STATES OF JERSEY

LONG-TERM CARE SCHEME

Lodged au Greffe on 22nd August 2013
by the Minister for Social Security

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion −

to refer to their Act dated 21st July 2011 in which they approved the draft Long-Term Care (Jersey) Law 2012 and to approve the details of the long-term care scheme as outlined in Section 1 of the report of the Minister for Social Security dated 22nd August 2013.

MINISTER FOR SOCIAL SECURITY

REPORT

1. Executive summary

1.1 Long-term care (LTC) scheme

The Island faces a substantial increase in both the number and proportion of older residents over the next 30 years. Care costs are predicted to more than double by 2044.

Increasing life expectancy and the impact of the "baby boom" generation means that the number of older people will rise steadily over the next few decades, whilst the size of the working-age population will stay more or less static. Whereas there are roughly 4 working-age people for each pensioner in Jersey at present, this ratio will reduce to just over 2 working-age people per pensioner by 2045, as a similar-sized working-age population supports a much larger pensionable-age population.[1]

The States already assists several hundred individuals with their long-term care costs, at a total cost of over £31 million a year. Many other families bear the full cost of long-term care themselves. These costs can be significant – a UK report suggests that around one in ten people, at age 65, face future lifetime care costs of more than £100,000.[2]

This is a long-term problem that needs a sustainable long-term solution. Avoiding the issue and continuing with the current disjointed system will only delay the inevitable decisions that need to be taken. The creation of a new benefit scheme will share costs more fairly across the community, and it will introduce a clear and simple process to help individuals and their families understand the choices available and plan for the cost of long-term care.

Acknowledging these challenges, in July 2011 the States approved the Long-Term Care (Jersey) Law 2012. This sets up a ring-fenced fund which can –

- receive contributions from local residents and the States; and
- pay benefits to adults with long-term care needs, to protect them from the risk of catastrophic care costs.

The dedicated ring-fenced fund will ensure that the community as a whole shares the cost of long-term care (LTC). The new benefit will address the uncertainty and worry currently experienced by homeowners and their families when faced with unknown and potentially very significant care costs. Moving into care can be distressing for all concerned, and the new scheme aims to remove many of the financial concerns that can arise at this difficult time.

Extensive research and modelling has been undertaken during the last 2 years to develop the details of a new LTC contribution and benefit scheme that is sustainable in the long term. The proposals set out in this report represent a balance between a variety of competing demands. They will require the LTC contribution rate to rise over the next 30 years to just under an estimated 3% by 2044. If the LTC Fund is not

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[1] Jersey Population Projection Report, 2012, p.10.
[2] Fairer Care Funding – The Report of the Commission on Funding of Care and Support, 2011, p.12.

established, these increased costs will still arise and will need to be met by individuals themselves and through additional government expenditure.

Subject to States approval of this Proposition, much of the detail of the LTC scheme will be established by Ministerial Order. However, the States will also be asked to approve changes to some existing legislation, and some Regulations will be needed under the Long-Term Care Law itself.

1.2 Support with LTC costs

The new scheme will provide financial support to Jersey residents who have significant long-term care needs and who are being cared for either in their own home or in a care home. The LTC benefit is a universal benefit that will be available to everyone without reference to their income or assets. A number of LTC benefit rates will be provided to reflect the costs associated with differing levels of long-term care needs. The universal LTC benefit is not designed to cover the full costs associated with long-term care. Some of these costs will still fall to the individual, and additional means-tested LTC support will be provided for those who cannot meet their share of the total cost of care.

To qualify for the LTC scheme, an individual will need to satisfy the following conditions –

- ordinary residence in Jersey –
  - either for ten years immediately before applying, or
  - for ten years as an adult in the past and for another year immediately before applying
- be aged 18 or over
- care must be provided at an approved care home or through an approved care package at home
- the individual's care needs must have been assessed as being above a minimum level.

The new scheme will be available from July 2014.

1.3 Care at home

In line with the overall States policy of encouraging community-based care, the new LTC scheme will support approved care packages provided at home. LTC benefits and support will be available to anyone receiving care at home who has long-term care needs that would justify a placement in a care home.

1.4 Universal LTC benefit

Anyone with long-term care needs will be able to claim the universal LTC benefit once their eligible care costs reach the lifetime care costs cap of £50,000 (2013 prices).

For each week that someone is receiving long-term care, their eligible care costs will build up at the LTC benefit rate appropriate to their level of care needs. When these eligible care costs reach the care costs cap, they will be able to claim the universal LTC benefit. This will be paid at their LTC benefit rate for as long as they continue to need long-term care.

The maximum cap for a couple will be £75,000 (2013 prices) 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 the care costs cap will depend on the care needs of the individual. It is likely to take just over a year for someone to reach the cap at the highest level of care, and up to 3 years at the lowest.

For those who do not have £50,000, means-tested help will be available from the LTC Fund. Homeowners will be able to apply for an interest-bearing loan**.**

The initial LTC benefit rates will be based on the existing rates paid in respect of individuals receiving means-tested assistance with LTC fees through Income Support (IS).

1.5 Other costs

As well as eligible care costs, individuals will be expected to meet the costs that relate to living in a care home. This "co-payment" will be a minimum of £300 a week (2013 prices), but could be more depending on the choice of home and any extra services or facilities received. Some homes will charge more than others.

The co-payment will not count towards the care costs cap and will always remain the responsibility of the individual. For those that cannot afford the minimum co-payment, means-tested help will be available from the LTC Fund. Homeowners will be able to apply for an interest-bearing loan to help with the co-payment.

People receiving care in their own home will continue to meet their own living costs and will not need to make this co-payment.

1.6 Treatment of assets

A major driver for the development of the LTC benefit is to protect homeowners against the possibility of what are often termed 'catastrophic care costs'. The proposed scheme therefore includes a generous disregard in respect of assets. Under the LTC scheme, household[3] assets include savings, investments and property, including the value of the family home. A total asset disregard of £419,000 will be applied to household assets in respect of any means-tested support. This value is based on the average value of a two-bedroom house over the last 3 year period, i.e. £394,000, with the addition of a lump sum of £25,000.

The asset disregard of £419,000 will be used in the calculation of means-tested support and will be available to both property owners and tenants alike.

[3] Household: includes the claimant and their spouse, civil partner or other long-term partner.

1.7 Means-tested support

Claimants who have total household assets valued at less than £419,000 will be able to request help with their eligible care costs (up to the care costs cap) and the minimum co-payment of £300 per week. They will be expected to pay their weekly income towards these costs and the LTC Fund will make up the difference. Individuals who do not meet the residency requirements of the LTC scheme, but who do qualify for Income Support (e.g. someone who has lived in Jersey for between 5 and 10 years) will be able to claim means-tested support through the IS scheme towards their LTC costs. However, the universal benefit will not be available under IS and the asset disregard will be limited to £25,000.

1.8 Property bond

Homeowners with total assets worth more than £419,000 will be able to apply for an interest-bearing loan, secured against the value of their property, to help with their eligible care costs (up to the care costs cap) and the co-payment. The loan can cover the minimum co-payment or a co-payment at a higher value.

If the loan increases so that net assets fall to £419,000, the homeowner will be able to apply for means-tested assistance with any remaining eligible care costs and the minimum co-payment cost of £300 per week. If necessary, the loan can be extended to continue to support any higher co-payments agreed with the care home.

Homeowners with total assets below £419,000 from the outset will also be able to apply for an interest-bearing loan secured against the value of the property if they wish to arrange their own care package and fund the additional cost of the co-payment (above the minimum of £300 per week) through the loan.

The loan will be repayable when the property next changes hands. Interest at the Bank of England base rate plus 0.5% will be charged on the loan.

The Social Security Department will take account of any asset disposals below market value within the last 10 years. In addition, any transaction in which the owner of a property transferred ownership but retained life enjoyment of the property will be treated as divesting. In both cases, the claimant will be treated as if they still owned the property.

1.9 Self-funders in care at 30th June 2014

Individuals currently funding their own care will be able to include eligible care costs paid since 1st January 2013 towards their care costs cap. This will allow some individuals with the highest care needs to claim the universal benefit from 1st July 2014. Others with lower care needs who have been in care since January 2013 will be able to claim the universal benefit from the end of 2014 onwards.

Any self-funder who requires additional support through a property bond or means-tested assistance will be able to receive help at any time from 1st July 2014 onwards.

1.10 Health and Social Services-funded placements

Currently, individuals who are placed and funded in a long-term care setting by the Health and Social Services Department either pay a standard fee (£475 per week) if they are aged 65 and above, or are not charged at all. Individuals already receiving care at 30th June 2014 will continue under their current arrangements when the new scheme is introduced.

From 1st July 2014, every adult entering long-term care provided by Health and Social Services will be charged a fee, set according to the appropriate LTC benefit rate plus the minimum co-payment.

1.11 Income into the Fund

LTC Fund income will be received from a new LTC contribution, paid by Jersey residents with incomes high enough to pay income tax. The States will also make contributions into the Fund.

1.12 LTC contributions

From 1st January 2015, a new LTC contribution rate will be collected from Jersey residents with income high enough to pay income tax. This includes both working-age adults and pensioners. There will be no contributions from employers.

Liability for the LTC contribution will be calculated in the same way as income tax liability is calculated, based on taxable income, and taking into account income tax deductions, allowances and marginal relief. This will mean that, for most contributors, just as they pay an effective rate of less than 20% income tax judged against their gross income, their effective LTC contribution rate will be less than the headline LTC contribution rate.

Unlike income tax, an upper income limit will apply when calculating the LTC contribution. LTC liability for individuals with a gross income above the Social Security upper earnings limit (£152,232 pa in 2013) will be capped.

