

A Welfare Analysis of Long-Term Care Insurance: Evidence from Japan ^{*}

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Abstract

This paper studies how long-term care (LTC) risks affect individuals' life-cycle decisions over the life-cycle and analyzes the roles of the LTC insurance system. We build a structural over-lapping generations model with two-sided altruism introducing the degree of LTC and two-stage care arrangements within the family to quantify the economic and welfare effect of the insurance system. This paper evaluates the universal insurance system with a benefit-in-kind compared to the alternative social security policies.

Keywords: Social security, Long-term care, Long-term care insurance, Overlapping generations model, Japan.

JEL Classification: D15, E6, E14, I10, I13

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