support their requests. In this vein, the Asociación Estatal de Directores y Gerentes en Servicios Sociales (2014) submitted a petition to the Spanish Parliament signed by 250,000 citizens, and asking for a change in the restrictive policies that have significantly reduced the cash transfers to dependants, have cancelled the coverage of the Social Security to more than 170,000 family care-givers, increased the co-payments, and systematically increased the waiting periods for receiving the benefits patients are supposed to be entitled to.

3. Conclusions

A few years before the current economic crisis hit Europe, some authors claimed that in the two previous decades a process of relative convergence of LTC policies had occurred within the European Union countries (Pacolet, 2006). While the Nordic countries had expanded their LTC programs as an extension of their universalistic social and health services, countries of the continental model had gradually developed programs in this area of policy (Germany in 1995, France in 2004) with an universalizing logic quite distinct from their traditional Social Security models (although countries obviously differed in important aspects such as their logics of financing the system, its protective intensity, or the role played by the public sector in the model). In this context, the countries of Southern Europe were just facing such a transition, from welfare protection systems based on solidarity of the family, and gradually moving towards universal type models. The cases of Spain and Italy appeared as good examples of this trend.


Rodríguez Cabrero insisted on how trends in LTC policies in Europe would be marked by a combination of: a) increasing universalism but limited State action directed towards ensuring multilevel regulation involving both the central, regional and local governments, as well as basic funding for those schemes; b) extensive and intensive family responsibility in relation to care; c) decentralized management (regional planning and centrality of municipalities in the management of services and benefits) supported by the private sector (increasing substitution of public services with enterprises and third sector); and d) increasing importance of the

beneficiaries and their families in choosing the combination of services and cash allowances that better suit their needs within the financial limitations imposed by the national LTC regulation (Rodríguez Cabrero, 2005).

The implications of these trends on the different welfare regimes may imply that while the Nordic model tries to recover and strengthen family responsibility, the continental model tries to keep the family involvement in the care of their dependents by supporting care-givers, and the Mediterranean model would transition towards new forms of public involvement to complement the weakening family and informal care system (Arriba González de Durana and Moreno Fuentes, 2009).

In a context marked by uncertainty about the future of the recently passed “Dependency Law”, due to the growing economic and political difficulties (need to articulate more clearly the responsibilities and competences between different levels of government, mainly, although not only, in financial terms), this LTC policy has implied a significant increase in the resources devoted to attending the needs of dependant people (from 0.32 percent of the Spanish GDP devoted to this area of policy in 2003, to 0,44 percent in 2009, and to 0,64 percent in 2010).

The actual bias of the model in favour of cash benefits, instead of promoting the provision of services, constitutes a clear contradiction of the objectives explicated for the “Dependency Law” when this regulation was drafted. This is, to a large extent, the result of the continued existence of a social structure of informal care (related both to families, and to an informal market of undocumented immigration), which the current economic crisis has in fact reinforced, the limited supply of social services, as well as public spending conservatism as Rodríguez-Cabrero and Marbán (2013) adequately point out.

Many challenges lie ahead for the Spanish LTC model set up by the “Dependency Law”. This new system, which implies the creation of new institutions, and the strengthening of previously existing ones (notably within the social services at the local and regional level), constitutes a step away from the traditional residual/familistic Mediterranean model that characterized the Spanish welfare model, but without completely departing from the central role that families may quite likely continue to play in the domain of care for dependant people. With its universalistic logic, this system managed to mobilize significant groups of professionals that have become structurally embedded in the functioning (and the future) of the system. The fine-tuning of the multi-level governance structure of the system, and the improvement of its financial situation, could greatly contribute to guarantee its sustainability. 

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Recommended citation

Moreno Fuentes, Francisco Javier (2015): Challenges and reforms in Long-Term Care policy in Spain. GIGAPP Estudios/Working Papers. Grupo de Investigación en Gobierno, Administración y Políticas Públicas. Instituto Universitario de Investigación Ortega y Gasset. Madrid. Num. WP-2015-03. 24 pp.



Grupo de Investigación en
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