The contribution rate will be introduced in 2015 at 0.5%, rising to 1.0% in 2016. The intention is to hold the rate at 1.0% for at least 3 years, but this will depend on the demand for the new benefit.

To reduce the cost of administration, the Taxes Office will collect the contributions using the existing ITIS and direct billing systems. The Taxes Office will transfer the LTC contributions to the Social Security Department.

1.13 States contributions

The States already supports some LTC costs at a total cost of about £31 million per year and most of these budgets will be transferred into the LTC Fund on an annual basis. The value of these transfers for the second half of 2014 and the whole of 2015 will be calculated in line with the reduction in the departmental budgets needed following the introduction of the LTC scheme and the associated changes to the long-stay fees charged by HSSD. Future annual transfers, from 2016 onwards, will be set in line with the total value of the 2015 transfer, adjusted in line with changes in general price inflation (RPI).

Until the LTC contribution rate is set at 1% in 2016, additional transfers into the LTC Fund will be needed to ensure that the LTC scheme can operate. Due to the level of provision for the costs of the recession within tax-funded benefit budgets and actual costs being lower than originally anticipated, the Medium Term Financial Plan includes funding for the Social Security Department in 2013 and 2014 which is unlikely to be spent fully. These surplus amounts will be released and will be supplemented with additional sums as required, to provide the necessary transfers into the LTC Fund to maintain the viability of the LTC scheme until 2016.

1.14 Reviewing contribution and benefit levels

The financial parameters of the LTC scheme have been set to ensure the overall cost is one that can be sustained over the long term. Benefit levels will be reviewed on an annual basis against relevant indices. An actuarial review will be carried out every 3 years to examine the long-term viability of the LTC Fund and to guide decisions regarding the ongoing level of LTC contributions to be levied and the range of LTC benefits and support to be provided.

1.15 Changes to legislation

To implement the LTC scheme, changes will be needed to the following Laws –

- Long-Term Care (Jersey) Law 2012
- Social Security (Jersey) Law 1974
- Income Support (Jersey) Law 2007
- Income Tax (Jersey) Law 1961
- Hospital Charges (Long-Stay Patients) (Jersey) Law 1999
- Loi (1880) sur la propriété foncière (1880 Law).

2. Introduction

In 2011, the States unanimously approved the Long-Term Care (LTC) Law which provides for a new ring-fenced fund to assist local residents with their LTC costs.

The background to that decision is set out in a number of States documents –

Date	Report
2nd December 2008	SR.12/2008 Scrutiny Report on Long-Term Care
10th June 2009	P.52/2009 commitment in Strategic Plan
15th January 2010	R.5/2010 Long-Term Care Funding: Consultation [Green] Paper
24th June 2010	R.87/2010 Response to Consultation
15th November 2010	R.131/2010 White Paper
21st July 2011	P.108/2011 primary Law approved

Table 1: Background to Long-Term Care (Jersey) Law 2011

Since 2011, two ministerial statements[4] have been made confirming progress on the details of the scheme.

This proposition consolidates the policy proposals of the Minister for Social Security and provides the States Assembly with an opportunity to debate the details of the scheme in advance of a number of separate propositions in respect of the various Laws that need to be amended to bring the scheme into effect. Subject to States approval, it is proposed to provide some initial funding into the Fund to allow benefits and support from the LTC fund to be available from July 2014, with contributions from local residents starting from January 2015.

3. Contributions into the LTC Fund

In 2011, States Members agreed that an LTC Fund should be set up and that contributions should be collected from both working-age individuals and pensioners. At that time it was envisaged that working-age people would make their LTC contributions through the Social Security system and that pensioners would make their contributions using the income tax direct billing system. All the LTC contributions would be paid into a ring-fenced fund only to be used to meet the cost of long-term care. This is similar to the method currently used in Guernsey.

A detailed review of this proposal in early 2012 identified 3 specific issues with this method. The Social Security system levies a percentage rate contribution on employees in respect of their earned income up to a maximum level (£46,008 per year in 2013). Extending this method to collect LTC contributions would mean that employees at all wage levels would make contributions into the new LTC Fund. However, for many low-wage earners, the creation of the LTC Fund will make very little difference to the level of financial support available for their long-term care, and they would be faced with the additional expense of the LTC contribution. Low income claimants are already receiving means-tested assistance (support based on the level of income and assets of the individual) with their care costs and this will continue. For example, a full rate Jersey old-age pension is currently £189.84 per week. A single pensioner tenant relying on a full rate Jersey pension will need financial assistance under the current system with their care fees. They will still need means-tested assistance under the new scheme.

In addition, the Social Security contribution system is based on the earned income of employees. No contributions are levied in respect of the unearned income of employees. This is at odds with the original proposal for pensioners where the LTC contribution liability was to be based on their total income. Finally, moving LTC contribution liability from the Social Security system to the income tax system at pension age would add a layer of administrative complexity to the collection process.

These issues were discussed in detail with the Taxes Office and a number of alternative options were considered. After careful deliberation, a simpler option for LTC contributions is now suggested.

[4] 16th May 2012; 18th June 2013.

It is proposed to establish an LTC contribution for resident adults of all ages, based on their income tax liability. This allows a single system to be used across all age-groups, reducing the complexity of the contribution method and ensuring that there is no sudden jump in liability from the working-age assessment to the pensioner assessment.

Under this proposal, individuals who do not pay income tax will not pay the LTC contribution. Basing the LTC contribution on income tax liability, which takes account of a variety of allowances and thresholds, ensures that the LTC contribution has a broadly progressive effect, i.e. individuals with higher total incomes will pay proportionately more than those with lower incomes. In particular, it is proposed that the LTC contribution rate will replicate the marginal relief calculation used in the income tax system.

LTC contributions will be based on all income, including earnings, investment income and any other unearned income. This ensures that individuals pay a fair contribution, based on their total income, rather than just on their earnings.

However, it is proposed that liability for LTC contributions will be capped in line with the Social Security upper earnings limit (£152,232 per annum in 2013). Setting a maximum level to the LTC liability keeps the LTC contributions in line with existing Social Security and Health Insurance contributions and confirms an important Social Security principle.

By using existing allowances and thresholds for the new LTC contribution, it is possible to combine the collection of this new contribution with the collection of income tax liabilities.

In summary –

- individuals who do not have an income tax liability in a year will not pay the LTC contribution for that year;
- individuals who pay income tax through ITIS deductions on their wages will pay the LTC contribution as part of their ITIS deductions; and
- individuals, including pensioners, who pay income tax through direct billing will pay the LTC contribution as an extra item added to their bills.

The Taxes Office is well placed to collect this new contribution and has existing systems and operational processes which can be adapted to this end. In future, an individual will make a single payment which will include payment towards their income tax liability and payment towards their LTC contribution. These payments will be carefully categorised by the Taxes Office and all income received in respect of the LTC contribution will be transferred to the Social Security Department on a monthly basis. A formal agency agreement will control the way in which the Taxes Office collects these contributions and how they are transferred to Social Security. The Social Security Department will publish annual accounts, giving full details of all income received into the LTC Fund.

This option both minimises the administration costs of collecting the new contribution as it will be combined with an existing system and ensures that higher income households will contribute at a proportionally higher level than lower income households.

LTC contributions: summary of policy proposals

1. Establish an LTC contribution liability for all resident adults based on their income tax liability, with such liability to extend to both working age and above working age individuals.

2. Include a marginal relief calculation in the LTC contribution rate calculation.

3. Cap liability for LTC contributions in line with the Social Security upper earnings limit (£152,232 per annum in 2013).

4. Contribution yield

Following agreement with the Taxes Office on a single system for dealing with both working-age people and pensioners, the Taxes Office has undertaken a detailed analysis of the 2011 income tax yield to identify the likely yield from the proposed LTC contribution. This analysis suggests a yield of £15.8 million per 1% contribution rate in 2013 prices.[5]

Income projections for future years take into account the increasing proportion of older people in the population. In general, retired individuals have lower incomes based on pensions and investments, compared to working-age individuals who have incomes mainly based on earnings.

Based on the population model of net inward migration of 350 persons per year, the number of people of working age will stay roughly constant, and the number of pensioners will increase between now and 2044. This suggests that the yield from the LTC contribution will increase over time, but that it will not keep up with the increase in costs of long-term care. This leads to the need for the contribution rate to increase in future years.

Before identifying the actual contribution rate needed, it is necessary to understand the cost of the benefits under the LTC scheme. These costs are explored in Sections 5 to 11.

5. LTC Benefit levels

A wide range of gross care fee rates is paid in Jersey at present. For the over-65s these can range from £600 a week to over £1,500 a week, depending on the level of care and the type of care home. In September 2012, over-65s made up 86% of all care residents.[6] Provision for the under-65s is on a smaller scale and a range of fees reflects the specialist needs of younger care residents.

[5] Based on 2011 tax data.
[6] Social Security Care Home Census, September 2012.

In September 2012, just over 60%[7] of individuals in care were receiving some form of means-tested assistance. This assistance is currently provided through the Income Support (IS) scheme with new residential placements of people aged 65 and above usually made at one of two standard IS rates.

The LTC scheme will provide support for care costs through means-testing and property bonds, based on various tests of income and assets. In addition, a universal benefit (i.e. a benefit that does not vary with the income or assets of the claimant) will be provided. The proposed universal LTC benefit will include a number of separate weekly rates based on a number of care levels, reflecting the varying long-term care needs of individuals. These needs will be assessed by a registered healthcare professional to confirm eligibility for the long-term care scheme and to identify the appropriate LTC benefit rate. The minimum level of care needs to qualify for the LTC scheme will be set at the minimum level at which an individual is appropriately placed in a residential care home.

