

## Justina Klimaviciute

### Contact Information

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### Current Position

2015-2017 Post-doctoral research fellow – University of Liège, Belgium.

### Previous Employment

2014-2015 Researcher – University of Liège, Belgium.

### Education

2011-2015 PhD in Economics (*with highest honors and congratulations from the jury*) – Toulouse School of Economics, University of Toulouse 1 Capitole, France.

Title of the dissertation : *Essays in the Economics of Long-Term Care*.

Jury : Helmuth Cremer (advisor), Jean-Marie Lozachmeur (co-advisor), Catarina Goulão, Pierre Pestieau, Kerstin Roeder, Emmanuel Thibault.

2010-2011 Master in Economics of Markets and Organizations (research track) – Toulouse School of Economics, University of Toulouse 1 Capitole, France.

2009-2010 Maîtrise (the 1st year of Master's degree) in Economics – Toulouse School of Economics, University of Toulouse 1 Capitole, France.

2005-2009 Bachelor in Economics – Vilnius University, Lithuania.

*January-June 2008*: Semester at the University of Rouen (France) under Erasmus exchange.

## Research Interests

Economics of Long-Term Care, Public Economics, Health Economics, Family Economics.

## Teaching

*Feb-May 2014* Introduction to Microeconomics 2 (in French) – Undergraduate 1st year, Semester 2 – University of Toulouse 1 Capitole, France – Teaching Assistant to Prof. Michel-Benoît Bouissou.

*Feb-May 2013* Introduction to Microeconomics 2 (in French) – Undergraduate 1st year, Semester 2 – University of Toulouse 1 Capitole, France – Teaching Assistant to Prof. Michel-Benoît Bouissou.

## Honors and Fellowships

*2015-2017* Post-doctoral Fellowship (financed by the Belgian Science Policy's (BELSPO) project CRESUS) – University of Liège, Belgium.

*2011-2014* Jean-Jacques Laffont Foundation Scholarship – Toulouse School of Economics, France.

*2009-2011* Eiffel Excellence Scholarship – French Government.

## Publications

**“Long-term care insurance and intra-family moral hazard: fixed vs proportional insurance benefits”. Forthcoming, *The Geneva Risk and Insurance Review*.**

Pauly (1990) argues that an explanation for the low long-term care (LTC) insurance demand could be intra-family moral hazard: parents might refuse to buy insurance since it reduces children's incentives to provide care. This paper raises and explores the idea that the extent of intra-family moral hazard and non-purchase of LTC insurance might differ when insurance benefits are fixed and when they are proportional to LTC expenditures. It shows that fixed benefits limit and might even eliminate intra-family moral hazard, while the effect of proportional benefits is at best ambiguous. Consequently, non-purchase of insurance is less likely with fixed benefits.

**“Caring for dependent parents: altruism, exchange or family norm?” (with Sergio Perelman, Pierre Pestieau and Jérôme Schoenmaeckers). Forthcoming, *Journal of Population Economics*.**

The purpose of this paper is to test alternative models of long-term caring motives. We consider three main motives: pure altruism, exchange and family norm. Our database is the second wave of SHARE (Survey of Health, Ageing and Retirement in Europe) which allows to link almost perfectly and with complete information children and their parents' characteristics. Comparing the empirical results to the theoretical models developed, it appears that, depending on the regions analyzed, long-term caring is driven by moderate altruism or by family norm, while Alessie et al. (2014), also using SHARE data, stress the importance of exchange motive in intergenerational transfers.

## Working Papers

**“Long-term care social insurance. How to avoid big losses?” (with Pierre Pestieau). CEPR Discussion Paper No. DP11359, 2016; CORE Discussion Paper, 2016/16.**

**- Under “Revise & Resubmit”.**

Long-term care (LTC) needs are expected to rapidly increase in the next decades and at the same time the main provider of LTC, namely the family is stalling. This calls for more involvement of the state that today covers less than 20% of these needs and most often in an inconsistent way. Besides the need to help the poor dependent, there is a mounting concern in the middle class that a number of dependent people are incurring costs that could force them to sell all their assets. In this paper we study the design of a social insurance that meets this concern. Following Arrow (1963), we suggest a policy that is characterized by complete insurance above a deductible amount.

**“Long-term care and intra-family moral hazard: optimal public policy”.**

The paper studies optimal public long-term care (LTC) policy in the context of intra-family moral hazard suggested by Pauly (1990). The setting involves families consisting of an adult child and her elderly parent who might become dependent, in which case he places a special value on the LTC provided to him by his child. Since the child’s caregiving is decreasing in the amount of insurance coverage, the parent prefers to underinsure, which is socially suboptimal. The child’s choice of caregiving is also inefficient since she does not internalize its positive effect on the parent. Besides tackling these inefficiencies, the paper also considers redistributive issues arising from the heterogeneity of wealth. The analysis shows that intra-family moral hazard is a sufficient justification for public intervention targeted at insurance: if not necessarily for the introduction of mandatory public insurance, then at least for the taxation or subsidization of private insurance premiums.

**“Long-term care and myopic couples”.**

The paper proposes a theoretical model of LTC issues in the context of elderly spouses and studies public LTC policy optimal in that case. Spouses are myopic about their dependence probabilities as well as about negative health effects of caregiving burden. This results in underinsurance and inefficiently high caregiving effort of the woman, who is the caregiver in the model. While under full information linear insurance subsidies and caregiving tax can implement the first-best, unobservability of the woman’s caregiving might require to use insurance subsidies to correct for both types of myopia. Interestingly, myopia about negative caregiving effects pushes for a subsidy on the man’s but for a tax on the woman’s insurance premium. Paradoxically, insurance against the woman’s LTC risk may be at odds with the protection of her health, which questions the popular tendency to emphasize more the importance of LTC insurance for women than for men.

**“Social insurance for long-term care with deductible and linear contributions” (with Pierre Pestieau).**

## Conferences and Seminars

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| 2016 | 15th Journées Louis-André Gérard-Varet, Aix-en-Provence; CRESUS project Mid-Term Workshop, Antwerp; Seminar at University of Valenciennes; Seminar at LEM, University of Lille 1. |
| 2015 | European Health Economics Workshop, Toulouse; Public Economic Theory (PET) Conference, Luxembourg; Welfare Economics Seminar at CORE, Université catholique de Louvain.           |

- 2014 13th Journées Louis-André Gérard-Varet, Aix-en-Provence; Seminar at University of Liège.
- 2013 European Health Economics Workshop, Lyon; Public Economic Theory (PET) Conference, Lisbon; Journée Maurice Marchand des Doctorants en Économie de la Santé, Paris.
- 2012 CESifo Venice Summer Institute, Workshop on the Economics of Long-Term Care, Venice; Internal workshop at Toulouse School of Economics, University of Toulouse 1 Capitole.

### Referee Experience

*The B.E. Journal of Economic Analysis and Policy, Journal of Health Economics, German Economic Review.*

### Computer Skills

L<sup>A</sup>T<sub>E</sub>X, LyX, Scientific Word, Mathematica, R, MS Office.

### Languages

Lithuanian (*native*), English (*fluent*), French (*fluent*), Russian (*intermediate*).

### References

#### **Helmuth Cremer**

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#### **Jean-Marie Lozachmeur**

CNRS Researcher, Director of the UMR TSE-R  
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