

Dynamics behind local variations in elderly care

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Abstract:

Inspired by neoliberal ideas most European countries have experienced a restructuring of national elderly care programs, which has widened the opportunities for outsourcing and contractualisation of parts of elderly care services.

The delivery of care services, however, is the prime responsibility of local governments, and local governments do not always act in accordance with the political signals and aspirations of national government. Local governments have some autonomy with regard to policy formation as well as the design and implementation of policies. In effect, huge local differences exist with regard to the provision of elderly care services. One measurable out-come of local autonomy is differences in local government spending in the area of elderly care. In Denmark, for instance, in 2007 the most 'expensive' local government did spend DKK 78,118 per elderly (+65) per year, while the 'cheapest' local government only did spend DKK 41.901 per elderly per year.

In this paper the aim is to give an account for the dynamics behind the huge differences in expenditures in local elderly care in Denmark by means of linear regression analysis. Independent variables are (1) political factors such as the colour of local government and voter preferences; (2) problem pressure factors such as the local demographic structure; (3) economic factors such as the financial resources of the municipalities, and (4) administrative factors such as productivity in the public elderly sector.

Introduction

Which factors have an impact on the qualitative and quantitative development of the welfare state? This is one of the constitutive problems in welfare research, and one of the most well-known responses to this question was provided by Gøsta Esping-Andersen in his seminal book from 1990, *The Three Worlds of Welfare Capitalism*. According to Esping-Andersen, party politics and ideology are, epitomised as ‘politics matter’, a decisive driving force behind the development of the welfare state. Esping-Andersen’s theoretical insights were anchored in analyses of the cash benefits provided by the welfare state, and Esping-Andersen’s approach has been criticised for neglecting the services provided by the welfare state, including elderly care, which has a characteristic impact on women’s citizenship (e.g. Mósesdóttir 1995; Siim 2000; Anttonen & Sipilä 2005). More recently, however, the welfare regime approach has been reconfirmed in the area of welfare services. Jensen (2008) has thus argued that social care services conform to Esping-Andersen’s regime typology.

Jensen’s (2008) reconfirmation of the welfare regime approach within the area of welfare services is based on an analysis of aggregate (national) public expenditures on social care, and the question becomes whether such an analytical strategy is appropriate. In contrast to the cash benefits, the provision of services in the welfare state largely depends on local political decisions and priorities. In most European countries, welfare services are under the regional or municipal authority, and local authorities have in some countries considerable autonomy in relation to determining the quality and quantity of their services.

This strong local autonomy has given rise to huge variations in the distribution of welfare services from municipality to municipality, and such intra-national variations may be even greater than the variations between countries. In the case of care for seniors in Denmark in 2005, for instance, municipal spending varied from DKK 25,148 to DKK 61,651 per senior (65+) per year (i.e. between about EURO 3,350 and 8,220), while the number of hours of long-term home care varied from 2.0 to 13.6 hours per elderly per week. Such differences in the provision of care for elderly undermine our notion of the existence of homogenous and uniform welfare state regimes. It may actually be more appropriate to talk about a multitude of different “welfare municipalities” (Kröger 1997, 2009) as opposed to a single and uniform welfare state.

The variations in the care for elderly from municipality to municipality possibly owe to the circumstance that decentralised service states are responsive in relation to differences in the wants and needs in the population, just as they can be the result of different local traditions and political priorities. But we don’t know. Knowledge of the actual reasons for municipal differences in the elderly care area is very limited. Very few studies have actually investigated why such major local differences occur in the care provided to elderly. A Swedish study focusing on the coverage of care for seniors and costs per citizen failed to explain many of the variations, simply concluding that the tax system plays a role and that local differences are longstanding (Berg et al. 1993). Other Swedish studies (e.g. Trydegaard &

Thorslund 2001, 2010), which have analysed the degree of coverage for residents over 80 years of age were only able to account for 15% of the variation using multivariate models and suggested that the explanation for variations in the municipal provision of care for elderly lies in historical patterns of care provision. Hansen & Hjort (1998) have studied spending on seniors as the dependent variable in Danish data. They found that the following factors have a significant effect on spending on seniors: the share of single seniors, the share of over-70s in relation to the entire municipal population, the labour force activity among women between 50-66 years of age, growth in the population of seniors and the share of over-70s who have been admitted to hospital. More specifically, Nielsen & Andersen (2006) have carried out a Danish study of the ten municipalities with the highest and lowest spending, respectively. They found that the spending among high spending municipalities is a deliberate political priority which can be justified with service improvements such as improved cleaning. All in all, however, one is left with the impression, as Mouritzen (1990: 106) already wrote in 1990, that the municipal spending on care for seniors has traditionally been difficult to explain.

