## 1. About the proposed long-term care scheme

### What is the long-term care scheme?

The proposed long-term care scheme will provide financial support to Jersey residents who are likely to need care for the rest of their life, either in their own home or in a care home.

Long-term care means that you need substantial help with daily activities such as getting out of bed and dressing.

Anyone needing long-term care would only ever pay a maximum of £50,000 towards their standard care costs. The long-term care scheme will mean Islanders are able to plan for their future care costs by setting aside enough to cover this fixed amount, and individuals and families will no longer worry about meeting potential care costs of hundreds of thousands of pounds.

### Why do we need a long-term care scheme?

Jersey faces a large increase in both the number and proportion of older residents over the next 30 years.

An ageing population means more people will need long-term care, and costs are predicted to more than double by 2044.

### How will the scheme be paid for?

A separate fund will be set up just to pay for long-term care. Contributions from Jersey residents and an annual grant from the States will both be paid into the fund, and all long-term care benefits will be paid from it.

It is proposed that:

- the States will pay around £33 million per year into the fund
- all adults in Jersey who pay income tax will pay a new long-term care contribution into the fund

Jersey Taxes Office will collect the long-term care contributions.

Long-term care scheme: proposed contributions

### When will the new scheme start?

The proposed timetable, which the States will debate and confirm in September 2013 is:

- contributions will be collected from January 2014
- benefits will be paid from July 2014

### Why aren't benefits being paid straight away?

We need to build up a buffer of six months’ contributions so that the fund has enough money to start paying benefits out.

## 2. Long-term care scheme: proposed contributions

### How will the new scheme be funded?

A new separate fund will be set up and funded by:

- long-term care (LTC) contributions from Islanders
- an annual contribution from the States

These will be paid into the LTC fund and all long-term care benefits will be paid out of it.

**Your long-term care contribution**

From 2014, all adults living in Jersey who pay Jersey income tax will also have to pay long-term care contributions. This includes both working-age adults and pensioners. There are no contributions from employers.

Liability for the long-term care contribution will be calculated in the same way as income tax liability is calculated, using income tax allowances, thresholds and deductions.

**How much will I have to pay?**

The proposed initial contribution rate is 1% of your net taxable income, although for most people the effective rate will be well below 1%.

Your individual long-term contribution liability will take into account all your existing income tax deductions, allowances, and marginal relief. This will mean that, for most contributors, just as they pay less than 20% tax on their gross income, their effective contribution rate will be less than 1%.

The 1% rate will be fixed for the first five years but the contribution rate will need to rise over the next 30 years as the number of people needing care increases.

The contribution applies to everyone who pays income tax – whether an employee, self-employed or a pensioner. If you do not pay income tax then you will not pay the long-term care contribution – but you will still be eligible to claim benefits from the fund if you need to.

**Calculating your contributions**

As a general rule, for every £100 of income tax you will also pay £5 as your LTC fund contribution.

For example:

- if your gross income is £25,000 you may have an income tax assessment of £2,500 - a 10% effective rate
    - In this case you would pay a separate long-term care fund contribution of £125 (For each £100 of the £2,500, you pay £5, totalling £125)
- If your gross income is £50,000, you may have an income tax assessment of £7,500 - a 15% effective rate
    - In this case you would pay a separate long-term care fund contribution of £375 (For each £100 of the £7,500, you pay £5, totalling £375)
- If your gross income is £120,000, you may have an income tax assessment of £24,000 - a 20% effective rate
    - In this case you would pay a separate long-term care fund contribution of £1,200 (For each £100 of the £24,000, you pay £5, totalling £1,200)

**How will the LTC contribution be collected?**

To reduce the costs of administration, the Taxes Office will be collecting the contributions.

**If you pay income tax by ITIS**

If you pay by ITIS, you will have a single ITIS rate that includes both your income tax liability and long-term care contributions.

**If you pay income tax directly**

If you pay income tax directly, the long-term care contribution will be shown as a separate item on your income tax bill.

**If you are a pensioner paying tax**

The new long-term care contribution will be shown as a separate item on your income tax bill.

**Is there a maximum LTC contribution?**

Unlike income tax, an upper income limit will apply when calculating the long-term care contribution. Gross total income above the Social Security upper earnings limit (£152,232 in 2013) will not be counted.