For each care level, the LTC benefit rate plus the minimum co-payment will create the gross fee available to care homes in respect of individuals who require means-tested assistance with their long-term care costs.

Two main options to set the universal LTC benefit rates have been considered. Benefit rates could be set by reference to the market average for each care level so that all claimants using the LTC scheme would be able to purchase care at this cost. Imposing a single rate for each care level would provide a fully transparent care market. People purchasing care packages for themselves or their relatives would make their decision based solely on the services and facilities offered by the home itself. At the same time, the cost of means-tested support would increase substantially. At present, over half of all care placements are agreed at the standard IS rates, and the cost of moving to the market average would be a significant additional cost that would need to be borne by the new LTC Fund.

The alternative is to base the new LTC benefit rates on the existing IS standard rates. These IS rates are at the lower end of the market, with the most variation seen in respect of basic dependency residential care. Under this option, the market will continue to provide choice with care available at a range of gross fees. In future, claimants receiving means-tested assistance through the LTC scheme will be supported with a care placement purchased at a gross fee made up of the LTC benefit rate for their particular care level plus the minimum co-payment.

It is proposed to pursue the latter option and to allow the market to continue to provide choice and to operate with a range of gross fee rates reflecting different types of care provider, location, and type of home. To this end, it is proposed to set the initial universal LTC benefit rates by reference to the existing rates paid for individuals receiving means-tested assistance under the current IS arrangements. This will ensure that the cost of providing means-tested assistance for care costs from the LTC Fund remains at a level similar to the current expenditure.

All present, some individuals who arrange their own care pay gross fees that are similar to the existing standard IS rates, whereas others choose homes where the gross fees are higher. This system will continue – individuals using their own resources, or borrowing using a property bond, will negotiate a gross fee with the care home of their

[7] Social Security Care Home Census, September 2012.

choice. This fee will be made up of the LTC benefit rate for their level of care and a co-payment in respect of living costs and the general facilities provided by the home. The co-payment will have a minimum cost of £300 per week but care homes will be able to charge a higher figure.

Table 2 shows indicative weekly LTC benefit rates (2013 prices) based on existing Income Support rates. Actual benefit rates to be used from July 2014 will be approved by the Minister for Social Security early next year.

Care Level	Universal LTC benefit	Minimum co-payment	Minimum gross fee
1	£340	£300	£640
2	£520	£300	£820
3	£670	£300	£970
4	£940	£300	£1,240

Table 2: Indicative LTC benefit rates (2013 prices)

It is proposed to create a number of additional LTC benefit rates to reflect the various types of specialist care provision available locally, in particular to people below 65 years of age.

Each care home that is operating to an agreed standard and is approved under the Long-Term Care Law (i.e. an approved care home) will be required to provide a standard contract to their residents to ensure an appropriate quality of care is provided. A draft of this contract is being drawn up with assistance from Health and Social Services and States Corporate Procurement. Subject to States approval of this proposition, the next step will be to work with the Jersey Care Federation and individual care homes in Jersey to finalise the detail of the standard contract. Benefit levels will then be set by Ministerial Order and will be kept under regular review.

LTC benefit levels: summary of policy proposals

1. Set the initial universal LTC benefit rates by reference to the existing rates paid in respect of individuals receiving means-tested assistance under the current Income Support arrangements.

2. Provide a number of additional rates to reflect the various types of specialist care provision available in the Island.

Having identified the approximate level of the LTC benefit rates, modelling has been undertaken to examine the impact of different levels of asset disregard, minimum co-payment and the introduction of a care costs cap.

6. Modelling the total future cost of LTC

The introduction of an LTC Fund creates a completely separate funding stream where money is specifically allocated by law to assist eligible individuals with their LTC costs. Income for the fund is derived from contributions from adults of all ages, together with a contribution from the States. The introduction of the fund does not reduce the total cost of long-term care, but it does allow the States to address the way in which the burden of care costs is met by individuals and by the wider population as a whole.

Having agreed the principle of a new ring-fenced fund, a major concern is to ensure that the detailed proposals are financially sustainable in the medium to long term. There will be an inevitable rise in the cost of long-term care reflecting the increasing proportion of older people making up the local population over the next few decades. Without a dedicated fund, additional general tax revenues would need to be found to help the substantial proportion of people who will not be able to afford to pay their care costs in full. Meeting these costs would lead inevitably to an increase in income tax or GST, or a reduction in funding to other areas of tax-funded services.

While acknowledging the uncertainties inherent in making projections of this nature, the LTC Green Paper identified significant growth in long-term care costs to 2035 and indicated that costs would continue to rise further. Those calculations were based on the simple mechanism of increasing care costs in line with the population of individuals on the Island aged over 85.

The complexity of modelling long-term care costs has been acknowledged internationally. A recent report from the King's Fund, *Spending on health and social care over the next 50 years – why think long-term?*[8] compared research undertaken in a variety of countries including the UK. Apart from identifying an upward trend in long-term care costs, there is no clear message and different studies make a range of different assumptions. For example, The King's Fund report quotes[9] Organisation for Economic Co-operation and Development (OECD) figures which identify that long-term care spending as a proportion of GDP could, on average across the OECD, increase between two and fourfold by 2050. Such increases are driven by demographic change, but also by the availability of informal care and changes in dependency rates.

To prepare the forecasts in this report, the Social Security Department has worked with Oxera[10] to develop a forecasting model specifically for Jersey. The model incorporates long-term assumptions used by the Economics Unit and the Health and Social Services Department. Whereas the initial modelling undertaken for the 2010 Green Paper was based on the population model using the 2001 census data, the Department has now received expert advice from the Statistics Unit and the population model[11] derived from the 2011 Census has also been incorporated into the current long-term care cost forecasts.

[8] *Spending on health and social care over the next 50 years – why think long term?* by John Appleby – The King's Fund (2013) www.kingsfund.org.uk.

[9] OECD figures quoted in *Spending on health and social care over the next 50 years – why think long term?* p.17.

[10] Oxera Consulting Limited.

[11] Population model used: net inward migration of 350 persons per year.

The model covers the period 2014 to 2044. It can consider variations in the level of the universal LTC benefit, the asset disregards, means-tested assistance, and the payments made by individuals. The initial cost base is derived from an analysis of existing care home residents and an estimate of initial LTC universal care benefit rates. The model excludes some forms of high-cost specialist long-term care. It also excludes the value of additional payments made by claimants who negotiate the cost of their own care packages.

Forecasts of the future cost of care are heavily influenced by the assumptions made within the modelling. In particular, it has been assumed that the unit cost of long-term care will rise in line with the increase in earnings. This assumption reflects both historical evidence and the high proportion of care costs that are attributable to labour costs. This is a key assumption. If care costs rise faster than earnings, the future cost of any LTC benefit will rise faster than suggested in this report. Separately, it is assumed that individuals in each age band will need the same average length of time in care as they do now. In reality, the time spent in care and the number of people needing care will depend on a wide range of factors that are difficult to predict and for which little Jersey data currently exists.

The changes currently being made to local health policies as a result of the "Caring for each other, Caring for ourselves" review (as endorsed by the States as P.82/2012) are designed to lead to a reduction in the number of people needing care in care homes, and a reduction in the length of time that people eventually spend in institutional care. The success of these policies will lead to LTC costs rising more slowly, as individuals will be able to remain at home for longer at a lower total cost. Some simple assumptions in this respect have been included in the modelling.

7. LTC benefit design options

In 2011, the report accompanying the LTC law suggested that property assets of up to £750,000 might be disregarded in any means-testing calculation. However, it was also noted that detailed calculations would be required to confirm the cost of the scheme and contribution rate required. The development of the Oxera model and the confirmation of the yield from the proposed contribution mechanism have now allowed these detailed calculations to be undertaken.

Using the Oxera model[12], the cost of an LTC scheme (2013 prices) based on a weekly co-payment of £300 per week (as suggested in the White Paper) and allowing property assets up to £750,000 to be ignored in any means-testing, leads to a total benefit cost in 2044 of £152 million, which would require a contribution rate of 5.1% at that time.

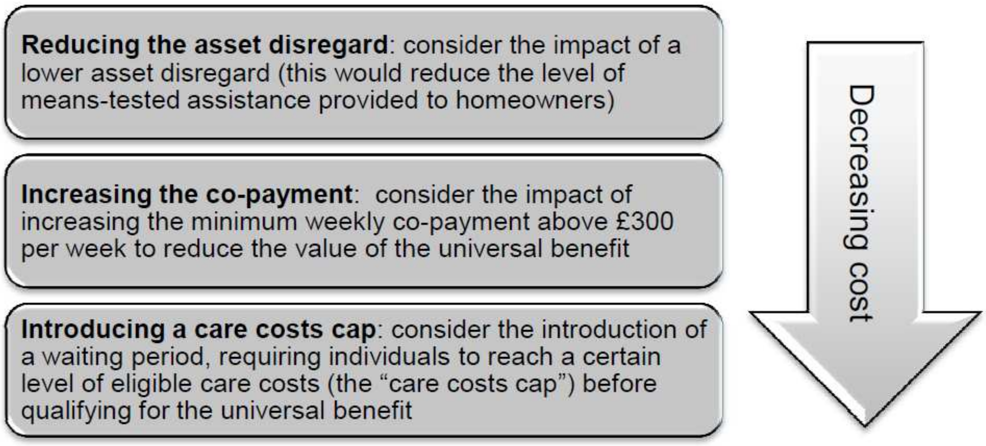
A Political Steering Group[13] was established at the end of 2012 to review these modelling results and to provide advice to the Minister for Social Security. The consensus opinion in early 2013 was that a long-term care contribution rate at this level was not acceptable. Ministers were not prepared to endorse a scheme that would lead to very high contribution rates over the coming decades, placing a substantial financial burden on future generations.