Using the Danish case as our point of departure, this paper aims to provide answers to the following question: What are the causes for local variations in the distribution of care for seniors? In an attempt at responding to this question, we will analyse the effect of political, structural, institutional, demographic and path-dependency explanatory factors using linear regression analyses.

This paper is structured as follows: first, brief account will be provided of how care for seniors is organised in Denmark. A theoretically grounded account of the choice of the dependent and independent variables will then be presented, just as light will be cast upon the data material. This leads to the analysis of the data, and the article is rounded off with a summary and conclusion.

Care for seniors in Denmark

Danish municipalities have a central role in the provision of care to senior citizens in the country. The relevant legislation – the Social Services Act – stipulates that the municipalities bear the responsibility for the care for seniors. The municipalities must offer personal assistance and care together with help or support relating to necessary practical work in the home. The municipalities thus bear the main responsibility for running residential homes, nursing homes, and providing personal and practical care in the form of home care. The municipalities, however, actually have considerable autonomy and wiggle room when it comes to the actual extent and substance of the care as well as the situations where one is entitled to receive care (cf. Jensen, Larsen & Stoltenborg 2004). This means that the municipal council has extensive power to define the level of municipal services (quality, coverage etc.) for seniors.

Still, the municipalities are obliged to make their political priorities visible to the municipal residents. The municipalities have been required to work out quality standards for municipal services since 1999. These standards must indicate the level of service that the municipal council has set for the municipality, just as the municipalities are required to install particular control mechanisms aimed at

ensuring the fulfilment of the quality standards. For instance, the municipal authority has been responsible since 2001 for carrying out at least one announced and one unannounced inspection annually in residential and nursing homes. Parallel to this, those receiving services have been included in the control of whether the municipalities live up to their own quality standards. With respect to 'home care', councils were established in every municipality in 1997 for dealing with complaints about the provision of 'home care'. Since 2002, the municipalities have been required to establish user councils for the residents (and their relatives) of nursing homes and other such institutions.

There is a strong connection in the senior services area between the responsibility for decision making and finances. Thus, most of the duties in the area are municipal responsibilities and financed entirely by the municipalities¹. Danish municipalities impose taxes, which, in combination with user fees, is the most significant source of municipal revenue. Taxes and user fees accounted for 56% of the combined revenues for municipalities and counties in 2002. Other sources of revenue include operating- and installation revenues, refunds, borrowing and compensatory payments (from the state). Compensatory payments aim to level out the conditions between municipalities associated with spending needs, tax bases and such. On the face of it, there are rather considerable differences between municipalities with regard to their respective tax bases and spending pressure. In 2002, the tax base per capita in Danish municipalities fluctuated between DKK 94,413 (app. 12,693 EURO) and DKK 279,303 (app. 3,755 EURO), while the calculated required spending per capita fluctuated between DKK 25,506 (app. 3,429 EURO) and DKK 36,503 (app. 4,908 EURO) (Strukturkommissionen 2004).

Overall, there has been a strong tendency in Denmark towards the formalisation of care for seniors and such care becoming a public affair. By the end of the 1980s, however, the public sector and formal care for seniors had been restructured. Denmark has been marked by a trend towards 'de-institutionalisation', decentralisation, flexibility – and even individualisation – in the provision of public services for seniors who are not fully able to care for themselves. First, home care and residential homes replaced senior's homes, i.e. home care (i.e. personal assistance, care and assistance with practical tasks in the home) increased; the most common type of home care is cleaning. Home care is aimed at keeping seniors with reduced functional capacity (physical or mental) in their own home as long as possible. Second, the aim of establishing seniors' residences is to offer conditions resembling "normal" housing, just as the intervention of staff is minimised. In effect, the relationship between seniors housing and nursing homes has changed dramatically since the late 1980s. Third, as of 1996, Danish municipalities have been obliged to offer prophylactic visits to older people over age 80, and the offer has applied to those over age 75 since 1998. By means of advice and supportive measures, the aim is to better enable seniors to look after themselves. Thus, this supports the overall aim of de-institutionalisation.

¹ In comparison with the total public expenditures in Denmark, the municipal expenditures account for approximately 55%.

