STATES OF JERSEY

LONG-TERM CARE SCHEME (P.99/2013): SECOND AMENDMENT

Lodged au Greffe on 19th November 2013
by Senator A. Breckon

STATES GREFFE

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After the words “dated 22nd August 2013” insert the words –

> “except that in section 1.13 after the words “adjusted in line with changes in general price inflation (RPI)” there shall be inserted the words “plus 1%”.

SENATOR A. BRECKON

REPORT

I should say at the outset that I am a supporter of the introduction of the Long-Term Care (LTC) scheme being developed and delivered by the Social Security Department.

I was a Member of the Scrutiny Panel that looked at this issue in 2008. That Scrutiny Report and all other earlier and more recent analysis have identified a growing need and increasing future demand and cost for LTC services as the Island's population ages. People living longer is now a fact of life, and long may it continue! Many other communities across the world are grappling with the same issues; how to provide high-quality affordable care and services to an ageing population.

Having said that, I believe that the Social Security proposals have much to commend them and go a long way to achieving a successful outcome; however, I believe that the States contribution should be increased – "ramped-up" to help meet the known future need, demand and costs for those that require care.

I have some concern that it is not planned to increase the States contribution in real terms – hence my amendment.

In the recent Scrutiny Report from the Health, Housing and Social Security Panel (S.R.11/2013), the Adviser Susan Harkness states the following in the Conclusion (page 46) –

> "*If the States contribution to the LTC fund were to grow, in real terms, at the same rate as the other costs and payments in the model (the Oxera model assumes care costs, asset disregards, co-payments and the contributions base grow at 1% per year in real terms, while the States departmental contribution is assumed to 0% real growth) the effect would be to reduce the required levels of contributions in the future. This is not considered in the Oxera report. In addition this assumption implies that funding for LTC will comprise a shrinking share of central government spending in the long term and this could leave scope for reduced general taxation.*"

From this comment it can be seen that the Oxera report did not factor in real growth in the States contributions – I wonder why?

I believe that this is wrong for a number of reasons. It is known that there will be increased demand for LTC, and also increased costs which will not necessarily be capped at the same level as the increase in the Retail Price Index. Therefore, I believe that States funding should be at an appropriate level that reflects the real situation both at the outset and on ongoing annual basis – that is RPI +1% in my opinion.

Although there is a cost to doing this, it has already been identified as a need for increased future Health and Social Services funding, so it is no surprise. Also, I do not believe we should try to avoid some of the future liability of the scheme and pass the buck to contributors alone – it should be shared.

Payback time for Health and Social Services?

Contained in the Report with P.99/2013 is the following, on page 32 –

> "*At present, different levels of financial support are available to individuals with the same level of care needs, depending on whether they are placed in long-term care through the Health and Social Services Department or whether they arrange their own placement. Under the LTC Law, all adults will be able to request assistance with long-term care costs through the LTC Fund, regardless of how the care placement has been arranged.*"

This appears to me that Health and Social Services will in future receive funding from the LTC scheme for those in their care, who presently are not funded except through hospital charges, this is shown in the Social Security Report to P.99/2013, which states –

> *"It is therefore proposed to replace the Hospital Charges (Long-Stay Patients) (Jersey) Law to allow Health and Social Services to levy fees, which will be set in line with the LTC benefit rates and the minimum co-payment rate.*
>
> *These charges will be introduced at the same time as the LTC benefit is introduced, and will apply to everyone moving into care from 1st July 2014 onwards."*

In other words, Health and Social Services will now have more money coming in – an "income stream" for caring for the old and infirm – more money than at present!

I agree that costs are shared fairly across the community; however, I believe that as we already know that the number of people requiring care and the cost of providing that care will increase to meet demand, the States should pay more into the Fund to minimise any future significant impact on contributors – user pays – but the contributors should not bear too much of the future liability, as Government's part of the funding process should be a firm commitment to providing practicable support with hard cash, by recognising in positive terms what needs to be provided for and not limiting contributions at too low a level.

Indeed, growth in future Health and Social Services budgets are already heading in this direction, so I believe that is reasonable in the known circumstances we face for this to continue, and the States contribution should be RPI + 1%. Even though the actual cost of providing for increased numbers will most certainly be higher than this – it does go some way towards meeting the REAL cost of care in the future.

The Report by Oxera dated 5th July 2013: "Modelling the costs of a long-term care policy in Jersey", states at page 5 –

> *"The cost of the LTC scheme is forecast to increase, driven by above-inflation increases in the unit cost of the scheme and a growing number of individuals needing LTC. Therefore, over time, both the contribution made by individuals towards the cost of their care and the LTC Fund contribution rate are expected to increase."*

(Estimates are that future contributions are set to rise to up to 3% by 2044.)

So this is, I believe, an indication of how the scheme will develop in the future, and further evidence of why the States contribution should be above the inflation rate, both at the outset and in the future.

Financial and manpower implications

The manpower requirements are no different than those identified by Social Security.

By increasing the States contribution by 1% more than the RPI will add between £300 – £400,000 per year as contribution to the LTC Fund. However, Health and Social Services will have increased income drawn from the LTC scheme that they do not have at present, therefore the cost could be neutral. It is not possible to quantify any of this exactly, because those needing care in the future and their circumstances are not known at present.