**How do I know that my contributions are only going to be used to fund long-term care?**

A separate long-term care fund is being set up. The fund can only be used to pay long-term care benefits.

The Taxes Office will split the amounts received and send the contribution for long-term care to Social Security, which is in charge of the fund.

**States' contributions**

The States already supports some long-term care costs and most of these budgets will be transferred into the LTC fund - a total of about £33 million per year.

The States contribution will be maintained in real terms in the future but is not expected to keep pace with the growth in care costs, which will be met through increasing the contribution rate required from individuals.

## 3. Long-term care scheme: proposed benefits

**Who will be eligible for the proposed long-term care support?**

If you reach a point when you need care for the rest of your life, you may be able to claim support from the long-term care fund (LTC fund).

To qualify, you must meet the following conditions:

- you must have lived in Jersey
  - either for ten years immediately before you apply, or
  - lived in Jersey for ten years as an adult in the past and for another year immediately before applying
- you must be an adult aged 18 or over
- care must be provided at an approved care home or through an approved care package in your own home
- your level of care must have been assessed by the Health and Social Services Department

The new benefit will be available from July 2014, although a final decision on the timetable is being made by the States Assembly in September 2013.

**How the long-term care scheme will work**

You will be covered by the scheme if you need substantial help with your daily acitivities such as washing and dressing.

We will assess how much care, and the type, that you need. There will be a different benefit rate for each level.

**Can I get the benefit if I am staying in my own home?**

If you have care needs which would justify you going into a care home, but you would rather stay in your own home, you can use the benefit to pay for a care package from approved providers.

**What is an approved provider?**

Organisations which provide care services to people in their own home are approved by Social Security if they agree to a standard contract setting out how they will provide care.

There are only a few organisations currently offering care services for people at home but we expect the number to increase.

**What is an approved care home?**

Care homes which provide residential and nursing care are approved by Social Security if they agree to a standard contract setting out how they will provide care.

**What costs does the long-term care scheme cover?**

The new scheme will limit the maximum amount that anyone will have to pay for their long-term care to £50,000. Once the cap of £50,000 is reached, your ongoing standard care costs will be met by the LTC fund. The maximum that a couple will pay is £75,000 in total, even if they receive long-term care at different times, separated by several years.

The length of time it will take to reach £50,000 will depend on the level of care that you have been assessed as needing. It is likely to take eight months to reach the cap at the highest level of care, and up to three years at the lowest level.

If you do not have £50,000 you can apply for means-tested help with this cost from the LTC fund. If your main asset is your own home you can apply for a loan from the fund.

**Will I be expected to meet any other costs?**

If you are living in an approved care home you must make a separate payment of £300 per week (2013 prices) towards everyday living / accommodation costs throughout your time in care. If you cannot afford it, you can apply for means-tested help from the LTC fund.

In a care home, you will be paying the £300 both before and after the £50,000 cap is reached, and this weekly payment is not counted towards the cap.

**People receiving care in their own home**

If you are receiving care in your own home, you will meet your own domestic costs anyway, and will not make any additional payment.

**What if I am struggling to meet these costs?**

The LTC fund can provide extra support if you cannot afford:

- the £50,000, or
- the weekly on-going living / accommodation costs

**If you are a homeowner**

You and your partner's incomes and assets will be assessed, but we will exclude:

- the value of your family home, up to the average value of a two bedroomed house – currently £391,000
- at least £25,000 of other savings

This means that if you own property, but have little money saved, you will be able to receive help with your care costs and will always retain at least £416,000 in assets.

**Property worth more than £391,000**

If your family home is worth more than £391,000 you will be able to take a loan from Social Security, secured against your property and repayable when the home next changes ownership. The loan can cover the £50,000 cap and the £300 weekly living costs.

**Property under £391,000 in value**

If your family home is worth less than £391,000, and your total assets are worth less than £416,000, you will be able to get help with all your care costs as long as you agree to pay your weekly income towards your care costs.

**If you are not a homeowner**

If your total assets are less than £416,000, you will be able to get help with all your care costs as long as you agree to pay your weekly income towards your care costs.

## 4. <u>Help with residential care home fees</u>

**Moving into residential care**

Residential care in Jersey is provided by a range of private organisations, charities and parishes. If you can afford to meet the cost of residential care yourself, you can approach the manager of any home and request a place. If you do this and then request help with funding later on, your care needs will be assessed with no guarantee that you will be funded in the same home.

