Discussion of

“Spillover effect of Japanese long-term care Insurance as an Employment Promotion Policy for Caregivers”

by

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Summary of the Paper

The effect of LTCI introduction in 2000 on caregivers' LFP

- Sample: Individuals who co-reside with the elderly
  - Treatment: caregiver for the elderly who needs care and co-resides
  - Control: not caring for the elderly in the same household

⇒ More likely to find job (men)

⇒ Less likely to lose job (women)

The effect of LTCI amendment in 2006 on caregivers' LFP

- Sample: Caregivers of **SL**, CL2-5 (before the amendment) and caregivers of **SL1 (reduced service)**, CL2-5 (after the amendment)
  - Treatment: caregivers of SL (before) and SL1 (after the amendment)
  - Control: caregivers of CL2, CL3, CL4, CL5 recipients

⇒ Less likely to work (women, young)

⇒Generous LTCI enables caregivers to participate in the labor force

Comments

Very important work on LTCI in Japan!

- Understanding the effect of LTCI on caregivers is very important
  - But much is not known
- This paper is aiming to address this issue
- There are limitations when we try to fully address this issue, because of data limitation in Japan
- This paper, however, has done the best job to address this issue
  - Shimizutani, Suzuki, and Noguchi (2008) is another important work which finds that the LTCI introduction increased LFP of female caregivers

Comments: Data

- Comprehensive Survey of Living Conditions (CSLC)
  - Definition of Caregiver:
    - Care for the elderly living in the same household
- Ideally, restrict the sample to those who have living parents
  - Treatment: caregiver
  - Control: non-caregiver
  - However, this sample restriction is not applicable with CSLC, and also with many other data sets in Japan
  - Two exceptions!
    - (1) JSTAR, but this survey started in 2007…
    - (2) Longitudinal Survey of Middle-Aged and Older Adults, but has no information on CL status...
- Therefore, CSLC is the data available but with a drawback

Comments: LTCI introduction in 2000

- Who are the treatment group and control group?
  - Sample: Individuals who co-reside with the elderly
  - Treatment: caregiver for the elderly who needs care and co-resides
  - Control: not caring for the elderly in the same household
    - Control group may include **caregivers for the elderly who need care but are not co-residing**
    - Joint decision on caregiving and co-residing
- Dependent variable:
  - *Find*: (1) NW → W (find job); (0) NW → NW (remain not working)
  - *Lose*: (1) W → NW (lose job); (0) W → W (remain working)
  - The effect of LTCI on *Find* and *Lose*, assuming that elderly's health does not change within a year
  - However, non-caregiver may become caregiver, because parents' health deteriorates
- **Suggestion**: Also estimate: Dependent variable = LFP in 2000

Comments: LTCI amendment in 2006

- **Treatment group** differs between (1) the sample before the 2006 amendment (SL) and (2) the sample after the 2006 amendment (SL1).

Table 1. Upper limits of allowance for (P)LTC services before and after 2006 amendment

Care Level	Service	Upper Limits[1] (2001) point	Upper Limits[1] (2001) %[2]	2006	Care Level	Service	Upper Limits[1] (2014) point	Upper Limits[1] (2014) %[2]
SL	LTC	6,150	17.2		SL1	PLTC	5,003	13.9
					SL2	PLTC	10,473	29.0
CL1	LTC	16,580	46.3		CL1	LTC	16,692	46.3
CL2	LTC	19,480	54.4		CL2	LTC	19,616	54.4
CL3		26,750	74.7		CL3		26,931	74.7
CL4		30,600	85.4		CL4		30,806	85.4
CL5		35,830	100.0		CL5		36,065	100.0

If people who care for SL (severe) have lower LFP than those who care for SL (mild), … this approach may underestimate the effect of LTCI amendment

Suggestion: Use LTC questionnaire to identify SL2-type in the pre-SL sample

Comments: Estimates

- Authors present the DID-PSM estimates by age and by gender:
  1. Age 30-49
  2. Age 50-64
  3. Age 65-69
  4. Men
  5. Women Total: 5 cases
- **Suggestion**: How about showing the estimates as follows?
  1. Men, age 30-59
  2. Women, age 30-59
  3. Men, age 60-69
  4. Women, age 60-69 Total: 4 cases

  Mandatory retirement and/or eligibility for pension benefits (after age 60) may also affect the labor supply decisions for age 60+ group