[12] Version 2.39.

[13] Members were the Chief Minister, Minister for Treasury and Resources, Minister for Health and Social Services, Minister for Social Security and respective Assistant Ministers.

It was agreed that to be viable in the long term, a scheme would need to include a number of controls that could be applied to limit potential increased costs in future years. The scheme must still protect the most vulnerable and those with the highest care costs, but it was acknowledged that it was reasonable to expect those with the ability to do so, to make some payment towards their care costs.

The cost of the proposed scheme is dependent on a number of separate variables, and each of the following has been investigated using the Oxera model over the last few months –



There are many combinations of these 3 variables that could produce the same total cost in terms of the LTC benefit. It is important to consider both the relationship between the 3 variables and the specific value of each variable.

These areas are considered separately below, and then the proposed option is described. In general terms, options have been explored to create a long-term contribution rate of no more than 3% in 2044.

8. Asset disregard

Asset disregards are proposed for the LTC scheme to ensure that claimants will be able to receive additional financial assistance through means-testing, without first having to use up all of their savings and other assets. Assets include savings and investments and the value of any property that is owned. For a couple, all assets are considered jointly.

There has been considerable political interest in the protection of property assets during the development of the LTC Law. Whilst there is strong public support amongst homeowners for the protection of property assets, this needs to be weighed against the cost of including a generous asset disregard within the proposed LTC benefit scheme as a whole. It is also important to consider how a high asset disregard might influence decisions taken by families.

In order to identify an appropriate level for the asset disregard property, ownership statistics and existing States policies have been considered. The population of over-65s enjoys a higher rate of property ownership compared to most younger age-groups.

For example, 69% of pensioner households own their own home, and a high proportion of these possess a three- or four-bedroom house.

In 2008 the States approved a lifelong homes policy[14], encouraging the building of 1.5- and two-bed units to lifelong home standards. These standards facilitate independent living for older residents, including access to homes without steps, corridors wide enough to accommodate wheelchairs, and bathrooms designed for use by those with limited mobility. The great majority of individuals say that they would prefer to be cared for in their own home, for as long as possible. The increasing availability of lifelong homes will make it much easier for a care package to be delivered safely at home.

At the same time, in an Island with limited housing resources, a voluntary decision to sell the family home and move to a smaller, purpose-built lifelong home also releases a family home for the next generation.

The Statistics Unit publishes a Jersey House Price Index on a quarterly basis, providing useful information against which to judge the level of the property disregard.

It is proposed to base the home ownership element of the asset disregard on the value of a two-bedroom house. As property prices often fluctuate from year to year, the average over the last 3 years is suggested as the starting point, giving a value of £394,000[15] (2013 prices). This value would be reviewed by the Minister on an annual basis, having regard to the average (mean) value in respect of recent transactions of two-bedroom houses.

In addition to the disregard in respect of the value of the family home, it is proposed to allow a minimum of £25,000 in other assets, giving a total asset disregard of £419,000 available to both homeowners and non-homeowners. The additional amount is set slightly above the existing IS asset disregard for a couple (£22,718). Identifying this separate amount will ensure that a homeowner with a property valued above the level of the disregard will still be able to keep up to £25,000 in savings, and will not have to use all their cash savings before they can receive any means-tested assistance.

Reducing the asset disregard below the total value of £419,000 would reduce the cost of the scheme and allow other parameters to be made more generous. However, it also reduces the level of protection available in respect of family homes.

Both tenants and homeowners will be paying contributions into the LTC Fund. Setting the asset disregard with reference to the value of owner-occupied property as currently proposed is of benefit almost exclusively to homeowners. Very few tenants will have assets at this level, although they will be covered by the same total level of asset disregard. An asset disregard higher than £419,000 would increase the cost of the scheme, and would lead to a significant proportion of LTC contributors (i.e. tenants) paying higher contributions but not receiving any additional benefit.

Increasing the asset disregard above the value of a two-bedroom house could also encourage individuals and families to retain the ownership of a large family house at a

[14] P.75/2008, approved 16th July 2008.
[15] Rounded to the nearest £1,000.

time when it would be more appropriate for an elderly relative to move into a smaller, modern unit.

Overall, the Political Steering Group agreed that protecting the value of a two-bedroom house created an asset disregard at a fair level.

LTC benefit design – assets: summary of policy proposals

1. Create an asset disregard based on the value of a two-bedroom house, taking the average over the last 3 years as the starting value of £394,000.

2. Include a minimum of £25,000 in other assets, to provide a total asset disregard of £419,000, available to both homeowners and non-homeowners.

9. Co-payments

Internationally, most long-term care benefit schemes include some form of co-payment in respect of the living costs of the claimant. These are costs that would be borne by the individual whether or not they had care needs, and there is general acceptance that these costs should not be met from the public purse. In 2010 the Green Paper suggested that accommodation costs would be covered by a co-payment value of £267 per week, based on UK evidence. This figure has now been updated and checked against local data to give a value of £300 per week (2013 prices).

The value of £300 per week represents the minimum co-payment for someone living in a care home. As noted above, there is a wide variety of care homes in Jersey providing a range of facilities. Under these proposals, the co-payment charged will vary according to both the care home itself and the type of room and other facilities provided for residents.

Modelling has been undertaken to identify the impact of increasing the minimum co-payment above £300 per week. In this case the minimum co-payment would be covering the standard living costs of the individual and also making a fixed contribution towards the cost of care. This would reduce the level of the LTC benefit paid in respect of each care level. Individuals would still continue to negotiate their own total gross fee, but the LTC benefit would be paid at a lower rate.

Increasing the minimum co-payment to £640 per week (2013 prices) across all care levels combined with an asset disregard of £419,000 leads to a long-term contribution rate of 3%.

A co-payment of £640 per week is very similar to the current Income Support gross fee for the lowest care level. As a consequence, under this option, the universal LTC benefit rate for the lowest level of care would be set at £0. LTC benefit levels for those with higher levels of care needs would be reduced by £340 per week.

Increasing the minimum co-payment to £640 per week and including a fixed contribution towards the cost of care means that people receiving care at home would also be required to make a weekly co-payment towards their care costs of up to £340 per week (£17,680 a year). People receiving care at home will already be meeting their own living costs.

10. Care costs cap

In July 2011, at the time of the previous LTC debate, the report by the Dilnot Commission[16] had just been published. This report introduced a novel concept that had not previously been discussed. A universal benefit would be provided to help with the cost of LTC fees, but only after the individual had met, as far as they were able, their own care costs up to a certain level, known as the 'care costs cap'. The care costs cap is set at a fixed amount regardless of care needs. Care costs that can be counted towards the care costs cap are set in line with the value of the universal benefit. For example, if an LTC benefit rate is £500 per week, then eligible care costs will accumulate at £500 per week for that individual until the care costs cap is reached.

If the care costs cap is set at £50,000 and an individual has an LTC benefit rate of £500 per week, the cap would be reached in 100 weeks. Someone with much higher care needs and an LTC benefit rate of £1,000 per week would reach the cap in 50 weeks.

The care costs cap reduces the total cost of the universal benefit that needs to be provided, but it ensures that those individuals, who would otherwise bear the highest lifetime care costs, are the ones who will benefit the most from the new scheme.

By identifying a fixed amount for individuals to pay towards their eligible care costs, the uncertainty and worry currently experienced by many entering care is reduced. England will be implementing a similar scheme from 2016 and it is likely that insurance products will be created to allow people to insure against the value of the cap. It seems reasonable that Jersey residents will be able to take advantage of such insurance schemes in the future, possibly adapted to local conditions. In any event, financial planning in old age would be considerably more straightforward if the uncertain prospect of needing long-term care carried with it the guarantee of assistance for those needing care for an extended period.

The Dilnot Commission (set up by the Coalition Government) recommended capping the lifetime contribution to adult social care[17] costs that any individual needed to make at between £25,000 and £50,000. It thought £35,000 an appropriate and fair figure and used it throughout its report. Once the cap was reached, the state would assist with remaining care costs. Those in residential care would be expected to contribute to their general living costs, just as they would be expected to meet the cost of living in their own home. It was not in the Commission's remit to identify how any changes would be funded.

[16] Fairer Care Funding – The Report of the Commission on Funding of Care and Support – July 2011. The Commission was chaired by Andrew Dilnot (hence 'the Dilnot Commission').

[17] "Social care" in England covers the lower levels of long-term care needs, for example, people who receive care in a residential care home, rather than a nursing home.

In February 2013, the Coalition Government announced that from 2017 there would be a £75,000 cap on social care costs. A month later, in his Budget, the Chancellor of the Exchequer announced that the cap would now be effective from April 2016 and the cap set at £72,000. He identified a number of areas from which funds will be drawn in the short term to meet these additional costs, i.e. changes to employer national insurance contributions and freezing the inheritance tax threshold for three years.

In Jersey, the eligible care costs that accumulate towards the cap will be based on the universal LTC benefit rates. Using the indicative LTC benefit rates listed in Section 5, a cap of £50,000 (2013 prices) would mean –

- An individual in basic residential care (level 1), with an LTC benefit rate of £340 per week, would need to be receiving care for 2.8 years (147 weeks) before they became eligible for the universal benefit (147 weeks x £340 = £49,980).
- An individual with high-level nursing care needs (level 4), with an LTC benefit rate of £940 per week, would need to be receiving care for 53 weeks before they became eligible for the universal benefit (53 weeks x £940 = £49,820).

