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Research paper

The Awareness Level on Financing Long Term Care Cost Among Rural-Urban and Marital Status in Malaysia

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Abstract

The increase in the number of older populations has raised concerns globally. This demographic changes is due to the increase in life expectancy and declines in fertility as well as mortality rates. Malaysia is also currently experiencing the demographic changes and these changes leads to concerns on the uncertaintiness of future family care and the need for long-term care services. Therefore, this study investigates on the level of awareness on financing long term care cost between rural and urban residential area and marital status amomg respondents in Malaysia. 452 responds were analysed using multiple linear regiression model to identify the variables that influenced the level of acceptance and awareness towards long-term care cost. Findings show that dependency towards retirement income is significant from urban-rural residents and among single respondents. Health status is also significant for both rural-urban and marital status. However, literacy towards the long term care cost is significant among respondents residing in urban areas only and also married couples. The findings are beneficial and relevant to demonstrate on the importance of financial planning to fund for future long-term care costs.

Keywords: *Ageing population awareness; Financing long-term care cost; Marital status; Urban and rural.*

1. Introduction

According to [1], people are living longer due to the increase in life expectancy; women at 77.4 and men 72.7 years old in Malaysia. This demographic evolution has led to the increase in the number of older people in Malaysia with estimated 5% of the older population age 65 and above in 2010 to 14.5% in 2040. It is known that as people age, they are more prone to easily be ill and needs assistance with their daily and non-daily chores. These long-term care services provide assistance with their daily chores or non-daily chores such as bathing, feeding, cleaning and groceries shopping.

2. Previous Studies

2.1. Long-Term Care

In most Asian countries, it has become a tradition to take care of elderly relatives. However, due to career and financial commitments, family members may not be able to care for their elderly member. Therefore, long-term care services and nursing homes are important to the welfare of older people, either in rural and urban areas in order to help them with their daily activities. It is essential, especially when the elderly member is not capable to take care of himself or herself and assistance is needed.

Population ageing is a global phenomenon, experiencing a rapid decline in fertility and mortality that is occurring most rapidly in countries in Asia. Due to this, the Ministry of Social Welfare in Malaysia has taken on the responsibility to provide shelter homes and care services to these older people through healthcare, guidance, and counselling, recreating and religious teachings [2]. OECD has defined long-term care as services provided to people with reduced degree of functional capacity and having prolonged difficulties in doing daily living activities such as bathing, washing and eating [3].

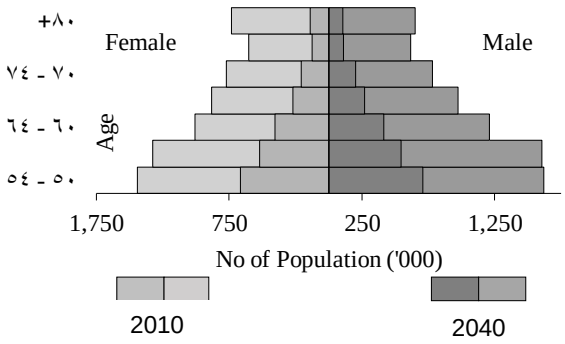


Fig. 1: Elderly Population Distribution in Malaysia. Adapted from Department of Statistics Malaysia (2017)

The number of elderly people are projected to increase by the year 2040 as illustrated in Figure 1. This increment could lead to an increase in the number of placements or care centres for elderly people, especially those who needs assistance for daily activities. Previously, there are 22 day-care centres and this service has benefited 16,331 senior citizens nationwide [4]. Later, the number of registered care centers has reached to 244 units and 16 registered

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nursing homes [5]. As of 2017, there are 181 units of nursing homes and day care centers taken care by the Department of Social Welfare under the Ministry of Women, Family and Community Development [6]. These services are provided by the government, private sector as well as the non-government organisations (NGOs).

