

FREQUENTLY ASKED QUESTIONS

Monday, December 11, 2006

1. Overview: long term care at present

How many people are in long term care?

21,200 older people are in long-term residential care in Ireland: about 4.6% of the over 65 population.

How many will be in future?

Although the overall numbers in residential nursing home care will go up to 44,000 in 2036 and 61,000 in 2056, (at the moment, it's 21,000) that will actually be a *reduction* in the *proportion* of older people needing such care from 4.6% to 4%. Because Budgets 2005 and 2006 have invested heavily in community support systems, more older people who require low or moderate care will be able to stay at home for longer.

What support does the State currently offer?

If a person is in a public long-stay bed, the State provides the bed and charges a maximum of €120 per week. If a person is in a private nursing home, s/he may be entitled to a subvention but is otherwise obliged to meet the full cost of care. Subvention is subject to means testing and both income and assets are taken into account. Until now, the maximum basic rate of subvention was €190.50 per week.

The maximum basic rate of subvention goes up to a maximum of €300 per week for 2007.

The HSE may also pay an enhanced subvention to those in receipt of a basic subvention. The amounts paid vary according to the total cost of care involved.

How much does long term care currently cost, to the State and to individuals?

The State currently spends about €648 million on long-term residential care. It is not possible to be precise how much individuals pay in total, but it can be estimated as approximately half of the state contribution. Effectively, therefore, long term care is two thirds funded by the State, one-third by individuals.



How much will it cost in future?

The cost of residential care will increase to over €1 billion by 2008. Based on population projections, this figure will increase to €3 billion in 2031 and to €6.8 billion in 2051.

Who decides presently whether a person needs long term care and who decides on the level of subvention?

A person qualifies for a subvention when an HSE assessment establishes they need long-term care. The assessment is undertaken by a HSE healthcare professional: either a registered medical practitioner, a registered nurse, an occupational therapist or a chartered physiotherapist. Their report and recommendations must then be considered and decided upon by an assessment team with professional expertise.

Following the care needs assessment, the level of subvention payable to an individual in need of long-term care is decided by a HSE officer in accordance with the Nursing Homes (Subvention) Regulations 1993.

How many public nursing homes and beds are there?

143 public nursing homes, including welfare homes. 9,488 beds in these homes, about 8,250 of which are long-stay beds.

How many private nursing homes are there?

380 private nursing homes and 58 voluntary nursing homes.

How many people are in public beds?

7,415 older people currently occupy public long-term care beds.

How many people are there in private nursing homes – with subvention, without subvention?

13,785 older people are in long-term care beds in private sector nursing homes. Of these, 1,900 are in contract beds, approximately 7,950 are in receipt of a subvention and the balance, approximately 3,935 people, are not in receipt of State support.

2. Reasons for change

What's wrong with the present arrangements?

In brief:

- care recipients face greatly different costs depending on whether they are in public or private nursing homes
- individual contributions in public places are based on a flat rate regardless of an individual's wealth; by contrast, State support for individuals in private places is based on means-testing
- many people in private nursing homes get no support
- even with subvention, at current levels, people can face costs they cannot afford
- the subvention scheme imputes an income of 5% from housing assets, and effectively assumes people have a higher disposable income that they actually have
- people are sometimes forced to sell or mortgage houses to pay for care costs
- the system is not predictable, transparent or consistently applied across the country
- the system is not predictable or sustainable for taxpayers

How long has this been going on?

The present arrangements have been in place since 1970 with regard to public bed provision under the Health Act of that year, and 1993, with the introduction of the Nursing Home Subvention Scheme by Regulations under the 1990 Nursing Homes Act. While there have been some changes to the Subvention Scheme since then, they have not addressed the fundamental unfairness and inequities of the overall system of financial support for people in long term care.

Why did the Ombudsman report in 2001 and what did he say?