Progress towards the cap is based on the LTC benefit rates, rather than the actual costs being met by the individual. In particular, the level of the co-payment chosen by the individual does not affect the time taken to reach the cap. If an individual purchases a care placement with a co-payment above £300 per week, then their care costs will still only accumulate at the LTC benefit rate for their level of care needs. On the other hand, if an individual needs means-tested support with their gross care costs, then the care costs will still accrue at the LTC benefit rate for that care level. It is the care costs at a particular care level that count, not who is paying it. So someone meeting their own care costs and somebody totally reliant on means-tested help who both enter care at the same time will both reach the care costs cap simultaneously.

For individuals receiving domiciliary care (care in their own home), the care costs cap will be referenced against the LTC benefit rate for the same level of care in a care home. Actual care costs at home will usually be lower than the cost of institutional care. The effect of this is to reduce the cost of the cap for those receiving care in their own home.

Under a capped system many people will be able to make arrangements in advance, possibly through an insurance policy or by arranging family savings to meet this element of care costs. However, others will not have this level of resources available and will continue to need means-tested assistance.

During the period in which eligible care costs are being accumulated towards the cap, the individual is also responsible for the co-payment agreed for their care package.

A variety of caps up to the proposed level of £72,000 in England have been modelled.

The Oxera model has identified long-term (2044) contribution rates of between –

- 3.1% using a cap of £35,000; and
- 2.4% with a cap of £72,000.

In both cases the total asset disregard is set at £419,000 and the minimum co-payment at £300 a week.

If a cap is introduced, it will be adjusted in line with changes in the LTC benefit rates. Approximately every 5 years a review will consider whether any more substantial change is required. For example, the overall impact that the cap has on the cost of the scheme is strongly linked to the average length of time that an individual spends in care. If the average length of stay increases or decreases, the care cost cap could be raised or lowered to reflect this trend.

11. Comparison of options

As set out above, an asset disregard of £419,000 provides a guaranteed level of support to all homeowners, is aligned with the agreed States policy of lifelong homes, and does not place an unfair burden on contributors into the LTC Fund.

Using this level of asset disregard, 2 main options have been compared –

- Higher co-payment of £640 p/w, with no care costs cap, leading to a 2044 contribution rate of 3.0%.
- Co-payment of £300 p/w plus a care costs cap of £50,000 leading to a 2044 contribution rate of 2.7%.

At present some individuals experience very high care costs during their time in care. One of the basic aims of the proposed LTC scheme is to share these "catastrophic" costs more evenly across the community as a whole. Whilst both the above options achieve this to some degree, the second option, with a lower co-payment combined with a cap, provides this protection more directly. Everyone in care is required to meet their full care costs until their eligible care costs (based on their own LTC benefit rate) reach the fixed figure of £50,000. For those who have high care costs, either because they stay in care for a long time, or they have very high needs combined with a reasonably long period in care, the LTC benefit will be available once they reach the cap. This provides targeted support to protect families and individuals from the prospect of catastrophic care costs.

Having considered the various options, the consensus of the Political Steering Group was that a care costs cap of £50,000, combined with a minimum co-payment of £300 per week and an asset disregard of £419,000, provides the correct balance within the LTC scheme and represents a solution that is sustainable in the long term.

It is therefore proposed that in order to receive the universal LTC benefit, individuals will be required to have accumulated costs linked to the appropriate care benefit rate for their care level, up to the care costs cap of £50,000. It is also proposed that the maximum eligible care costs to be borne by a couple should be limited to 1.5 times the cap for an individual. A cap of £50,000 per person equates to a maximum of £75,000 for a couple. For example, if the first partner had eligible care costs of £40,000, the second partner would reach the cap with expenditure of £35,000. The care does not need to be received at the same time, and there could be a gap of several years between the 2 periods of care.

LTC benefit design – care costs cap: summary of policy proposals

1. Introduce a care costs cap, with individuals accumulating care costs appropriate to their care level and then receiving the universal LTC benefit once they reach the care costs cap.

2. Set the care costs cap at £50,000 for an individual.

3. Set the maximum care costs cap for a couple at 1.5 times the cap for an individual.

12. LTC Fund – initial funding

The preceding sections have provided information on individual aspects of the LTC Fund – the likely level of contribution income, the setting of benefit rates, and the preferred balance between co-payments, asset disregards and the care costs cap. Taken together, and using the Oxera model, these elements allow for the calculation of a long-term contribution rate to help fund the scheme. Under the preferred option, this rate will build up over the next 30 years to an estimated 2.7%. However, this rate is not required in the initial stages of the scheme.

The Oxera model only considers the ongoing cost of benefit payments. The fund will also need to meet some additional ongoing and start-up costs that are not included in the model. For example, the cost of administration is estimated at £800,000 per year. In addition, in the first year or so, there will be some transitional costs associated with the protection of existing Health and Social Services clients and an allowance needs to be made for potential "hidden" care costs.

In a number of other jurisdictions, higher than expected demand has emerged when a new LTC benefit is introduced and this needs to be allowed for. Jersey currently has a high proportion of older residents receiving institutional care compared to the UK, for example. This, combined with the requirement on individuals to meet up to £50,000 of eligible care costs before the universal benefit is paid, suggests that the number of additional claimants is unlikely to be significant. However, as a ring-fenced fund is being set up, the fund must be in a position to meet the costs of all potential benefit claims as they arise.

In June this year a Ministerial statement proposed an initial contribution rate of 1% from 1st January 2014 to ensure that the LTC Fund would have sufficient income to meet the costs of the proposed scheme for at least 5 years. This would have allowed a small surplus to be built up in the LTC Fund to ensure that the Fund could operate independently.

This position has been carefully reviewed over the last 2 months and the views of the Political Steering Group and other Ministers have been sought. Whereas there is an absolute commitment to introduce the benefit scheme in July 2014, concerns have been raised in respect of the possible short-term economic impact of a 1% contribution rate in 2014, at a time of continuing economic uncertainty when the States is supporting the economy through fiscal stimulus.

In order to maintain the original timetable for the introduction of the LTC scheme, the Political Steering Group has confirmed its support for a proposal made by the Minister for Social Security to make use of anticipated underspends within the Social Security budget in 2013 and 2014 to provide one-off transfers into the LTC Fund. This would allow the introduction of the proposed 1% contribution rate to be deferred.

The identified underspends result from additional funding being provided as part of the Medium Term Financial Plan to meet the possible additional costs of benefits and other services associated with the current poor economic environment. Although unemployment remains high, costs have not risen as fast as previously anticipated and, based on half-yearly figures, the Department will be left with a substantial surplus at the end of 2013. If current trends continue, a further surplus will be available at the end of 2014.

The Political Steering Group has supported the proposal to use Social Security underspends in this way. These monies have already been allocated within the Medium Term Financial Plan and the proposed re-allocation is in line with States strategic aims. Introducing the LTC scheme in 2014 is well co-ordinated with the implementation of the HSS proposals to improve the provision of community-based care.

It is not possible to know with certainty either the ongoing need for benefits and employment-related services in the second half of 2013/2014 or the demand for LTC benefits in 2014/2015. The Political Steering Group has therefore also agreed that, in the event that additional LTC funding is required in the short term, the Minister for Treasury and Resources will work with the Minister for Social Security to provide additional funding to support the LTC fund, on condition that the Minister for Social Security is taking all reasonable steps to identify alternative sources of funding and to control LTC costs.

Transferring these additional amounts into the LTC Fund will allow the LTC benefit to be paid from July 2014 and the LTC contribution rate to be phased in as follows –

- no contribution in 2014;
- 0.5% in 2015; and
- 1.0% contribution in 2016.

The intention is that the rate of 1% will remain fixed for at least 3 years, until the end of 2018. The revised timetable allows the new benefit to be introduced as previously promised, without working against the concerted efforts of States departments to encourage economic growth and job creation in the Island. However, the fund will not build up the anticipated reserve and this may lead to an increase in contribution rates earlier than originally planned.

LTC Fund – initial funding: summary of policy proposals

1. Use underspends available within the Social Security budget in 2013 and 2014 to provide one-off transfers into the LTC Fund.

2. Meet any shortfall in the LTC Fund during 2014 or 2015 using additional transfers.

3. Set the LTC contribution rate as follows: no contribution in 2014; 0.5% in 2015; and 1.0% contribution in 2016.

13. LTC Fund – future funding

As noted in Section 12, in order to introduce benefits from July 2014, one-off transfers will be made into the LTC Fund in 2014 and 2015 to provide sufficient income for the LTC Fund to make benefit payments. In addition to these one-off transfers, it is also intended to make regular annual payments into the LTC Fund from existing tax-funded budgets.

At present, tax-funded budgets held by Health and Social Services and Social Security are used to support a variety of LTC costs at a total cost of approximately £31 million a year.

The Health and Social Services Department currently supports individuals with long-term care needs both through services provided directly – including Sandybrook, the Limes, St. Saviour's Hospital and a number of group homes – and care packages purchased from other care providers. The majority of these costs will in future be met through the LTC Fund. However, some specialist areas currently funded by Health and Social Services will not be included within the LTC scheme.

Health and Social Services will continue to fund –

- UK placements to specialist facilities
- the additional cost of very high value care packages provided in Jersey (with costs above the maximum available through the LTC scheme)
- support for individuals who have long-term care needs below the minimum required to qualify for the LTC scheme, including intermediate and respite care provision.

