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May 2019

A New Deal

A discussion document on funding long-term support & care

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Executive Summary

Some Facts

- We know that our health and social care system, as currently designed, cannot meet the growing demands for long-term care – we urgently need a better system;
- There are significant waiting times for many primary care services and high levels of unmet need for homecare and other social care services – problems of access are most pronounced at the long-term care end of the spectrum;
- Despite the enormous strides in keeping people healthier for longer, the reality is that there will be growing number of people who may require some level of additional care for a period of 20 years or more of their lives;
- Increased demand for palliative care services and quality end-of life care present new challenges for the health services;
- A sharp and quick rising and ageing population, coupled with increased prevalence of chronic disease and increasing public expectations, will all place extreme pressures on limited resources;
- While Irish families are likely to remain committed to caring for their older relatives, changed demographics may impact on their ability to do so at the same level as before;
- The current approach where people in nursing homes have a legal entitlement to state financial support (the so-called 'Fair Deal') while those living in the community do not is clearly wrong and must be changed;
- Under current financing arrangements, people with specific conditions (e.g., stroke victims) receive free care within the acute hospital system but are subject to significant cost-sharing if they move to a nursing home or are cared for in their own homes. This means people are treated differently because of their care setting;
- Some €15 billion was spent on public health services in Ireland in 2018 and €16 billion will be spent in 2019. These are clearly substantial levels of funding but they will not be enough to deal with future demand;
- Ireland, like many other countries (and especially the UK), needs to urgently address the question of the sustainability of long-term care funding systems.

Long-term care services refer to a broad range of services and assistance to people (in this case older people) who are limited in their ability to function independently, on a daily basis and over an extended period of time, whether living in the community or in nursing homes. The borders between health-care and social-care services are not always clear.

Why we need to discuss the financing of long-term support and care (LTC) in Ireland

- Ireland can and should aspire to a model of long-term care (e.g. Denmark) where the emphasis is on publicly funded long-term support and care provided for the most part in community-based settings;
- While the Government is committed to Sláintecare and other policies which aim to incentivise delivery of the right care, in the right place, at the right time, there has been no serious discussion of how this to be funded in the longer-term;
- Demographic changes and population ageing will require growing levels of public expenditure on long-term support and care;

- Ireland's old-age dependency ratio (the number of retirees as a fraction of the number of workers) is set to double over the coming decades, from 21% at present to a peak of around 46% in the middle of this century. There are currently around 5 persons of working age for each person aged 65 and over; by 2050, it is estimated the figure will be closer to 2;
- There is broad consensus on the need for statutory provision of home care and the Government is currently planning for this. The question of how this is to be funded will become a major focus of political and public debate.

Impact of population ageing

A significant demographic shift is taking place in Ireland and is likely to continue over the medium to long- term. This will have significant implications for the funding of health care services generally as well as long-term care. The very old population (i.e., those aged 80 years of age and over) is set to rise dramatically in the coming decades, increasing from 147,800 in 2016 to some 540,000 by 2051. A 70% increase in demand for homecare and an almost doubling in demand for primary care is projected. Compared with 2015, by 2030, 10,000 additional Home Care Packages will be needed; 7.7 million extra home help hours; and 15,600 extra nursing home places (see ESRI Infographic/Appendix 1).

The need for sustainability in long-term support and care financing

- Delivering quality care in people's own homes is not cheap despite the significant and frequently necessary contribution of family carers. As people with greater needs remain at home, family carers will clearly require additional supports.
- The ratio of long-term care expenditure to GDP[1] will almost certainly rise in the future while still relatively low compared to expenditures on healthcare or other forms of age-related social protection (e.g. old-age pensions).
- Increased spending arising from the shift in the age profile of the population could, if not properly managed, result in rapidly increasing public debt.

Which funding model do we want for Ireland?

There are three possible options:

A. Insurance-based model

Public long-term care insurance models (e.g., Germany) typically finance health and social care *via* a social health insurance scheme. The scheme is predominantly financed through employment-based, payroll contributions from employees and employers.

