



Guide to

# A Fair Deal

The Nursing Home Care Support Scheme 2008





### Why is there a new Nursing Home Support Scheme?

The Government has been examining the present arrangements for long-term nursing home care and how people are expected to contribute to the cost of that care. A number of studies and reports found the current system to be inequitable, complex and unfair.

### What's wrong with the present arrangements?

- People who need care face greatly different costs depending on whether they are in public or private nursing homes
- Individuals in public care pay based on a flat rate regardless of their wealth. In contrast, State support for people in private care is based on means-testing.
- Many people in private nursing homes get no support
- With state subvention at current levels, some people in private nursing homes cannot afford costs
- The subvention scheme imputes an income of 5% from housing assets, and effectively assumes people have a higher disposable income than they currently have
- As a result, people are sometimes forced to sell or mortgage houses to pay for care costs
- The current system is not predictable, transparent or consistently applied across the country
- The current system is not predictable or sustainable for taxpayers.

### So what is the Government going to do?

The Government, through the HSE, is introducing a new Support Scheme from 1 January 2008 that will make residential nursing home care for older people:

Accessible  
Affordable and  
Anxiety-free.

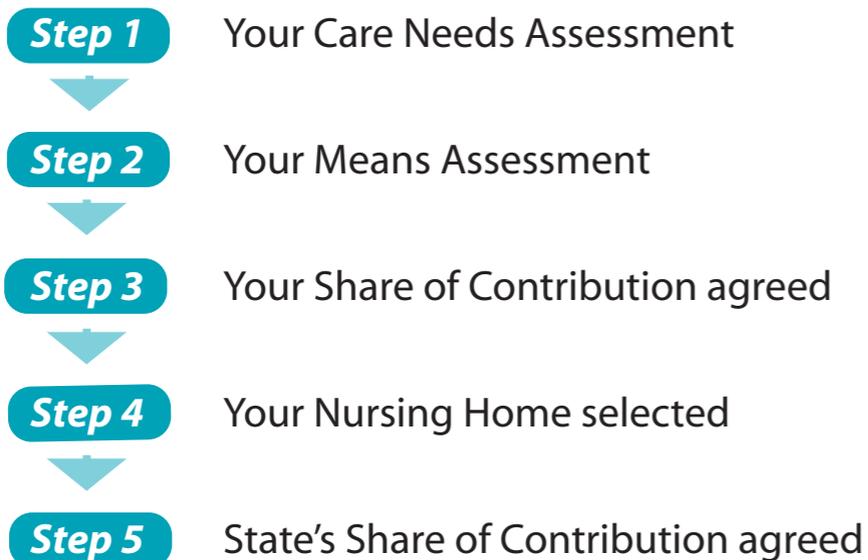
It will take some time to put the new Support Scheme in place, and in the meantime, interim arrangements during 2007 will increase the amount of subvention people receive.





### So how will the new scheme work?

The new Nursing Home Care Support Scheme 2008 has five steps.



### **Step 1** Your Care Needs Assessment

You or a family member/guardian can apply to the HSE for an assessment of care needs. The HSE has developed a common care assessment service which is being rolled out nationally during 2007. This means that, from 2008, you will receive the same standard, comprehensive assessment regardless of where you live in Ireland.

Your needs assessment will be carried out by a multi-disciplinary team of healthcare professionals. We have to be flexible and responsive in our assessment service and recognise that some people may require more assessment by a wider range of health care professionals than others.

If you are assessed as needing residential care, you may apply to the HSE for financial support.





### Step 2 Your Means Assessment

The new support scheme will be based on equitable cost-sharing between you - the person receiving care - and the State. The means assessment works out how much you can contribute to the cost of your care – by taking account of your income and assets.

The immediate contribution by you towards the cost of your care will be based on 80% of your disposable income. Disposable income means income from your Old Age Pension and possible other sources.

Depending on the amount of disposable income you have, there will also be a Deferred Charge of up to 5% of your assets, such as your home, if you own one. The charge is deferred because it will not have to be met by you during your lifetime.

Where a person is married or co-habiting, each person's income and assets will be assessed as 50% of the couple's combined income and assets. This applies both to the ongoing contribution and the deferred charge. We will ensure that the remaining spouse or partner retains a sufficient income to live on. At the very least, this will be €200 per week – equal to the non-contributory state pension.