The current Social Security budget is in respect of means-tested support for individuals with long-term care needs who are unable to meet the full cost of their care fees. The great majority of these claimants are likely to have been resident in Jersey for at least 10 years and so will become eligible for means-tested support from the LTC Fund. But a small budget will be retained in respect of individuals who do not meet the residence requirements for the LTC scheme, although they do satisfy the Income Support residence test.

In exceptional circumstances, both departments will continue to consider financial support in respect of the long-term care needs of individuals who have lived in Jersey for less than 5 years. Funding for these individual cases will be agreed at ministerial level.

It is proposed that transfers from existing tax-funded budgets in respect of costs that will be met by the LTC Fund should be made for the six-month period from 1st July 2014 to 31st December 2014 and for the calendar year 2015. The value of each of these transfers will be calculated by reference to the reduction in the departmental budgets required as a direct consequence of the introduction of the LTC benefit and the associated changes to the long-stay patient charges levied by the Health and Social Services Department (*see* section 20).

The total value of the transfer made in 2015 will be used to establish an ongoing annual transfer from 2016 onwards, with the amount adjusted annually in line with general price inflation (RPI). Care costs are predicted to increase faster than RPI as both the number of people receiving care and the unit cost of care increase. The LTC Fund will bear these additional costs in future years, removing the pressure on tax-funded budgets to meet this growing expenditure.

LTC Fund – future funding: summary of policy proposals

1. Arrange transfers from existing tax-funded budgets in respect of the costs that will in future be met by the LTC Fund for the six-month period from 1st July 2014 to 31st December 2014 and for the whole of 2015.

2. Calculate the value of these transfers by reference to the reduction in the departmental budgets required as a direct consequence of the introduction of the LTC benefit and the replacement of the Hospital Charges (Long-Stay Patients) Law.

3. Set future transfers, from 2016 onwards, in line with the total value of the 2015 transfer adjusted annually in line with general price inflation (RPI).

14. Means-testing

Long-term care is expensive. A universal, non means-tested benefit that covered the full cost of long-term care would require a very high contribution rate. This option was considered in the 2010 Green Paper but did not receive a high level of public support. The current proposal suggests a minimum co-payment of £300 per week and also includes a care costs cap where the individual is responsible for the full cost of their care. Once the care costs cap is reached, the claimant will qualify for the universal LTC benefit, regardless of their total income or assets.

Some individuals will not have sufficient income or assets to pay the care costs that count towards the cap and/or the weekly minimum co-payment and the LTC Law provides for means-tested assistance to support these costs.

In general terms, means-testing considers all household means – pension income, other income, savings, investments, and property assets. In the case of a couple, where one partner requires care, the income and assets of both partners are considered.

If the individual requires means-tested assistance, he or she will be required to –

- provide full financial details of all income and assets (including those of their partner);
- contribute regular income (after any relevant allowances have been deducted) towards the payment of the care costs cap/weekly minimum co-payment;
- contribute income received from savings and other assets that are below the asset disregard towards the payment of the care costs cap/weekly minimum co-payment; and
- where assets do not generate a regular income (for example, the ownership of £20,000 worth of Krugerrands), a notional income, based on the Bank of England base rate, will be used.

However, allowances will be made within the means-testing calculation for –

- the asset disregard of up to £419,000;
- a weekly personal allowance, to cover discretionary items such as hairdressing, presents and outings if the individual is living in a care home;
- domestic expenses of the claimant and/or their partner, if living at home;
- liability for income tax, LTC or Social Security contributions (as applicable);
- parish rates on property assets; and
- other types of property expenditure, such as insurance and regular maintenance.

15. Support for homeowners

The high value of property in Jersey has led to many pensioner households finding themselves in the position of being "asset-rich, cash-poor". The family home may be worth many hundreds of thousands of pounds, but it can be difficult and expensive to release equity from property. Although the current generation of pensioners often have occupational pensions as well as Social Security pensions, in many cases their disposable income and cash savings are not sufficient to meet the full cost of long-term care.

As set out above, the proposed scheme includes specific features to assist households in this situation, including –

- a care costs cap, proposed at £50,000, will limit the total exposure to eligible care costs;
- an asset disregard, proposed at a total of £419,000, will ensure that homeowners are able to maintain a significant value of property assets to pass on to their children;

- within the disregard, homeowners will be able to retain savings and investments (deposit accounts, premium bonds, stocks and shares, etc.) of at least £25,000; and
- in any means-testing calculation, the payment of parish rates, property insurance and other essential maintenance costs will be taken into account.

In addition, it is proposed to create a new type of property bond to allow property owners, with assets above the level of the disregard, to borrow against the value of their property. The property bond will be a debt formally registered against the property.

The bond will be used to meet the eligible care costs of the homeowner up to the £50,000 cap and/or the weekly minimum co-payment of £300. The bond will only be recovered when the property next changes hands. The property bond will also be able to be used by homeowners to borrow additional sums in respect of higher co-payments, allowing them to negotiate their own care placement at a care home of their choice.

If a property is worth more than the property disregard, and the claimant cannot meet their eligible care costs up to the £50,000 cap and/or the weekly minimum co-payment of £300 using their other resources, the option of a property bond will be available. The property owner will have the choice of accepting a standard care placement (at the minimum co-payment rate), or organising their own care placement in a specific home of their choice. If they choose to arrange their own care placement, they can take a bond for a larger sum. In this case, depending on the value of the property and the total cost that accrues, the net value of the property may fall below the level of the property disregard.

It is proposed that the debt in respect of the property bond will bear interest in line with the Bank of England base rate + 0.5% and the bond will be repayable when the property next changes hands.

If the homeowner is paying the minimum co-payment and the net value of their property reaches the level of the property asset disregard, the property bond will stop accumulating at that point and future costs will be met through means-tested support. This could include the balance of the care costs cap and/or the on-going minimum co-payment. If the property is empty, the homeowner will be expected to provide a rental income to minimise the level of means-tested assistance required. If the family do not wish to rent out the property, or would have difficulty in arranging this, they can agree to extend the property bond below the property disregard level. Alternatively, other assets can be used to make up the shortfall.

If an individual owns a smaller property which is below the level of the property disregard, they can choose to apply for means-tested assistance immediately and a care placement based on the minimum co-payment will be arranged. There will be no need for a bond against the property. The property owner will contribute their income and savings towards their ongoing care costs, taking into account allowances against income and disregards against savings. As above, if the property is empty, they will be expected to use their property assets to provide a rental income to reduce the level of means-tested assistance required.

It is also proposed that if a claimant who owns a smaller property below the level of the asset disregard wishes to arrange their own care placement, they can still choose to register a bond to fund the additional costs (i.e. the extra cost of their co-payment). This bond will take their property assets below the level of the property disregard, but this will be a decision taken by the property owner.

LTC benefit design – support for homeowners: summary of policy proposals

1. Create a new type of property bond to allow property owners, with property assets above the level of the property disregard, to borrow against the value of their property. The bond will bear interest in line with the Bank of England base rate + 0.5% and will be repayable when the property next changes hands.

2. Allow a claimant who owns a smaller property below the level of the asset disregard who wishes to arrange their own care placement to register a bond to fund the additional costs (i.e. the extra cost of their co-payment).

16. Divesting of assets

To ensure that people make a fair contribution towards their care costs, it is important that any new system is designed to reduce opportunities for individuals to arrange their affairs in order to maximise the benefits they will receive, while minimising the level of their own contributions. This behaviour places greater pressure on the fund and is unfair to other members of the community.

In terms of long-term care, the main area of divesting relates to property ownership. A homeowner may transfer the ownership of their own home to their children or grandchildren, while reserving life enjoyment of the property. They will normally continue to pay foncier (owner) rates and provide for the upkeep of the property. As there is no inheritance tax in Jersey, the principal reason for currently undertaking such a transaction would seem to be to reduce the capital assets of the older person to allow them to qualify for assistance with care fees.

It is proposed that, in assessing assets, the Department will take account of any disposals that the individual has made at less than market value within the last 10 years. The Department will also include the full value of any property that the claimant previously owned which has been transferred, at any time in the past, below cost price with the claimant maintaining life enjoyment.

The introduction of the LTC scheme is designed to remove much of the current uncertainty and worry experienced by many families as they plan for their old age and the possibility of substantial LTC costs. With the introduction of a care costs cap, there will be much less financial advantage in the future from undertaking a life enjoyment transaction as described above. However, it is prudent to include these powers at the start of the scheme. Clearly stated rules on divesting also provide safeguards to older people who may otherwise find themselves under pressure from family members seeking to exploit their assets, which could potentially leave the older person financially vulnerable.

Divesting: summary of policy proposals

Take account of any disposals that the individual has made at less than market value within the last 10 years; and, when assessing assets, include the full value of any property that the claimant previously owned which has been transferred (at any time) below cost price with the claimant maintaining life enjoyment.

17. Care at home (domiciliary care)

One of the key benefits of the proposed scheme is that it provides a simple method for funding domiciliary care packages. At present, financial support for home care packages is only available on an ad hoc basis, using funding from a variety of sources.

The LTC Law provides for LTC benefits and support in respect of either care fees for a placement in a care home or for the cost of an approved care package for an individual in their own home.

It is proposed that financial support for a domiciliary care package will be set at the actual cost of the care package as long as it does not exceed the LTC benefit rate for that individual's care needs.

The Health White Paper[18] emphasizes the importance of care in the community; the provision of financial support under the LTC Law to enable individuals to remain in their own home while receiving an appropriate level of care will help to ensure that the Health review achieves its desired outcomes.