Apart from that, elderly people may also need extra care or service to take care of them due to health problems. This set of services is important especially for those who are unable to take care of their own self including those with chronic illness of disability that needs somebody else to care and assist them to perform any basic daily activities. It is a challenge as we do not specifically know how long a person needs the service as it may take up to weeks, months or even years. Due to these conditions, long-term care services are essential to the welfare of older people and those with disability.

The barrier to life fulfilment for older people is not the age but rather the environment they are living [7]. Therefore, these elderly people that needs special care in long-term care institutions should provide a comfortable environment in order to improve their overall health and wellbeing. However, the declining number of family members caring for their elderly members [8] proves the needs of long-term care services which then leads to financial commitment or funding by the individuals, families and government.

2.2. Funding Long-Term Care Cost

A study has revealed that the total for healthcare costs in Asia-Pacific countries are projected to rise by 8.8% yearly by 2020, amounting US$25.8 billion [9]. As at current, the cost in private nursing homes in Malaysia starts from RM 3,000 per month excluding medical treatments and other recurring expenses. With the high healthcare costs and the increasing number of older people in Malaysia, it is crucial for each individual to be aware and be prepared on funding the long-term care service during old age.

A certain amount of cost is needed to cater their needs and also to sustain these long-term care homes, which is crucial especially for those who are living alone. Malaysia's social security provision for older people can be considered as uncertain compared to other middle-income countries, therefore the level of health and welfare investment is needed as the number of ageing population is expected to increase significantly.

Unfortunately, Malaysia is still looking for the best system to provide long-term care coverage for its population. In Malaysia, an increased privatisation within the healthcare service provision has led to an increase in the healthcare expenditure. Due to this, the cost these elderly people in Malaysia must bear is by using retirement income to pay for their long-term care services. But, how long can they rely on these savings?

Previous study by [10] also has stated that quality of life scores are different between areas and respondents from rural areas scored poorer results. This is also in consideration that different area residents (rural and urban) have different exposure and access to health care services.

Therefore, this study is focused in measuring the awareness of preparing for long term care cost among between urban and rural residential areas in Malaysia, and also on marital status. The findings would be very beneficial and relevant to the government's policy as it could help the government in planning purposes to demonstrate the extent of sensitivity of funding future long-term care expenditures.

3. Methodology

3.1. Data Collection

This research uses primary data by conducting a questionnaire survey for employees in Malaysia randomly picked from employees in Malaysia. 1,000 questionnaires were distributed and only 452 responded. The questionnaire item includes questions on demographic profile, awareness towards long-term care, and three continuous variables; i) health status that represents their concern towards their health, ii) dependency towards retirement income (pension scheme or Employees Provident Fund) to show their confidence towards the current compulsory retirement income set by the government and iii) financial literacy towards long-term care cost that represents their readiness towards financing the cost.

3.2. Data Analysis

The questionnaire is designed to gather information needed and is then analyzed using two multiple linear regression models. Multiple Linear Regression model are used in this study to explore on the relationship between one continuos dependent variable (awareness towards long-term care) and a number of independent variables (dependency, health status and financial literacy towards long-term care cost). The results shows significant variables to indicate the level of awareness towards preparing for long-term care cost during old age.

The two models that were tested in this study are:

i) Different predictors on awareness between rural and urban residents in Malaysia (equation (1))

$$y = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \varepsilon \quad (1)$$

where $y =$ awareness of people towards long- term care (LTC), with i = 1,2 : 1 = rural; 2 = urban, $\beta_0 =$ constant, $\beta_1 x_1 =$ dependency, $\beta_2 x_2 =$ health status and $\beta_3 x_3 =$ long-term care cost literacy.

ii) Different predictors on awareness between single and married (equation (2))

$$y = \beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \beta_3 x_{3i} + \varepsilon \quad (2)$$

where $y =$ awareness of people towards long-term care (LTC), with i = 1,2: 1 = single; 2 = married, $\beta_0 =$ constant, $\beta_1 x_1 =$ dependency, $\beta_2 x_2 =$ health status and $\beta_3 x_3 =$ long-term care cost literacy.