This shift towards de-institutionalisation has been accompanied by a trend towards flexibility and privatisation in the provision of care for seniors. First, with regard to home care, municipalities could freely choose until January 1 2003, whether they wanted to opt for a private contractor or whether all of the staff in the “home care sector” should be municipally employed. Since January 1 2003, however, the care taker has been free to choose from among different home care providers (public or private). However, the municipality must recognise private contractors. Such recognition is based on demands for quality and price as outlined by the municipality. The municipality must pay for the provision of home care by private contractors. Second, as of July 1 2002, seniors who have been assigned housing in a residential or nursing home can freely choose between institutions within and across municipal borders. Thus, senior citizens are now able to find the housing solutions they prefer, which in turn may increase the competition for the “customers”. Previously, municipalities only assigned housing to their “own” population.

The number of municipalities in Denmark was reduced to 275 in 1970 and 271 in 2003². The number of residents varied considerably from municipality to municipality. As of January 1 2001, the number of inhabitants ranged between 2,266 and 499,148, while the average size was around 19,000 (Mouritzen 2003; Indenrigs- og Sundhedsministeriet 2002). A major reform carried out in 2007 reduced the number of municipalities to 98.

Variables: Theory and data

This section presents the dependent and independent variables and their theoretical bases. Furthermore, the basis for the data material will be accounted for.

The dependent variable

The dependent variables in this paper is the annual municipal care expenses per senior, which in 2005 ranged from DKK 25,148 to DKK 61,651 (*De Kommunale Nøgletal*). The senior expenses are officially recorded as “Seniors expenses (net) per 65+/67+ year-old”. “Net” means that it is the gross expenses minus the income, including the compensatory payments from the state, rent payments etc. The spending covers expenses for care for seniors and handicapped, rehabilitation, housing for seniors, contact person and an accompanying scheme, preventive measures, nursing homes and sheltered housing as well as aids and other equipment for seniors. When the age for retirement was reduced from 67 to 65 years as of July 1, 2004, the figures since 2004 are for expenses for those over 65 years, while prior to 2004 they were for those over 67 years of age.

² The five municipalities on the island of Bornholm were amalgamated to form a single municipality on January 1 2003.

As Nielsen & Andersen (2006) and others have pointed out, some of the differences in spending on seniors from municipality to municipality are due to different accounting practices regarding spending on seniors. Only a limited percentage of these variations can be explained by accounting differences, however, as the state instructions regarding accounting are very specific.

Differences in spending have an impact on the quality of service provisions. At least more personnel is employed in care for seniors in high spending municipalities as compared with low spending municipalities. Still, it must also be emphasised that existing research has demonstrated that there is no necessary link between expenses, quality and satisfaction (Lolle 1999), nor is it possible to say anything about whether it is those with the greatest needs who are receiving public services. A lack of transparency and the major differences between municipalities contributed to control mechanisms being reinforced in the early 2000s (see above).

Independent variable

In the following, we will examine a number of potentially relevant explanatory factors. On a general level, this includes political, structural, institutional and demographic factors. These factors will be summarised in a table at the end of this section.

The structure of the municipality and the composition of the population can condition the supply and demand (the need) for senior care. Here, the structure of the housing market also plays a role. Health and wealth are greater, *ceteris paribus*, the greater the number of people own their own homes and the fewer the number of people who are renting their homes. One would therefore expect that in municipalities in which the percentage of people owning their own homes is great, the need for senior care is less. Correspondingly, one would expect that the size and demographic characteristics of the individual municipality have an impact on the services offered to seniors. For example, spending on seniors was a major post in the budget in municipalities with a significant concentration of seniors (Hansen & Hjort 1998), while it is easier to stretch tax revenue in the municipalities with lower concentrations of seniors. On the other hand, municipalities with a large concentration of seniors may benefit from economy of scale. One must also assume that the share of single seniors has significance for care costs, as singles require more care than if spouses or common-law partners can help one another. In this regard, the labour market activity of women can have an impact on senior expenses, as women who are active in the labour market do not have the same opportunity to provide care for their elderly and care-requiring relatives.

An institutional welfare state in the service area is characterized by "that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of services" (Briggs 1961). According to power resource (or politics matter) theory, the labour movement is the most significant force driving the development of the welfare state. It must therefore be reasonable to assume that the local impact of the labour movement, measured in terms of the percentage labour mandates in the municipal council, contributes to increases in senior spending.

The municipalities must continuously prioritise between different welfare areas. One can therefore assume that a municipality spending less on seniors is conversely spending more on culture or schools. In other words, a kind of spill-over effect presumably exists between the municipalities respective spending areas.

