

# Choice of nursing home: The out-of-pocket price is pivotal

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Rachel Straumann

Universität Basel | Wirtschaftswissenschaftliche Fakultät | Health Economics

r.straumann@unibas.ch

**Objectives.** The Swiss long-term care market is heavily regulated with ongoing efforts to further expand market interventions to offset the alleged lack of competition. This paper evaluates the consumer response to prices of care and accommodation in the choice of a nursing home, taking advantage of the special conditions of the Swiss market.

**Methods.** Using data from the official administrative statistics for social-medical institutions (SOMED) of the Federal Statistical Office for the years 2014 to 2017, a conditional multinomial logit model is used to analyze to which extent prices, quality and distance influence the nursing home choice.

**Results.** The findings suggest a negative relationship between the price of accommodation, which is not covered by social security contributions (out-of-pocket price), and the choice of the nursing home. By comparison, the price for medical care, which is almost entirely covered by insurance and public finances, appears to have no influence on the nursing home choice. The choice is also significantly associated with shorter distance from the client's prior residence, higher total staffing ratio and larger facility size.

**Discussion.** Individuals in need of care and about to move to a nursing home do not only consider location but also compare prices and the quality of providers. Measures for the promotion of competition can therefore enhance efficiency. However, demand is only affected by out-of-pocket expenditures and easy-to-assess quality measures.

**KEYWORDS.** Demand, long-term care, patient choice, price competition