If you cannot afford to meet the cost of residential care, or you have limited savings which will get used up quickly, you can ask for help with meeting the cost of your care. In this case, you will be offered a place in a home that is suitable for your needs. You will not be able to insist on a place in a particular home, although your personal preference will always be taken into account as much as possible.

If you need a nursing care bed, your GP or social worker will request a place for you on the continuing care list.

If you need respite care, please contact the senior nurse at Health and Social Services.

**Can I get help with my care home fees?**

You can qualify for help with fees if:

- you need substantial help with your daily activities and
- you do not have enough money to cover residential fees and
- you have lived in Jersey continuously for at least 5 years immediately before making an application; or have lived in Jersey for any consecutive period of at least 10 years before making an application

**How is this decided?**

If you are going into a care home for residential care and you are applying for help with funding, there are 2 assessments that must be completed. These are:

- an assessment of your care needs by a social worker or a district nurse
- a financial assessment undertaken by the Social Security Department

**Accessing Adult Social Services**

**How do I get an application started?**

If you are still living in your own home, you need to contact the duty social worker or your district nurse (from Family Nursing and Home Care) to organise an assessment of your care needs. If you are in hospital, the nursing staff will organise the assessment as part of your discharge plan.

**How are your care needs assessed?**

A social worker or district nurse will be assigned as your 'key worker' and will make sure that your care needs have been fully assessed. You might need to see a number of people who will be specialists in different areas. The key worker will look at all your assessments and decide the level of care that you need. This could be:

- care in your own home – with support from Family Nursing and Home Care
- care in a residential home
- care in a nursing home – if you have nursing needs, you may need to receive your care in a nursing home

Your key worker will give you more information about this option.

**Do I have a choice of care home?**

Your key worker will advise which homes meet your care needs and you may chose from these provided that:

- a place is actually available for you in the care home at the publicly funded rate
- the care home manager agrees to accept you.

If you accept a place in a care home that is not your first choice (perhaps because there were no vacancies in your preferred home at the time), you can still get a place in your preferred home as and when a place becomes available (as long as that home also meets your assessed needs)

**Is there a trial period?**

Yes. When you move into a care home, the first 4 weeks will be on a trial basis. This gives you time to decide whether you want to move there permanently.

**How is the financial assessment carried out?**

Your key worker will not get involved in your financial assessment but will pass your details to the Social Security Department. An adviser will contact you, or someone acting on your behalf, to find out basic details and you will then be asked to complete an application form to provide information about your financial situation.

**What financial information does the Social Security Department need?**

We will need to see evidence of your income and your capital assets. If you are married or have a long-term partner, the income and capital assets of both you and your partner are taken into account. This information is confidential and will not be shared with anyone else. If you do not provide full financial information, you will not be assessed and you will not receive any assistance with the care home fees.

**What is income?**

Income means regular payments you and your partner receive; it includes your Social Security pension, retirement pensions and other benefits that you and your partner may receive. It also includes any other income or payments such as an occupational pension, or income from a trust fund. You will need to show us evidence of you and your partner's income and copies of bank statements for a specified period (at least the last 3 months).

**What is capital?**

Capital is any property, savings and investments that you and your partner may have. There are many kinds of savings and investments, but they include bank or building society accounts, National Savings Certificates, bonds and shares. If you own property that you do not live in, the value of the property will be included as part of your capital assets. If you own your own home you can still receive assistance with your care home fees but this payment will be made as an interest-free loan, which will need to be repaid when the house next changes hands. There are more details for homeowners later on.

**Do I have to use up all my savings?**

If you have savings or other capital above a certain value, you will be expected to pay your own fees until your savings fall below this figure. The limit is £13,706 for a single person or £22,718 for a couple. If your savings are below the limit, you do not have to use your savings towards the fees.

If your savings are below the limit, you will still be expected to use your pension and any other income to pay part of the fees. The Social Security Department will make up the difference and also give you a personal allowance.

**What is the personal allowance for?**

All care home residents receiving assistance are entitled to a personal allowance of £32.62 a week. This makes sure you have some money to spend as you wish, for example, on hairdressing, new clothes, personal toiletries and small treats. You will always be left with this amount as a minimum after your financial assessment.

If you are not able to handle your personal allowance yourself, you can ask a relative or friend to look after it for you.

