

NHFA Calls for Treasury to Make Fair Funding of Long-Term Care a Priority in the 2007 Spending Review

Vulnerable older people selling their homes to pay for care are being forced to pay over the odds for their care to cross subsidise those that should be funded by the State.

Families are being illegally forced to pay substantial contributions towards their relatives' care costs through third party top-ups.

Cross Subsidies

Because of under funding local authorities cannot pay a market rate for care. The iniquitous consequence of this means that many care homes subsidise the amount received from local authority placements by having a two tier charging system. Charging those that are self-funding far more than they would have to commercially if local authorities paid a market rate.

The OFT report¹ highlighted there is a clear lack of transparency over care home fee structures and this is yet another example. Faced with the traumatic time of placing a relative in a care home, many on discharge from hospital, families often do not know or question how much the fees are likely to be.

Complaining about being charged far more than local authority residents for the same care they are faced with a fait accompli, accept it or move.

Only around 5%² of the 70,000 people who sell their homes each year to pay for care³ apply for care fee payment plans leaving the majority finding it increasingly difficult to fund fees from the proceeds of a former home for as long as care is needed. When the money's gone many are expected to continue paying the higher fee by seeking third-party top-ups from the family.

Third Party Top-ups

Third party top-ups are now regarded in the care home sector as the norm and commonplace as local authorities continue to peg their standard rates at well below market rates. Third party top-ups obviously only effect those requiring State funding but this may also be people who were previously paying privately until their capital diminished to the means-test limit.

Again, at the traumatic time of placing a relative in a care home, families find they are coerced into paying top-ups to obtain the care that's needed. Care managers and care homes do not always make clear that although the contract is with the local authority, they still require a top-up payment which in many cases may not be legal. Whilst it is reasonable for LA's to put ceilings on the rate they pay for care, many local authorities routinely expect families to make top-ups. This clearly contravenes the guidance under which local authorities should operate.

Seek Advice – The funding of care is complex. Families faced with finding a care home for their older relatives should seek advice on what State funding and specialist financial products are available to help meet the costs. Invaluable assistance can be provided by contacting the NHFA Care Advice Line on 0800 99 88 33 or by visiting www.nhfa.co.uk

Ends

Notes for Editors

1. Third Party Top-Ups - Guidance local authorities should adhere to:
 - Top-ups are only payable when more expensive “preferred accommodation” is chosen.
 - That there is no “fait accompli”. Councils should not set arbitrary ceilings on the amount they expect to pay for an individual’s residential care. Residents and third parties should not routinely be required to make up the difference between what the council will pay and the actual fees of a home.
 - Where there are no placements at the council’s usual rate councils should make suitable alternative arrangements and seek no contribution from the individual other than their contribution as assessed under the National Assistance (Assessment of Resources) Regulations 1992.
 - Councils must never encourage or otherwise imply that care home providers can or should seek further contributions from individuals in order to meet assessed needs.
2. The recent Commission for Social Care Inspection report ‘The State of Social Care in England 2005/06’, found that councils, through lack of funding, tightening local rules about who qualifies for state-funded social care by significantly shifting eligibility criteria for both home care and residential care means that more and more older and disabled people either have to find and pay for their own private care or rely on family members or friends.
3. Sources ‘Office of Fair Trading – ‘Care Homes for Older People - A Market Study’, May 2005² 3 Medicals Direct number of applications made to all insurers for Immediate Need Care Fee Payment Plans 2006³ Liberal Democrats
4. Sample Care Plans Premium Table

Sample Immediate Need Care Plan Prices			
Gender (M or F)	M	F	M
Date of Birth	09/08/19	23/4/19	17/9/12
Plan Income PCM (£)	1000	880	2284
	Dementia	Dementia	Dementia & Stroke
ADL Failures			
Dressing	-	✓	✓
Bathing	-	✓	✓
Feeding	✓	✓	✓
Toileting	✓	✓	✓
Mobility	-	✓	✓
Cognitive	✓	✓	✓
Company Offers - Income escalating @ 5% PA compound (£)			
AXA PPP	59652	47,363	90,268
Partnership Ass	58489	54,933	30,047
GE LIFE	46323	64,475	73,346
Source NHFA Care Advice 0800 99 88 33 www.nhfa.co.uk			

5. NHFA Top Ten Tips available here <https://www.hsbcpensions.co.uk/nhfa/pdfs/is6.pdf>

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