The assessment will not take account of the income of other relatives such as your children.



### Step 3 Your Contribution to your Care

During your lifetime, you will only contribute 80% of disposable income – whether it's for public or private nursing home care.

If you are also paying a Deferred Charge, this will be collected when your estate is settled. The Deferred Charge will be up to 5% of the value of assets per annum. It will apply only to each year of care and will be charged on a pro rata basis for any period of care of less than one year.

Importantly, in the case of the principal private residence, the Deferred Charge will be capped at 15%. This means that after three years in care, you will not be liable for any further Deferred Charge. It also means that no more than 15% of the value of your main residence will ever be depleted.

For your spouse and certain dependants living in the residence, the charge will be further deferred during their lifetime.

If you prefer, the charge can be paid at time of receiving care, and the value of the Deferred Charge will be set on an annual basis whilst you receive care.



### Step 4 Selection of Nursing Home

Once we've worked out the amount of your contribution, you will be supplied with a list of nursing homes. These nursing homes will have been approved for the scheme on the basis of both the quality of care and the price charged for care.

You can then choose care in any approved private nursing home or in a public facility. This would obviously be subject to availability. Also, in some cases, your choice of nursing home may be limited by the capacity of different homes to cater for your needs.

### Step 5 State Support

The State will provide support to you in one of two possible ways:

1. If you choose public nursing home care, the State collects your co-payment and provides the service.
2. If you opt for private nursing home care, the State collects your co-payment and meets the balance of the cost to provide the service.

The new scheme is, therefore, blind as to whether care is received in a public or private facility in terms of the support it offers.





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

The key commitments to individuals would be:

- For the great majority of people, the State will continue to fund the largest part of care costs overall
- For those currently in private care, their costs will be reduced significantly
- Individuals will be asked to make a contribution towards the cost of care, limited by the cost of care
- The basis for contributions will be fair, based on each person's means and assets
- The total contribution will be affordable
- Contributions during their lifetime will be less than disposable income
- Individuals will not have to sell or mortgage their house to meet the contribution
- The deferred contribution from the principal private residence will be capped at a maximum of 15%.

### So what happens during 2007 while the new scheme is being developed?

As a transition to new scheme, the HSE is getting rid of the existing 3 rates of subvention and bringing the basic rate of subvention up to a maximum of €300 per week. There will be an increased budget for enhanced subvention. This is an additional payment that can be granted based on your financial means and cost of care required.

The HSE estimates this will benefit 2,000 extra people who do not currently qualify.





### Examples

To help explain the new scheme and why it will offer greater support and security to people in private nursing homes, the following examples illustrate the differences the new Nursing Home Care Support Scheme 2008 will make.

The people in the following examples have maximum dependency care needs.

- The cost of private nursing home care varies greatly from place to place. Purely for illustrative purposes, the following examples are all based on a private bed price of **€800** per week.
- Where any of the people described below spend longer than three years in care, the deferred charge (if applicable) ceases

### Example 1 **Mr. Jones** : single, pension of €182, no house

Mr. Jones lives in Dublin in a local authority house. His sole income is the State Pension (Non Contributory). He has no assets.

Having been assessed as of maximum dependency, Mr. Jones enters a private nursing home and applies for subvention.

Under the current subvention system, he may have to pay €610. He is likely to receive €190.50 from the HSE as a basic subvention. Of course, Mr. Jones only has an income of €182 a week and has no assets or savings on which to rely. He will therefore have to either apply for a discretionary enhanced subvention payment or depend on family and friends to make up the shortfall.

Under the new scheme, Mr. Jones will pay €145.60 per week towards his cost of care. The HSE will pay the balance of the cost, in this case €654.40.





### Example 2 **Mr. Smith** : single, pension of €182, house worth €500,000

Mr. Smith lives in Dublin in his own house. His sole income is the State Pension (Non-Contributory). His house is valued at €500,000.

Mr. Smith enters a private nursing home. Under the current subvention system, he will have to pay the full cost of care, in this case €800. He will not receive any financial support from the HSE. As his weekly disposable income is only €182, this means that he may have to sell or re-mortgage his house.

Under the new scheme, Mr. Smith will pay €145.60 per week towards his cost of care. The HSE will pay the balance of the cost, in this case €654.40.

A deferred charge of €446 per week is payable from his estate after his death.



