

# **The effect of raising Long-term Care Insurance payments on employment and wages in nursing industry\***

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## Abstract

This paper examines the effect of raising Long-term Care Insurance (LTCI) payments on employment and wages of nursing industry workers. Specifically, I use the change in the regional premium in 2012 as an exogenous shock to the insurance fee schedule: the change in the unit price of LTCI service ranges from 2.8% decrease to 4.2% increase. I find no increase in the number of employees in the establishments registered to the long-term care insurance scheme in municipalities where insurance payments increased. The earnings and working hours of workers in nursing industry did not increase, either. Instead, the amount of service provided under the LTCI decreased, and this cancel out the increase in the unit price so that the total payments from the LTCI to the long-term care providers did not change.

Updates will be posted to <https://sites.google.com/site/ayakokondoissut/>

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