The Ombudsman issued a report on the operation of the Nursing Home Subvention Scheme and long term care places in general in January 2000. It dealt specifically with complaints that the public had raised about the means testing of sons and daughters of care recipients and with the management of 'pocket money' of care recipients. Several of these issues were dealt with, and the Minister for Health and Children commissioned a review of the whole Nursing Home Subvention Scheme by Prof. Eamon O'Shea of NUI Galway.

What other reports on long term care have there been and what has the government done with them?

The Minister for Social Community and Family Affairs also commissioned a report on the Long Term Care Finance by Mercer Ltd. Both reports were considered by government. In addition:

- The National Council on Ageing and Older People has written a Submission to the Department of Health and Children on the Long-term Care Needs of Older People (2005).
- The National Economic and Social Forum published a report, *Care for Older People*, in 2005 also with some related comments on cost sharing for long term care.
- The OECD issued a report on long term care provision internationally in 2005 (*The OECD Health Project, Long-term Care for Older People*).

An interdepartmental working group has been considering all these reports in bringing forward new policy options to government since January 2005.

Why won't the Fair Deal start now?

Legislation has to be passed to allow it to happen, and, after the law's been changed, regulations and systems put in place. That's why the Fair Deal will start on 1 January, 2008. However, even in the short term, the Government won't allow all the inequities of the present system to continue – hence the Interim Plan announced today.

During 2008, details of the Fair Deal will be made clear to patients and their families, to the wider public, to all involved in administration and to the social partners, so that people in all circumstances can plan ahead, in the knowledge of what the Government intends to put in place.



3. Details of the scheme

What are the benefits to people and how are they different from the present?

The key commitments to individuals will be:

- (a) the State will continue to fund the largest part of care costs overall;
- (b) individuals will be asked to make a contribution towards the cost of care, limited by the cost of care;
- (c) the basis for contributions will be fair, based on each person's means and assets; (the present arrangements are not fair);
- (d) the total contribution will be affordable (the present arrangements are just not affordable for some people);
- (e) contributions during their life will be less than disposable income (not the case for many people presently);
- (f) individuals will not have to sell or mortgage their house to meet the contribution (that is not assured now); and
- (g) the deferred contribution from the principal private residence will be capped at a maximum of 15% (there is no cap on the house asset in the means test now).

When will it be in place?

1st January 2008.

Who will implement the assessment of need and the financial assessment?

The HSE.

Assessment of need for residential care will be done throughout the country by multi-disciplinary teams of health care professionals in the course of the coming year.

This will be followed by a national standardised financial means assessment administered by the HSE.

Is this for everyone going into a nursing home, no matter what their level of dependency is?

The system is designed to help people who really need long-term nursing home care, that is, people with care needs that cannot be met in the community. At the same time, we are building up substantial care services in the community so that people can remain at home for as long as possible.

Is this scheme just for people over-65?

The present subvention scheme does not make a distinction on age grounds and the new arrangements will not either. The service and the population for which the scheme will be provided will be defined in the legislation.

Will having a medical card or not affect the level of co-payment?

This scheme will apply to all people needing long term care. Whether one holds a medical card or not will not be relevant. Most older people in long term care already have medical cards since they are 70 years and older.

What is the 'on-going charge'?

As at present for people whose sole income is the State Pension (Non Contributory), the share of cost paid by the individual will be 80 per cent of disposable income.

Could this charge be very high?

Most older people do not have a high disposable income. The average income of people over 65 is about €234 per week (before pensions increases in Budget 2007). For people whose income is higher, the charge will be higher - if the poorest people pay 80 per cent of their income towards the cost, fairness requires the same be asked of wealthier people.

80% cent of most people's disposable income will be very much less than the cost of long term care, and the State will make up the significant difference.

It is guaranteed that no-one will ever be charged more than the actual cost of care.

What is the deferred charge?