B. Tax-based model

Some countries (mainly Nordic) implement universal LTC coverage financed mainly through general taxation. Public long-term care services in these countries are extensive and comprehensive, resulting in a relatively large share of GDP spent on LTC (2.2 % in Denmark and 3.3% in Sweden).

C. Mixed systems of provision

Universal (tax-funded) as well as means-tested entitlements operate alongside each other. This is currently the case in Ireland.

No public consensus in Ireland

Developing a funding model for long-term care in Ireland is not straightforward as there is no overall public consensus on the matter:

- A 2016 public opinion survey found that the greatest overall preference for funding long-term care was through general taxation[2];

1 Gross Domestic Product (GDP) measures the value of economic activity within a country. Strictly defined, GDP is the sum of the market values, or prices, of all final goods and services produced in an economy during a period of time

2 Amárach Public Opinion Survey carried out for Forum on Long-term Care of Older People 2016.

- In contrast, the Citizens Assembly in 2017 reported that a compulsory social insurance payment was the preferred source of overall funding for long-term care;
- Using increased revenues collected from Corporation Tax was one of the main proposals put forward in responses to the Department of Health 2018 consultation.

Why a designated long-term care social insurance fund is desirable

- It is reasonable to assume that people would pay over their lifetime if they could be guaranteed good quality long-term care services should they need them;
- Such a fund would allow for a more protected, community-based funding model than currently exists;
- It would share the cost and be in line with the principles of social and inter-generational solidarity;
- People already pay into insurance-based systems for various contingencies – illness/disability, pensions, unemployment – paying into a long-term care social insurance fund may be attractive if potential benefits are clearly identifiable;
- Total reliance on taxation to cover the costs of long-term care can be a huge problem as available funding is subject to the vagaries of the market and related exchequer funds – periodic service cutbacks are endemic in such a system.

Main features of an insurance-based social care model

1. At national level, an additional earmarked social care insurance contribution would be introduced, to which employers would also contribute. This could be as an addition to PRSI or could be introduced as a replacement for the USC;
2. In the short to medium term, revenue from Inheritance Tax could be allocated to the fund in order to build it up to the level required for sustainable functioning;
3. Following the principle of fairness between generations, it is suggested that those aged under-40 should be exempt from the scheme for a renewable period of 5 years;
4. To ensure the accountability desired by the public, the funding derived from such premiums must be ring-fenced for long-term care.

TIME TO DEBATE AND DECIDE

Putting in place a sustainable long-term care financing system requires detailed consideration by Government and substantial consideration by the public. This issue is not going to go away. Put simply, the question is where is Ireland to find the money to pay for long-term support and care in an ageing society. In recent years, Ireland has shown the world that it can maturely deal with sensitive issues through structured public consideration and debate. It is now time to debate and then decide on a system for financing long-term support and care in an ageing society.

Introduction

The question of the financing of long-term care in Ireland has been mooted at various junctures over the years. In 2002, the Department of Social and Family Affairs (now the Department of Employment and Social Protection) commissioned Mercer to carry out a detailed study on the matter[3]. The issue was also considered in the Report of the Inter-departmental Working Group on Long-term Care[4] in 2005 and by the Law Reform Commission in 2011.[5] The Commission noted that the funding question must be considered in line with the reform of the regulatory structures for delivering home care. More recently, the matter was raised in 2016 in the Forum on Long-term Care for Older People.[6] It was also discussed by the Citizens Assembly in 2017 in the context of its deliberations on the theme, *The Challenges of an Ageing Population*[7].

The Discussion Document:

(i) Identifies in a general way the likely long-term care funding requirements arising from an ageing population

(ii) Comments on the nature and quality of long-term care that we should aspire to as a society

(iii) Provides a brief overview of relevant funding mechanisms in other jurisdictions

(iv) Identifies how these might inform policy on the matter in Ireland

(v) Provides a synthesis of points that need to be considered by Government and by society generally

Outline of document

The Document is set out under four sections. Section One provides an overview of the main factors relevant to the long-term care funding issue. Section Two looks specifically at various financing options. Section Three looks at practice in a number of other relevant jurisdictions and Section Four draws some conclusions and identifies an agenda for consideration.