At present there is no specific regulation of domiciliary care providers. The Health and Social Services Department is currently developing a Regulation of Care Law which will create an appropriate statutory framework to register and regulate all health and social care in Jersey including services in the community. This will include care homes and domiciliary care provided for people in their own homes. Regulations pertaining to the long-term care elements of the proposed Law are likely to be introduced in 2015. In advance of the new Law, Health and Social Services and Social Security will work with existing care providers using service level agreements to create a robust system for the approval and monitoring of community care providers.

People receiving a care package at home will be able to receive the universal LTC benefit and can also be supported through both means-tested assistance and property bonds towards the care costs cap of £50,000. They will not need to make the minimum co-payment of £300 per week, but they will be expected to meet their normal living costs.

In the case of a low-income pensioner tenant, it is likely that they will already be receiving IS. Following the agreement on a care package IS will continue to provide financial support with housing and living costs. Any IS components provided in

[18] P.82/2012.

respect of personal care costs will be replaced by means-tested support through the LTC Fund.

People who do not need Income Support for their living costs will make a contribution towards the care costs cap. In this case, they will meet their own living costs and will be required to contribute any available savings and surplus regular income towards their care costs. For many people receiving care at home, the cost of the care package will be less than the LTC benefit rate for their level of care. However, their contribution towards the capped amount will accumulate based on the value of the LTC benefit rate. This means that the total amount paid by many individuals receiving care at home will be less than the amount paid by those with the same care needs and the same level of income and assets who receive care in a care home.

Homeowners receiving care at home will be able to take a property bond to help meet the costs that count towards the care costs cap, if the value of their property exceeds the asset disregard. In addition, any homeowner who wishes to purchase a higher value care package can use a property bond to assist with these costs. In this situation, the disregard level does not apply and the net value of the property can fall below this level.

Domiciliary care

Provide financial support for domiciliary care packages in line with the actual cost of the care package up to the LTC benefit rate for that individual's care needs.

18. Sustainability

Previous sections have set out a detailed proposal to collect contributions and pay benefits under a new LTC scheme. This is a major project, the consequences of which will be felt for many decades to come. A detailed model has made calculations in respect of income and expenditure over a 30 year period up to 2044.

Of course the model is only as good as the data and assumptions that are used in setting it up. It is not possible to know with any certainty the future cost of care or the population level in 30 years' time. However, a range of "levers" have been provided within the LTC scheme, which can be used to adjust the income and/or expenditure of the scheme as different circumstances unfold.

These levers include:

Adjust income received into the LTC Fund –

- contribution rate – it is anticipated that the contribution rate will need to be increased as the number of individuals receiving care increases over the next few decades
- States contribution – this will be set by the States Assembly and can be adjusted as needed.

Adjust costs to be met from LTC Fund –

- minimum co-payment
- LTC benefit rates
- care costs cap
- asset disregard
- means-testing rules.

In each of these areas the LTC scheme uses financial values which can be adjusted in the light of experience and the demands upon the scheme from time to time. The majority of these values are set by Ministerial Order.

The Minister must publish accounts of the LTC Fund on an annual basis and the LTC Fund will also be subject to actuarial reviews every 3 years. The first actuarial review will be undertaken at the end of 2016. This will examine the long-term viability of the LTC Fund and will guide decisions regarding the ongoing level of LTC contributions and the range of LTC benefits and support to be provided.

The introduction of the LTC scheme does not in itself change the care needs of the local population. These care costs will need to be met with or without a new scheme. As agreed by the States in 2011, a dedicated LTC Fund ensures that Jersey residents can have greater confidence that they will be able to afford their long-term care costs and the new legislation creates a coherent funding framework within which everyone needing care is treated equitably.

19. People in care on 30th June 2014

People receiving long-term care at the end of June 2014, immediately before the start of the new benefit, will fall into a number of categories –

- Not eligible for the LTC benefit – this could be because they have only moved to Jersey recently or they have care needs that are below the minimum needed to qualify for the LTC scheme – this group will continue to fund their care as they do now.

- Already receiving means-tested support through Income Support – this group will continue to be supported. Most individuals will have at least 10 years' residence and will be automatically transferred into the LTC benefit scheme. The remainder will continue to receive Income Support. This group will see no significant change in the level of their financial support.

- Individuals aged 65 and above receiving nursing care organised through Health and Social Services – either in a Health and Social Services care home or in a private bed organised and funded through the Health and Social Services Department – currently pay a fixed "long-stay charge" of £475 per week, with IS providing means-tested assistance as necessary. The remaining cost of their care (up to approximately £1,000 per week) is met directly by the Health and Social Services Department. People aged below 65 are not currently charged for care placements arranged by Health and Social Services.

Everyone already in care at the end of June 2014 under a Health and Social Services placement will continue under their current arrangements (see section 20).

- Self-funders are currently meeting the full cost of their own care and receive no assistance from the States. As long as a self-funder meets the eligibility conditions for long-term care in terms of residency and their level of care needs, they will be able to include eligible care costs accumulated since 1st January 2013 towards their care cost cap. Some self-funders with high care needs will already have accrued eligible care costs of £50,000 and they will be able to receive the universal benefit from the start date of 1st July 2014. Others with lower care needs will be able to apply for the universal benefit as soon as their total eligible care costs reach the cap of £50,000.

Transition provisions: summary of policy proposals

1. Include transitional provisions in respect of adults receiving approved long-term care on 30th June 2014.

2. Protect adults receiving long-term care provided by the Health and Social Services Department on 30th June 2014 by maintaining the same financial contribution towards their care costs as under the current system.

3. Allow other adults receiving long-term care to include eligible care costs already accumulated in respect of approved long-term care received on or after 1st January 2013 towards the care costs cap.

20. Care provided by Health and Social Services

The current Hospital Charges (Long-Stay Patients) (Jersey) Law 1999 restricts the ability of the Health and Social Services Department to charge for long-term care services funded by that Department. 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.

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.

Care provided by HSS: summary of policy proposals

Replace the Hospital Charges (Long-Stay Patients) (Jersey) Law to allow the Health and Social Services Department to levy fees, which will be set in line with the LTC standard benefit rates and the minimum co-payment rate.

21. Eligibility for the LTC scheme

An individual who is content to meet all of the costs associated with being in a care home or receiving a package of care at home does not need to apply for the LTC scheme. However, if this is their choice, any care costs they incur will not be accumulating towards the cap.

There are various eligibility criteria for the LTC scheme. Four of these conditions are already included in the LTC Law. These are set out in the following table.

LTC Law Ref.	Condition	Details	Notes
Article 3(1)	Age	Aged 18 or above – the LTC benefit will be available to all adults.	Children and young people under the age of 18 will continue to be supported with long-term care costs by the Health and Social Services Department.
Article 3(2)(a)	Care level	Appropriate care level needs – the individual has assessed care needs sufficient to at least require basic residential care.	A number of higher care levels will also be specified by Order.
Article 3(2)(b)	Care setting	Appropriate care placement – the individual has been allocated a place in an appropriate care home, or has had an approved care package approved in respect of their own home.	This is a key aspect of the new Law – the LTC benefit is available to individuals receiving care in a care home, or in their own home.
Article 3(2)(d)	Offences	Individual is not subject to any proceedings under either the Social Security Law or the LTC Law.	This would exclude an individual who has any legal proceedings against them for non-payment of LTC or Social Security contributions.

Table 3: Eligibility criteria for LTC scheme

A residence condition will be set out in Regulations under the LTC Law.

Two main conditions are proposed –

- The individual has been ordinarily resident continuously in Jersey for a period of ten years at some time since reaching the age of 18.

And

- The individual has been ordinarily resident in Jersey for the 12 months immediately preceding the application for the LTC benefit.

An individual is ordinarily resident in Jersey if they have their main home here. Absences from Jersey on holiday or for study purposes do not usually create gaps in ordinary residence.

The combination of the 2 tests will ensure that individuals are likely to have made a reasonable contribution to the LTC Fund, through earnings and/or other income, and that an individual is less likely to return to Jersey specifically to apply for the LTC scheme. For applicants below the age of 28, the first test will be modified so that they will need to have been ordinarily resident continuously in Jersey for a period of 10 years at any age. This will allow a local young person with care needs to apply for the new scheme as soon as they reach the age of 18. Children are not covered by the LTC Law and will continue to receive support directly from Health and Social Services.

Support with long-term care costs will continue to be available for individuals who satisfy the residence test for Income Support but who do not meet the full residence conditions for the LTC scheme. This support will be fully means-tested.

Financial support with long-term care costs for those who have been resident in Jersey for less than 5 years is only considered in exceptional circumstances. Any such support provided falls outside statutory provision and will continue to be determined by the Ministers for Health and Social Services and Social Security as appropriate.

All of the above conditions must be satisfied before a claim under the LTC scheme can be made. In particular, payments towards the care costs cap do not start to accumulate until all these conditions are met.

For example, an individual returning to Jersey to receive long-term care will need to be back in the Island for 12 months before they can apply for the scheme and care costs will only start to accrue towards the cap after the end of the 12 month period.

Similarly, an individual with relatively low care needs could choose to place themselves in a care home and meet the full costs of that home. If their care needs are below the minimum required under the LTC Law, they will not be able to include any of their care home fees towards the care cost cap until their care needs have increased to the minimum covered by the Law.

The final condition relates to payments made by the individual. To be eligible under the scheme, the individual must have made their own contribution to the cost of their care. This covers –

- the care costs cap – to receive the universal LTC benefit, the individual must have paid towards eligible care costs up to the level of the care costs cap;

- support through a property bond – applicants will need to show that they have used available income and assets towards the cost of care in order to request a property bond; and

- means-testing – additional support with the cost of care is available to applicants who can demonstrate that they have used all available income and assets towards the cost of their care.