The deferred charge is a contribution by the individual based on his/her residential assets. 5% per annum of the market value of such assets, for 3 years only. It does not have to be paid by the individual during his/her lifetime, rather, it can be paid at the time of settlement of the individual's estate. The charge will be further deferred where a spouse or certain dependants are living in the house. Of course, if the individual, or his/her family, do not wish the charge to be levied on the estate, they can pay the deferred charge at the time of receiving care.

In the case of the principal private residence, the deferred charge is capped at 15% of the market value of the residence.

Is this equity release?

No. There will be no need for people to draw down value in their house during their lifetimes.

Will banks be involved in the deferred charge?

No. The State will collect any deferred charge. Banks will not be involved.

How will the State control costs of private nursing homes if it pays the balance?

Nursing homes who want to provide care where people receive State financial assistance will enter a contract with the State for certain price levels.

How will we decide what are reasonable prices?

Prices around the country are already known to the HSE and the Department and can be reasonably estimated already.

What happens if a nursing home drops out of the Scheme?

It will have to offer its services to people who will not need financial support from the State. There will be a considerable incentive therefore to be part of the Scheme.

Could nursing homes put up their prices immediately in response to this announcement? How can we discourage that?

We will make it clear in public communications that we are already aware of prices around the country and will not be obliged to reach agreements with any particular nursing home if its prices are unreasonable. We will seek co-operation from the private nursing homes' organisations. In the normal course of events, there would be price increases. With higher standards soon to be implemented, costs may rise in any event.



4. In the eyes of patients / families

When will these changes come in?

January 2008, subject to legislation being enacted.

Will there be any improvements immediately in 2007?

Yes. The Minister is bringing forward a substantial improvement in nursing home subventions in advance of the new scheme. The €85m funding better subvention next year is a down-payment on the new scheme.

Will people currently receiving subvention get a higher subvention in 2007?

In most cases, yes.

Is it still advantageous for people to apply for Subvention in advance of the new scheme?

Yes. Better subvention will be available in 2007 than in 2006. And no-one will be disadvantaged in the new scheme in 2008 by virtue of receiving subvention in 2007. There will be no advantage in waiting to apply under the new Scheme.

Will people now in public nursing homes be charged more?

No. No-one currently in a nursing home will be put at any disadvantage by the new scheme.

Will people now in private nursing homes be charged more?

No.

Will a person currently with Nursing Home Subvention be able to apply for a higher level of support under the new Scheme in 2008?

It will be possible to apply for a new means test under the new Scheme and many people will likely receive a higher level of State support under the new scheme.

For married / cohabiting couples, where one needs long term nursing home care, how will the means test work?

The basic rule, as at present under the subvention scheme for a married or cohabiting couple, will be that each person's income will be assessed as half their combined income, whether or not their respective pensions are the same. However, the income of the remaining spouse or partner will not be less than the maximum rate of the State Pension (Non-Contributory). Furthermore, the HSE will have discretion where the remaining spouse or partner's income would clearly be insufficient to meet his/her everyday living costs. No charge can operate so as to leave a spouse staying at home with less than the level of the Non-Contributory State Pension.

Each person's assets will be assessed as half the value of their combined assets. Thus, the 5% deferred charge will apply to half of the value of the house of a couple.

Where the spouse is living in the principal private residence, the deferred charge on the house will be further deferred and will not have to be met during his/her lifetime.

What happens if the second person in the couple also needs long term care?

Each person will be assessed separately on the basis of half the combined joint income / assets.

Should people try to keep relatives at home as long as possible until this new scheme comes in?

We would always encourage people to help care for their relatives at home as long as possible and we are introducing substantial increases again in 2007 in Home Care packages (2,000 more on top of 3,000 in 2006) and more Home Help hours (780,000 more hours).

Will the charge on the estate delay probate?

We do not expect so. We will make every effort to keep the administration of the scheme as straightforward and transparent as possible.

How will the option of paying the deferred charge upfront work?

It will be based on the assessed market value of the assets at the time of the financial means assessment and considered part of the individual's ongoing co-payment.