Points about which there is broad social consensus are not discussed in detail in the document, viz., that home care is the preferred option of most people in Ireland, that it is under-resourced and not available on the same statutory basis as nursing home care. Rather, the Discussion Document takes as its starting point the fact that there is broad agreement that statutory provision for home care is needed. While a process has been put in train by Government towards this end, statutory provision will only be fully meaningful if a sustainable system for financing long-term support and care is put in place.

3 Mercer (2002), Study to Examine the Future Financing of Long-Term Care in Ireland, http://www.welfare.ie/en/downloads/stetffolcii.pdf

4 https://health.gov.ie/wp-content/uploads/2014/03/long_term_care_report.pdf -- this report was completed in 2005 and published in 2008.

5 http://www.lawreform.ie/_fileupload/Reports/r105Carers.pdf

6 https://www.sageadvocacy.ie/media/1124/report_of_forum_on_ltc_for_older_people.pdf

7 https://www.citizensassembly.ie/en/How-we-best-respond-to-challenges-and-opportunities-of-an-ageing-population/

Section One: Overview

Defining 'long-term support and care'

At the outset, it is important to have clarity about what is meant by long-term care. A distinction is frequently made between social care and health care and between social care and nursing care. In the UK, the National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care[8] attempts to clarify the definition of each type of care but acknowledges that there is no legal definition for either.

Nursing care can be understood as the treatment, care or aftercare of someone with a disease, illness, injury or disability. Social care relates to the assistance required for daily living – maintaining independence, social interaction and supported accommodation. In practice though, many people requiring long-term care have both nursing care and social care needs and also require other therapies. Easy access to physiotherapy, occupational therapy and house adaptations provide an additional and important support to ageing in place and clearly enhance the home care infrastructure.

Long- term support and care is thus understood in this Discussion Document as the processes that society puts in place to enhance the quality of life and well-being of people who, because of failing health or reduced physical or cognitive functioning, require help from others. These processes include (but are not limited to) medical and social services designed to support the needs of people living with chronic health problems or disabilities that affect their ability to perform everyday activities. While long-term care is provided in both the community and in residential care facilities, the primary focus in this Discussion Document is on community-based care. The reasons for this focus are:

1. It is the clear choice of most people;
2. Its potential in Ireland remains significantly underdeveloped;
3. There is as yet no statutory entitlement to home care in Ireland in contrast to statutory provision for nursing home care;
4. The provision in Ireland for home care falls well short of what is available in some other European countries;
5. Unless more care is provided in primary and social care settings, our hospital system will continue to struggle;
6. Any legislative provisions for home care are almost certainly likely to fall short in practice if there is not a systematic and robust long-term care funding structure in place;
7. Given the impact of inevitable increased demands for health care arising from the ageing of our population, it is imperative for Government to find sufficient resources for funding long-term support and care in a sustainable way;
8. Clearly, realistic levels of funding are required to ensure that those with higher levels of need for long-term care can access additional community-based supports and services as required.

Why a debate on the financing of long-term care is necessary

However defined, long-term support and care is crucial to the welfare of many older people and people with disabilities. Meeting the need for such care will present major challenges in the decades to come.

The combination of rising demand and costs has already placed the long-term care system under considerable strain. In its present state, the system is not able to respond to current needs without taking into account predicted future needs as a result of demographic trends. It is, therefore, reasonable to argue that spending on long-term care needs to increase significantly in order to:

8 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690426/National_Framework_for_CHC_and_FNC_-_October_2018_Revised.pdf

1. Meet the current funding gap for the provision of home care by the HSE
2. Provide the additional funding to meet future demand
3. Meet the care needs of everyone, whether critical, substantial or moderate
4. Provide better support for family carers
5. Improve the quality of care delivered, which includes ensuring the stability of the home care workforce
6. Ensuring fairness in how long-term care is financed, including between generations
7. Aspiring over time towards universal access to long-term support and care of choice free at the point of delivery

An ageing population, coupled with ever increasing demands on the exchequer (for example, in relation to social housing provision and acute hospital care), means that the issue of funding for long-term care is not going to go away. There has been a tendency to date to 'push this matter down the road' rather than deal with it in a transparent and realistic manner.