### Example 3 **Mrs. O'Connor** : married, combined income of €400, house of €600,000

Mrs. O'Connor (75) lives in Dublin with her husband in their house. She now needs full-time residential care and is assessed as being of maximum dependency. She has pension of €200 and he has a pension of €200. Their house is valued at €600,000.

Mrs. O'Connor enters a private nursing home. Under the current subvention system, she may have to pay €610. She is likely to receive €190.50 from the HSE as a basic subvention.

Under the new scheme, Mrs. O'Connor will pay €160 per week towards her cost of care. The HSE will pay the balance of the cost, in this case €640.

A deferred charge of €253.85 per week is payable from the estate after the death of her husband.



### Example 4 Mrs. Murphy : widowed, pension of €182, house of €300,000

Mrs. Murphy is 83, lives alone in her house in Co. Mayo, and has suffered from Alzheimer's disease and other complicating conditions. She now needs full-time residential care and is assessed as being of maximum dependency. Her sole income is the State Pension (Non-Contributory) (€182). Her sole asset is her house and it is valued conservatively at €200,000.

Mrs. Murphy enters a private nursing home. Under the current subvention system, she may have to pay as much as €755.50 per week. She is likely to receive only €44.77 from the HSE as a basic subvention. This means that, under the current system, Mrs. Murphy receives a lower level of support than Mrs. O'Connor (Example 3) even though Mrs. O'Connor is wealthier. This is because of the differential treatment of single and married people's assets.

Under the new scheme, Mrs. Murphy will pay €145.60 per week towards her cost of care. The HSE will pay the balance of the cost, in this case €654.40.

A deferred charge of €157.69 per week is payable from her estate. (up to the maximum of 3 years – 15%)



### Example 5 Mr. Kelly : married, combined income of €450, house of €300,000

Mr. Kelly (77) lives with his wife in their house in Co. Offaly. He now needs full-time residential care and enters a private nursing home. He has pension of €250 and his wife has a pension of €200. Their house is valued at €300,000.

Mr. Kelly, assessed as of maximum dependency, applies for subvention. Under the current subvention system, he may have to pay €616.50. He is likely to receive €183.50 from the HSE as a basic subvention.

Under the new scheme, Mr. Kelly will pay €180 per week towards his cost of care. The HSE will pay the balance of the cost, in this case €620.

A deferred charge of €109.62 per week is payable from the estate after the death of his wife.



### Example 6 **Mrs. O'Brien** : lives with dependent daughter, house of €800,000

Mrs. O'Brien (76) lives in Dublin with her daughter (46) who receives disability benefit of €165.80. Mrs. O'Brien is assessed as needing long term residential care. Mrs. O'Brien has a pension of €190 and savings in the bank of €25,000. Her house, in her name, is valued at €800,000.

Under the current subvention scheme, Mrs. O'Brien is unlikely to receive a subvention and so will have to meet the full cost of her care.

Under the new scheme, she will pay €139 per week towards her cost of care. The HSE will pay the balance of the cost, in this case €654.

A deferred charge of €654 per week is payable from the estate after the death of her daughter.

While the above case studies illustrate the situation for people in private nursing homes under the present and the future arrangements, it is important to explain the situation for future residents of public nursing homes



### Example 7 **Mrs. Fitzgerald** : single, pension of €182, house of €200,000

Mrs. Fitzgerald is 83, lives alone in her house in Co. Roscommon, and suffers from Alzheimer's disease. She now needs full-time residential care and enters a public nursing home. Her sole income is the Non-Contributory Old Age Pension (€182). Her sole asset is her house and it is valued conservatively at €200,000.

At present, Mrs. Fitzgerald pays a maximum of €120 per week towards her cost of care.

Under the new scheme, as a **new entrant** to a nursing home, she will pay €145.60 per week towards her cost of care.

A deferred charge of €157.69 per week is payable from her estate.



### Example 8 **Mr. Jones : single, pension of €182, no house**

Mr. Jones lives in Dublin in a local authority house. His sole income is the Non Contributory Old Age Pension. He owns no assets.

Having being assessed as of maximum dependency, he enters a public long-stay bed.

At present, Mr. Jones pays a maximum of €120 per week towards his cost of care.

Under the new scheme, as a new entrant to a nursing home, he will pay €145.60 per week towards his cost of care.