The economic resources of the municipalities vary greatly. Some municipalities are strong, while others are more or less under permanent fiscal stress to the degree that there are tendencies towards retrenchment (Pierson 2001). One could therefore assume that factors such as long-term municipal debt and the tax base have an impact on the capacity to organise high-quality senior care.

As already mentioned, since the turn of the millennium there have been tendencies towards the increased flexibility and privatisation of the care provided for seniors. However, the tendencies towards privatisation have not had the same direction or strength in all municipalities. In thinly populated areas, the private providers of care for seniors do poor business (cf. Szebehely 2005). As privatisation and increased flexibility were justified with reference to an interest in increased competition (and reducing expenses) regarding senior care, it is reasonable to assume that the more senior care is privatised in the form of arrangements involving free choice in a given municipality, the lower the expenses related to care for seniors.

Several studies have indicated that variations between municipalities appear to be stable over time (Datland 1997; Hansen & Hjort 1998; Trydegård & Thorslund 2001, 2010). This continuity in the variations in care for seniors fits the path-dependency argument, according to which past political decisions take on a dynamic of their own or that welfare programmes are marked by vested interests and feedback mechanisms (Pierson 1994, 2001). The path-dependency argument will therefore be tested. Attempt is then made to explain the 2005 expense levels with reference to spending level six years back in time.

The independent variables that are included in the analysis are presented in Table 1.

Table 1: Independent variables (2005)

Municipal structure and composition of the population	<ol style="list-style-type: none"> 1. Percentage of owned homes in the total housing stock. Varies from 30.8% to 84.3%. 2. Area of the municipality in km² (logarithm transformed). Varies from 2.17 to 6.33, corresponding to an area between 8.77 km² and 563.64 km². 3. Population (logarithm transformed). Varies from 7.67 to 13.13, corresponding to a population between 2,145 and 502,362. 4. Percentage of over-65s in the municipal population. Varies from 8.9% to 28.0%. 5. Percentage of inhabitants of 85 years and above in the municipal population. Varies from .51% to 4.95%.
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	<p>6. Percentage of urban dwellers: percentage of population living in urban housing (towns with more than 200 residents) in municipality's total population. Varies from 24.5% to 100%.</p> <p>7. Female labour market activity - percentage. Varies from 58.1% to 82.0%.</p> <p>8. Population density (residents/km²). Varies from 19 to 10,477.</p> <p>9. Percentage of single seniors. Varies from 32.39% to 66.20%.</p>
The strength of the labour movement	10. Percentage of labour mandates in the municipal council as an average of the elections in 1993, 1997 and 2001. Varies from 7.86% to 76.92%.
Economic resources of the municipalities	<p>11. Per capita tax base after compensatory payments. Varies from DKK 129,473 to DKK 165,850.</p> <p>12. Long-term municipal debt (there was no data for Copenhagen and Frederiksberg – the average was therefore used for them. The debt of Farum Municipality was reduced to that of the next-greatest municipality³). Varies from DKK 20 to DKK 52,192, with an average of DKK 11,023.</p>
Tax level	13. Primary municipality tax rates in percentage. Varies from 15.5% to 32.1%.
Privatization and flexibility	<p>14. Private suppliers – The number of recipients of home help who make use of private suppliers as a percentage of all 65+. Varies from 12.1% to 42.2%.</p> <p>15. Persons covered by free choice of practical assistance – percentage of the seniors in the municipality. Varies from 4.98% to 32.13%.</p> <p>16. Persons covered by free choice of personal care in percentage of seniors in the municipality. Varies from 1.66% to 27.38%.</p>
Path dependency	17. Elderly spending 1999

Data

The analyses in this paper are not directed by theoretically interesting factors alone. The analyses have also been shaped by the accessibility of data. The data set which serves as the basis for the regression analysis below consists of multiple sources of data. All of the data are from 2005, unless they were unavailable. In these cases, 2006 data are used. All of the variables are downloaded from *De Kommunale Nøgletal* (‘the municipal key figures - www.noegletal.dk), Statistics Denmark (www.statistikbanken.dk) and data dealing with the labour mandates are provided by Kurt Houlberg

³ The municipality of Farum had a huge dept.

from ECO-ANALYSE (www.eco.dk). Figures from 1993 and 1999 together with *De Kommunale Nøgletal* are also used in the subsequent path dependency analysis.