**What happens to my pension?**

Any pensions you have count as income when we are calculating how much assistance you qualify for.

**Who pays the care home?**

In most cases, you will be responsible for paying the care home's fees in full. If you are eligible for assistance from us, the benefit will normally be paid directly into your bank account. You are then responsible for paying this sum and your share of any fees to the care home each month by direct debit, standing order or by cheque.

**What happens if my finances change?**

If the amount of capital you and your partner have significantly changes during the year, you must tell us. Your capital could change for a number of reasons (eg if you receive an inheritance or a shares windfall, or win a large amount on premium bonds or the lottery). We will carry out regular reviews to work out how much you will have to pay after any changes to you or your partner's income or capital.

**Does my partner need to pay towards the fees?**

If you are married or have a long-term partner, the financial assessment will consider the income and assets of both of you. Your partner may need to contribute to your fees, depending on how much income or capital each of you has.

**I have been in residential care for some time and I can no longer afford to pay the fees myself. Can I now receive assistance?**

If you move into a care home without advice or help from a key worker, and you later apply for help with paying the fees (for example, because your savings have dropped below the capital limit), the care and financial assessments will be carried out to check that you are eligible for financial help. We will then consider your request for funding. However, funding cannot be backdated further than the date you applied for help and you will have to pay the full fees until we have made a decision.

Please note that there is no guarantee that you can remain at the same care home.

**Will my partner or I have to sell our home?**

No. You or your partner will never be asked to sell your own home to meet the cost of residential care fees. However, if you or your partner owns your home, you will be asked to accept a charge against your property to cover the cost of the care home fees. The cost of the fees must be repaid to the States of Jersey when the property next changes hands. If appropriate, you may be encouraged to make arrangements for the home to be rented out. This will produce an income to reduce the value of the loan needed from the States of Jersey.

**I have lifetime enjoyment of my home. Does this count?**

Yes. We take the lifetime enjoyment into account when calculating the level of any funding you may qualify for.

**Getting help from others - if you are unable to represent yourself**

If you are worried about dealing with money, there are a number of options you can take to make it easier for you.

**Appointing an agent**

If you would prefer someone else to deal with your financial affairs, you may appoint an agent to act on your behalf. The agent can be a relative, friend, or somebody at the care home.

**Granting power of attorney**

You may wish to give a member of your family or a lawyer "Power of Attorney" so that he or she can deal with your financial affairs for you. This would give them the legal right to act for you in all financial dealings, including paying fees. A lawyer should set up this arrangement. Someone with Power of Attorney may only act for you while you have the mental ability to manage your affairs. If you lose that ability, then the arrangement will end and the appointment of a curator may be considered.

**Appointing a curator**

This is a person appointed by the Royal Court to manage your affairs if you no longer have the mental ability to do so. The curator can be a family member or a lawyer.

**What do I need to do before I move into the care home?**

- if necessary, nominate an agent and notify the Social Security Department
- set up a current bank account if you do not have one
- contact the utility companies – electricity, gas, water and telephone – to tell them you are moving and arrange final meter readings
- rent – if you are a tenant you will need to give your landlord notice to end your tenancy
- agree with the home the furniture and personal possessions you can take with you

If you are a States tenant, you need to give at least one month's notice in writing of your intention to move out. So during the trial period, once you are happy with your care home arrangements, you should let the Housing Department know as soon as possible. A form to give up your tenancy is available from the customer service centre at the Housing Department, Jubilee Wharf, 24 Esplanade. If you have any concerns or queries about ending your tenancy, you should contact a Void Property Officer on 445510.

States rental housing

Please remember that rent will be charged until you return your keys to the Housing Department. You should ensure that your home is cleared of all your belongings and that the property is returned to Housing in a clean, empty and tidy condition. If you are receiving Income Support to assist with rental costs, this will continue during the 4-week trial period.

**Important information**

**Giving away assets**

If you give away your home, savings or other assets or transfer them into a trust before you go into a care home or before you apply for funding, we will investigate the circumstances very closely. In addition, if you sell an asset at less than its true market value, the true market value will be used.

If we judge that a significant factor in your decision to give away the asset or sell it at less than its market value was to avoid paying fees or to reduce the amount you had to pay – termed "deprivation of assets" – you will be assessed as still owning the asset.

We will also investigate any large gifts or circumstances where you transfer ownership of any property and we check land registry records in Jersey and abroad.