4. Results and Discussion

Table 1: Multiple linear regression analysis for rural and urban residential areas

Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.713	1.319		1.299	.195
	DependR	.213	.087	.237	2.455	.014
	DependU	.192	.075	.218	2.553	.011
	HealthR	1.082	.109	.865	9.886	.000
	HealthU	.876	.094	.736	9.309	.000
	LiteracyR	.017	.155	.012	.112	.911
	LiteracyU	.299	.125	.216	2.395	.017

Table 1 shows results for the first regression model; model tested on awareness of long-term care among rural and urban area residences in Malaysia (equation (1)). Based on the results in Table 1, it shows that only two variables are significant for both urban and rural areas and one insignificant variable. Dependency towards retirement income for rural and urban area residences shows significant results of 0.014 and 0.011 respectively. Apart from that, health status also shows significant results for rural and urban residences of 0.000 for both. Literacy towards financing long term care cost is significant for urban residences with 0.017. However, literacy towards financing long term care cost among rural area residences is not significant shows insignificant result with 0.911.

The results show that Malaysian employees are very much dependent on pension scheme and Employees Provident Fund (EPF) as their retirement income. They expect that these current retire-

ment savings scheme could provide adequate amount of income during old age. Apart from that, they also show good concern towards their health status. Literacy towards long-term care cost among urban area residences shows awareness on this matter, but the results show that the respondents from rural areas have very low financial literacy towards long-term care cost. This shows that respondents from the rural area did not or have not started planning for sources to finance the long-term care costs that might occur in the future. This also proves low awareness towards long-term care among rural area residences compared to respondents living in the urban areas.

Table 2: Multiple linear regression analysis for marital status of the respondents

Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.680	1.315		1.277	.202
DependS	.290	.075	.348	3.868	.000
DependM	.076	.085	.087	.901	.368
HealthS	.900	.103	.781	8.719	.000
HealthM	1.047	.098	.865	10.642	.000
LiteracyS	.110	.139	.082	.796	.426
LiteracyM	.295	.135	.211	2.191	.029

Table 2 shows results for the second regression model; model tested on awareness of long term care between single and married respondents (eq 2). Based on the results in Table 2, it shows that only one variable is significant for both single and married respondents, and another two variables are significant only for either variables. Dependency towards retirement income for single respondents shows significant results at 0.000. However, it is an opposite result for married respondents with insignificant value at 0.368. Health status for single and married respondents shows significant value at 0.000 respectively. On the other hand, literacy towards financing long-term care cost among single respondents shows insignificant results for at 0.426, but a significant results for married respondents with a significant value of 0.029. The results show that single respondents are very dependent on pension scheme and EPF as their retirement income. The results show otherwise for married respondents as this group may expect to receive a portion of their retirement income from their children, not solely dependent on pension scheme or EPF. Apart from that, the results shows both single and married respondents are concern towards their health status. This is a good indicator that either single or married are aware on their health. The results also show that literacy towards long-term care cost among is only significant among married respondents. This shows that single respondents did not or have not started planning for sources to finance the long-term care costs that might occur in the future. This is very crucial and important, especially if they remain single and need assistance with their daily tasks during old age.

5. Conclusion

Three determinants were used in this study to describe the level of awareness towards preparation of long term care among employees in Malaysia, which are dependency on available retirement fund, health status and financial literacy towards long term care cost.

The results from both regression model underlines that respondents residing in the rural areas and married respondents are yet to be aware on the importance of planning for sources to finance the long-term care costs. Since Malaysia is moving towards ageing population and the ratio of older people is also expected to rise, therefore it is important for the policy makers to expose those residing in the rural areas on the risk they may face during old age. They may have limited sources and information regarding the needs to prepare for long-term care.

The findings are also beneficial and relevant to the policy makers and insurance companies that involves retirees, health-care benefits and nursing homes to demonstrate on the importance of financial planning for future long-term care costs. It is important, especially among single respondents to prepare if long-term care service is needed in the future. Therefore, it is suggested that some campaigns on awareness towards long term care is done especially in rural areas in Malaysia.

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