2005 is used as the base year. This is owing to an interest in applying data from prior to the 2007 municipal reform, at which time many municipalities were amalgamated. Since 2007, the relationship between the respective municipal spending profiles and the share of the labour mandates is possibly erased. However, it is worth mentioning that the spending differences between the municipalities remain considerable after 2007.

Table 2: Variation in municipal spending on seniors 2010. DKK

2010	Cheapest	Most expensive	Difference	Average	Std. Variation
	34,631	78,407	43,776	47,330	6,564

Source: *De kommunale nøgletal*. Own presentation.

Table 2 clearly illustrates that the variations remain considerable. The most expensive municipality is spending more than twice the amount per senior, and the standard variation, which is a measure of the spread between the individual municipalities, is also greater in 1993, 1999 and 2005⁴.

Results from the regression analyses of the effects on spending on seniors

The following is an investigation of the extent to which the major differences in spending on seniors can be explained by objective characteristics. These explanatory variables are introduced block-by-block on the basis of theories and existing empirical material regarding the causes for differences in spending on seniors. We try to structure the models as a recursive block system where the effect from lower block variables are possible mediated through higher block variables. Table 3 presents the results of the regression analyses.

⁴ It has not been possible to receive the necessary key figures for Ærø Municipality, Bornholm Municipality and the former municipalities on Bornholm, so the analysis cannot be said to apply to these municipalities with certainty. The average has been used for the spending on culture in Odense and Rudkøbing, as actual figures were not provided for these municipalities. There was no accessible data for the long-term debt for Copenhagen and Frederiksberg, and the average based on the other municipalities has therefore been used. In the case of Farum Municipality, the municipal debt has been reduced to the next-most indebted municipality in order to avoid this debt distorting the image of the effect of the debt variable.

Table 3: Explaining municipality spending on elderly care in Denmark 2005. Linear regression. Regression coefficients and explained variance. N = 270.

	<i>Model 1</i> <i>(Structure & composition)</i>	<i>Model 2</i> <i>(Labour movement & economic resources)</i>	<i>Model 3</i> <i>(Priorities, privatization & flexibility)</i>	<i>Model 4</i> <i>(Parth dependency 1999-2005, controlling for Model 1 variables)</i>
Independent variables^A:				
Constant	39846.79 ***	17774.85 †	-7526.67 ^{NS}	33916.85 ***
1. Percent owned homes	-94.46 **	-129.92***	-119.00 ***	-74.56 *
2. Area (ln)	NS	NS	760.58 †	NS
3. Population (ln)	NS	NS	NS	NS
4. Percentage age 65+	-1278.86 ***	-1237.09 ***	-1177.79 ***	-1034.80 ***
5. Percentage age 85+	4404.24 ***	3874.81 ***	4419.24 ***	2610.04 **
6. Percentage urban dwellers	NS	-67.49 *	NS	-68.10 *
7. Percentage female jobs	NS	NS	NS	NS
8. Population density	NS	NS	NS	NS
9. Percentage single elderly	351.20 **	408.97 ***	211.73 †	374.64 ***
10. Percentage labour mandates		NS	-36.08 †	
11. Per capita tax base		.20 ***	.23 ***	
12. Municipal debt		-.10 *	-.11 **	
13. Municipality tax level			886.90 ***	
14. Percentage of private suppliers			202.56 ***	
15. Persons covered by free choice, practical ass.			NS	
16. Persons covered by free choice, personal care			NS	
17. Elderly spending 1999				.65 ***
Explained variance				
R ²	.36	.43	.50	.55
Adjusted R ²				

Note: Backward selection of variables in regression equation for each model. Minimum accepted p-value: .10. Significance level based on robust standard errors.

^{NS} not statistically significant; † p < .10; * p < .05; ** p < .01; *** p < .001

^A Numbers correspond to Table 1.

Model 1 only includes variables relating to the structure of the municipality and the needs factors. What we first of all should be looking for here is whether there is still much variation left in the expenses after controlling for these factors. 36 percent of the variation in elderly care spending is explained in this model. This also means that the vast majority of the differences in the spending on seniors remain after adjusting for structure and needs differences. Five of the nine variables in this block was found statistical significant at a 10 percent level. As mentioned, most of the variables in this block can be regarded as control factors. But the variables for area, population, and especially city dwellers could give an indication of difference in culture. One could expect that there is a somewhat higher service in municipalities with big cities (Birgersson 1971). Interestingly, none of these variables, though, has an effect which is statistical significant on the .10 level.