The challenge is to find a financing system for long-term care which achieves similar levels of service supply in both the community and in residential care facilities. Another core issue to be addressed is the distinction between the funding of acute medical services and the funding of long-term care and personal social services. For example, under current financing arrangements, people with specific conditions (e.g., stroke victims) receive free care within the acute hospital system, but are subject to significant cost-sharing if they move to residential care. Notwithstanding the fact that there are significantly longer length of stays in residential care and the difficulty of sustaining public funding for a range of chronic conditions over a longer time period, an *a priori* question is why should people be treated differently because of their care setting. This issue would be exacerbated if a similar model to the 'Fair Deal' were to be introduced for home care once this was put on a statutory footing.

There is no evidence that we are planning for the funding of long-term care which is part of the normal risk of growing old – we have not looked seriously at how long-term care is to be financed in a sustainable manner in the medium or longer- term. Neither have we any system for spreading the costs of long-term care that is efficient, equitable and socially and politically acceptable.

Ireland's current health care financing system, combining a 'national public health service' with voluntary private insurance covering some 50% of the population, means that there is no long-term care financing solution that is an obvious "fit" with the current system of financing health care generally.

Financing long-term care: Factors that need to be taken into account

In looking at the financing of long-term care, the following factors are relevant:

- While it is official policy to prioritise and support community-based care, this is clearly not happening to the extent required -- we are currently spending almost three times more on residential care than we are on home care.[9]
- There is a clear need for a gerontologically-attuned approach to the provision of health and social care to older people[10] on the basis that a high percentage of people in need of care have multiple chronic conditions, frailty and disability.

9 O'Shea, E. (2017), Paper to Citizens Assembly, https://www.citizensassembly.ie/en/Meetings/Prof-Eamon-O-Shea.pdf

10 O'Neill D, Gibbon J, Mulpeter K. Responding to care needs in long-term care. A position paper by the Irish Society of Physicians in Geriatric Medicine. Ir Med J. 2001 Mar;94(3):72. http://archive.imj.ie//ViewArticleDetails.aspx?ContentID=1601

- Investment in community care remains low by international standards - almost a decade ago, an ESRI report[11] argued that in order to develop care in the community to the levels of other comparable Western European states, the current level of home help provision would have to increase substantially.
- Home care provision is currently weak relative to need and distributed unevenly across the country. The result is that family carers bear most of the care burden;
- We know what the current and projected long-term support and care needs of the older population are likely to be;[12]
- While most people appreciate good quality public services, including home care, crucially, there has been relatively little debate on what lengths we, as a society, are prepared to go to pay for the long-term care needs of our older population;
- Ireland has low social security contributions by EU standards;[13]
- Ireland can learn from other jurisdictions where the public financing of long-term care is enshrined in legislation and policy (see Section 3 below);
- There is a need to broaden the debate from a focus on the health care needs of older people to one which includes social, psychological, quality of life and well-being dimensions;
- While greater longevity and related increasing prevalence of chronic disease, are driving significant growth in demand, budgets for long-term care and support may not have been keeping pace.

Impact of demographic shift

As is widely acknowledged, a significant demographic shift is taking place and is likely to continue over the medium to long-term. This will have significant implications for health care services (see Appendix 1).[14] A recent Department of Finance Report[15] has concluded that longer working lives, minimising increases in public spending and reforms to boost productivity will be necessary over the coming years if an explosion in public debt caused by an ageing population, is to be avoided. Increasing life expectancy and greater numbers of older people will mean that total age-related expenditure will increase significantly as a proportion of government spending. For example, the ratio of retirees to workers[16] is set to more than double by 2050.[17] This shift in the age profile of the population will involve increased spending in demographically-sensitive components of public expenditure, such as pensions and healthcare.

Table 1 (below) sets out starkly the future capacity requirements for a number of primary care and long-term support and care services based on current population projections. This shows clearly the enormous challenge facing our health services and highlights the urgent need to look seriously at the cost and how this is going to be met.

