"What will my relatives do if I consume more formal care? Evidence from France"

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Abstract:
Demographic aging is associated with increasing needs for long term care, including care provided for daily living activities. It can be provided both by professionals (formal care) or by relatives (informal care). Facing this increasing demand, policies tend to extend the public support to the consumption of formal care. One expected impact of these policies is to relieve relatives' burden. This expected impact, however, is assuming a causal impact of formal care consumption on informal care use. In this paper, we investigate the causal impact of formal care use on both the extensive and intensive margin of informal care for formal care users. We use the recent French survey CARE, which focuses on the elderly population. We take advantage of local disparities in the price of formal care providers as an instrumental variable in a two part model.