Model 2 adds the share of labour mandates and economic resources. The effects from the two variables measuring economic resources, tax base and dept, are in accordance with the hypotheses. Greater tax base and lower dept typically means higher spending on elderly people. But there seems to be no effect from the share of labour mandates. So nothing indicates that the municipalities can be divided in high spending social democratic municipalities and low spending liberal or conservative municipalities. This demonstrates how the Danish municipalities cannot be compared outright with national politics with respect to the differences between the political wings. Still, after adjusting for the effects from the variables in block 1 and 2, the majority of variation in the expenditures is left to be explained.

Model 3 includes tax level and variables measuring privatization and degree of free choice in the elderly care. Not surprisingly, a higher tax level typically gives higher spending on elderly care. Of the other variables in this model only the variable measuring percentage of private suppliers has an impact on spending. It seems that the use of private supplier increases expenditures on elderly care. All in all, the variables in the first three blocks explain 50 percent of the variation in expenses on elderly care. That is, half of the variation cannot be explained by municipality structure, needs, party politics, resources, tax level, and degree of privatization and free choice. Perhaps most interestingly in this model is that although tax level has a highly significant effect, the tax money doesn't seem to be channelled out equally to all service areas. The big variation in expenditures to elderly care left back tells us that the municipalities make different priorities. Some municipalities prioritize public schools, other prioritize elderly care and so on.

After the three first blocks there are, at least, two interesting questions back to answer before one should go any further in the scrutinizing of explanations. The two questions are mingled together though. Firstly, are these differences which we in our models cannot explain, mostly due to ad hoc adjustment of expenses in the municipalities to keep the service quality in status quo, or are they an indication of real differences between the municipalities in service quality and coverage? Second, are the differences telling us about stable patterns of differences between municipalities in the service policy? Or, in other words, is there any sign of what could be called path dependency? In Model 4 we get an impression of this. Here we add to the Model 1 variables expenditures on elderly care six years

earlier, in 1999⁵. This time span includes one municipal election, held every fourth year in Denmark. We see a highly statistically significant effect from past expenditures, and the R^2 increase from .36 in Model 1 to .55 in Model 4. So, at least the differences between municipalities are not due to year to year fluctuation in the expenses. It is reasonable to say that the municipality exploit marginal budgeting/incremental budgeting. In other words, when deciding the next year's budget, the past year serves as the point of departure. On the other hand, there is still quite a lot unexplained variance in the model. We have also analyzed a model (not shown) where we add past expenditures to all the variables in the three first models, and in this the R^2 increase to .63. All these findings tell us that, on the one hand, there seems to be some real and stable differences in spending on elderly people in the municipalities. But, on the other hand, a considerable part of the differences found, are possible due to more or less random fluctuation from year to year. And if we in the analysis of path dependency go back six more years, to 1993, the effect from past expenditures decrease much and is only slightly statistical significant. So, indeed, there are limits to the path dependency argument, as path-dependency seems to be declining, as Trydegård & Thorslund (2001, 2010) also registered for the Swedish degree of coverage.

In addition to examining path dependency in the municipalities, we have also examined whether the spreading in expenditures between municipalities is above the same level over the years. One could hypothesize that the municipalities would converge over time. But from 1993 to 2005, at least, the variation seems rather stable. The coefficient of variation in the years 1993, 1999 and 2005 is respectively .14, .12, and .13.

Conclusion

This paper has aimed to trace the causes of the major variations in the municipal care for seniors in Denmark using linear regression analyses. Spending on seniors has been analysed, and a complex system of driving forces can be said to be in play within the seniors care area.

The greatest variation stems from the demographic and economic composition of the municipalities. Differences in needs and wants can explain about 36 % of differences in spending, while greater tax bases and low dept can explain additional 14 % of differences in spending. If a path-dependent explanatory framework is included in the analysis, a total of 55 % of differences in spending can be accounted for.

⁵ The expenditures from 1999 are adjusted for statistical significant factors from Model 1. This is done to adjust for change in degree of needs in the two years.

Still, 45 % of differences in municipal spending remain unexplained, which is a relatively high figure. In this perspective it is worth mentioning that (traditional forms of) politics does not matter. The percentage of labour mandates in municipal councils has no effect on spending levels. Politics, however, cannot be said to be of no consequence at all, as spending levels is the out-come of priorities and willingness to provide high quality public care provisions. As high spending municipalities employ more caring staff than low spending municipalities, one may assume that differences in spending to a large extent may be the out-come of differences in local cultural values and ideals as to how elderly care could and should be provided. Further research is needed, however, to get an insight into the importance of local cultural systems for the organisation of municipal elderly care.

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