LTC Law – Residency: summary of policy proposals

Include a residence test of 10 continuous years as an adult and one complete year immediately prior to making an initial application for LTC benefits, with special provisions in respect of adults aged under 28.

22. Income Support

Temporary arrangements under the Income Support Law are currently being used to provide funding for claimants who need means-tested assistance with their long-term care costs. In future, the great majority of people needing long-term care will be covered by the LTC Law and will receive means-tested assistance through the LTC Fund. However, there will be some individuals who do not satisfy the residence test for long-term care but do qualify under the Income Support residence test.

This will include individuals who have lived in Jersey for more than 5 years but less than 10 years before the application for long-term care support. It could also include individuals who previously lived in Jersey for 10 years and have now returned to Jersey but have been back for less than one year, or individuals who have lived in Jersey for 10 years in the past including some time before they reached the age of 18.

These individuals will be able to claim fully means-tested support through the Income Support Law, and Regulations will be added to the Income Support Law to mirror the means-testing arrangements under the LTC Law. The main differences will be that there will be no care costs cap under the Income Support Law, and the asset disregard will not be related to the value of a two-bedroom house, but will be limited to the lower amount of £25,000.

Income Support Law: summary of policy proposals

Update the Income Support Law to provide fully means-tested benefits in respect of long-term care costs for individuals who satisfy the residency condition for Income Support but who do not satisfy the residency condition for the LTC scheme.

23. Timetable for implementation

The Social Security Department has worked closely with the Health and Social Services Department, the Taxes Office and the Treasury and Resources Department to plan the introduction of new LTC scheme.

Subject to endorsement by the States of this policy paper in the autumn of 2013, it is planned to provide general information on the changes to individuals already receiving care and those planning a move into care, from late 2013 onwards. Individuals already receiving care will be assessed according to an agreed prioritisation in advance of July 2014, and informed of their eligibility for the new scheme.

Following the agreement of a standard contract to be used by approved care homes, initial LTC benefit rates will be set for the range of care levels covered by the LTC Law.

IT systems are being developed by both Social Security and Health and Social Services to administer LTC claims and, as far as possible, these systems will be integrated to ensure that the application process is simple to use and easy to understand.

IT development is also being undertaken by the Taxes Office to allow for the collection of the LTC contribution from January 2015. A public information campaign will be undertaken in the second half of 2014 to explain how the new contributions will be collected.

Information on the details of the proposed LTC scheme is already available on the www.gov.je/longtermcare website and this will be extended as details of the scheme are confirmed.

The full implementation of the LTC scheme requires changes to a number of separate Laws. These will be brought to the States over the next few months. In addition, further details will be confirmed by Ministerial Orders under the LTC Law itself.

24. Financial and manpower implications

The figures quoted in this report are based on 2013 prices, and these will be adjusted as necessary in advance of the proposed 2014 start date.

Financial implications

The development costs of the LTC scheme are being met through an existing departmental budget of £1.2 million.

Ongoing costs of the scheme will be met directly from the Fund.

Manpower implications

The ongoing administrative requirements of the LTC scheme are currently estimated at 9.5 FTE.

22nd August 2013

APPENDIX 1

LEGAL AMENDMENTS

The report has set out details of the current proposal. This Appendix summarises the legislative changes that are required to implement the proposal. A number of separate Laws will need to be extended and/or amended. Subject to the agreement of the States Assembly on the proposal itself, separate Propositions will be debated in respect of each area of legislation. Other decisions will be taken by the Minister for Social Security through Ministerial Orders.

Type of decision	**Law**	**Topic**	**Detail**
Regulations to be approved by the States	Long-Term Care Law	Income into the Fund – States grant	Funding – the LTC Fund will receive annual funding from the States.
		Eligibility condition – residence	Ten years' residency as an adult; plus resident for the 12 months prior to needing care – the 2 periods can overlap.
Ministerial Orders	Long-Term Care Law	Administration	Details of how applications will be made, and calculations undertaken.
		Appeals	Details of how decisions can be reviewed and appealed to an independent tribunal; the Social Security Tribunal (lawyer plus 2 lay members) will hear appeals of an administrative nature; the Medical Appeals Tribunal (lawyer, doctor, disability advocate) will hear appeals in respect of clinical assessments.
		Care assessments	A number of care levels will be identified; identification of suitable qualified "registered persons" who will undertake assessments.
		Care costs cap	Definition and level of the cap on care costs.
		Co-payment	The minimum co-payment will be specified.
		Means-tested support	Definitions of income, allowances, calculation of means-tested support.

Type of decision	Law	Topic	Detail
		Property bond	Administration of property bonds – details of the application process for a property bond, the accrual of costs, charging of interest and repayment conditions.
		Provision of care	Care settings – an approval process for care homes and domiciliary care packages will be set out.
		Transition	Transition – the treatment of individuals receiving care immediately before the benefit comes into force.
		Treatment of assets	Asset disregards – the total asset disregard is set, including a property disregard.
		Universal benefit	Benefit rates – a number of rates will be set by this order, representing separate care levels and care settings.
		Uprating of benefits, care costs cap and disregard levels	Details of how the Minister can adjust each of the financial variables set by Order.
Appointed Day Act(s) to be approved by the States	Long-Term Care Law	Implementation	The implementation date of each part of the LTC Law.
Primary legislation to be approved by the States	Hospital Charges (Long-Stay Patients) (Jersey) Law	Health and Social Services charges	The existing Law restricts charges to Health and Social Services residents aged 65 and above. The new Law will allow charges to be levied against all adults receiving long-term care services provided by Health and Social Services.
Regulations to be approved by the States	Income Support Law	Means-tested support	Existing transitional arrangements in the Income Support Law will be replaced with Regulations to provide means-tested assistance to individuals who satisfy the Income Support residence condition, but do not satisfy the long-term care residence

Type of decision	**Law**	**Topic**	**Detail**
			condition. There will be no cap on costs within the Income Support system, and the asset disregard will be set at the lower figure of £25,000.
Primary legislation to be approved by the States	Loi (1880) sur la propriété foncière (1880 Law)	Property bond	The Law governing the registration of debt against property will be extended to allow legal hypothecs to be set up for a property-owner seeking assistance with care costs under the LTC Law.
Regulations to be approved by the States	Social Security Law Regulations (includes consequent-ial changes to Income Tax Law)	Income into the Fund – LTC contributions	Social Security Law – A new obligation to make LTC contributions will be imposed on all resident adults. Level of liability to be based on liability for income tax. Contribution rate to be set initially at 0.5% in 2015, rising to 1% in 2016. Minor consequential changes will be made to the Income Tax Law, principally to create the correct apportionment of income received through the ITIS system.

Table 4: Laws to be amended with the implementation of LTC

APPENDIX 2

GLOSSARY OF TERMS

Term	Definition
Approved care home	A care home that is operating to an agreed standard and has been approved under the LTC Law.
Approved provider	A domiciliary care provider that is operating to an agreed standard and has been approved under the LTC Law.
Asset disregard	The value of assets that are excluded from the means-testing calculation.
Assets	All forms of wealth including the value of the family home, savings, and other investments. For a couple, includes the total of assets held separately and jointly.
Care costs cap	The lifetime cap relating to the eligible care costs that an individual has to accumulate before they become eligible to receive the universal LTC benefit.
Care level	The long-term care needs of an individual will be assessed by a healthcare professional against a number of standard care levels to confirm eligibility for the LTC scheme and to identify the appropriate LTC benefit rate. The minimum level of care needs to qualify for LTC benefits will be set at the minimum level at which an individual is appropriately placed in a residential care home.
Co-payment	The amount paid by an individual living in a care home, over and above their eligible care costs, towards their total care package. A minimum co-payment will be set for a claimant using means-tested support. Individuals who do not request means-tested assistance will make co-payments at or above the minimum level. Co-payments are made by individuals receiving care in a care home both before and after they have reached the care costs cap.
Divesting of assets	The transfer of assets (often property) to other family members in order to reduce the value of an individual's remaining assets to a level at which they will qualify for publicly-funded support.
Domiciliary care	Long-term care that is provided to people in their own home.
Eligible care costs	The Social Security Department will set an LTC benefit rate for each level of care. Every week someone is in care, they build up care costs at their applicable LTC benefit rate. These are their eligible care costs that count towards the care costs cap.

Term	Definition
Lifetime enjoyment	A property transaction in which the owner of a property transfers its value, usually to their children, but retains the right to occupy the property during their lifetime.
Long-term care (LTC) benefit	A universal benefit available once the eligible care costs of an individual have reached the care costs cap. The value of the benefit will vary according to the individual's care level.
Long-Term Care (LTC) Fund	Ring-fenced Fund administered by the Social Security Department into which people's LTC contributions and those from the States are directed, and out of which the universal LTC benefit and other support for LTC costs is paid.
Long-term care needs	Personal care needs that are permanently required on a daily basis.
Means-tested assistance	Financial help that is available if an individual's income and assets (above the asset disregard) are not sufficient to meet the total of their eligible care costs and the minimum co-payment.
Personal care needs	The care people need to help them with daily activities such as washing, eating a meal or getting out of bed. Personal care can be provided at home or in a care home.
Property bond	A debt formally registered against a property. The loan is normally repaid when the property next changes hands. Interest is charged on the loan at the Bank of England base rate +0.5%.
Residency conditions	Conditions based on the ordinary residence of an individual. An individual is ordinarily resident in Jersey if they have their main home here. Absences from Jersey on holiday or for study purposes do not usually create gaps in ordinary residence.
Transitional arrangements	Arrangements covering those in care already when the new scheme goes live on 1st July 2014.
Universal benefit	A benefit that is paid regardless of the income or assets of the claimant.

Table 5: Glossary of terms