11 https://www.esri.ie/pubs/JACB200961.pdf

12 See, for example, ESRI (2017), *Projections of Demand for Healthcare in Ireland 2015-2030,* https://www.esri.ie/system/files?file=media/file-uploads/2018-02/RS67.pdf, and ALONE (2018), *Housing Choices for Older People in Ireland*, http://alone.ie/wp-content/uploads/2018/07/Housing-Choices-for-Older-People-in-Ireland-Time-for-Action-1.pdf

13 Anthony Foley, Irish Examiner, Mon, Aug 27, 2018

14 https://www.esri.ie/pubs/RS67.pdf

15 https://www.finance.gov.ie/wp-content/uploads/2018/09/Population-Ageing-and-the-Public-Finances-1.pdf.

16 The working age population is defined as the population aged 15-64 and the old-age population is defined as the population aged 65 and over although it is recognised that many individuals continue working beyond 65.

17 https://www.finance.gov.ie/wp-content/uploads/2018/09/Population-Ageing-and-the-Public-Finances-1.pdf

Table 1: Capacity Requirements Forecast for selected services

Sector	Point of Delivery	Current capacity (2016)	2031 Forecast of capacity requirements (without reforms) showing % change	2031 Forecast of capacity requirements (with reforms18) showing % change
Primary Care	Public Health Nurse (WTEs)	1,500	2,200 (+46%)	2,600 (+67%)
	Physiotherapists (WTEs)	540	740 (+38%)	840 (+58%)
	Speech &Language Therapists (WTEs)	470	440 (-6%)	420 (-11%)
	Occupational Therapists (WTEs)	500	660 (+32%)	760 (+50%)
Social Care (Older Persons)	Residential Care – long term beds	26,200	36,300 (+39%)	36,700 (+39%)
	Residential Care – short term Beds	3,800	5,600 (+46%)	6,300 (+62%)
	Home Care Packages	15,600	26,600 (+70%)	34,600 (+122%)
	Intensive homecare	200	330 (+70%)	660 (+230%)
	Home help hours (millions)	10.6	17.8 (+69%)	23.1 (+118%)

Source: Health Service Capacity Review 2018 Executive Report, https://health.gov.ie/wp-content/uploads/2018/01/Health-Service-Capacity-Review-2018- Executive-Report.pdf

18 The reform scenario outlined includes, *inter alia,* an improved model of care centred around the proactive management of chronic diseases in general practice, increase in provision of homecare, short term respite and step down care, and comprehensive geriatric assessments.

Reforming home care policy

The question of financing long-term care needs to be looked at in the context of the widely-held belief that the home care system in Ireland needs to be radically overhauled. The report of the outcomes of the recent Department of Health public consultation on the matter[19] put forward a range of suggestions on how home care should be delivered. The following is a synthesis of the key points in the Report on the Consultation:

- There was a general consensus that the resources allocated to home care are insufficient, and users' needs should determine the level of ring-fenced investment in services.
- There is a need for a standardisation of the provision of home care services.
- A significant number of submissions emphasised the need for increased investment in home care services and, in particular, the avoidance of reductions in the allocation of exchequer funding for home care, which has happened at various junctures despite an increase in demand.
- More than half (55%) of those who made submissions did not believe that home care services worked well with hospitals.
- Almost nine out of 10 (87%) felt that people in receipt of home care should be able to choose who provided their care.
- More than half (57%) supported the introduction of means-tested user contributions for home care services and most (61%) would be prepared to purchase additional hours of home care if they needed them.
- There was broad support (as might be expected) for the Government's proposal to create a new regulatory environment for home care.

Using increased revenues collected from corporation tax was one of the main proposals put forward to fund a better homecare system. Other funding ideas put forward included a universal national care system paid for through taxation; a social insurance model; and co-financing between the State and means-tested contributions from the individual. (See next section for further discussion on funding options).

19 https://health.gov.ie/wp-content/uploads/2018/06/Homecare-Consultation-Report.pdf

Section Two: Financing Long-term Care

Why a structured approach to long-term care financing is required

There is a sustainable argument that older people who require care at home should receive it free of charge (similar to access to acute hospital care). Building on the principles set out in the Sláintecare report[20] for the health care system generally, the following can be identified as basic pre-requisites for home care:

- Care provided free at point of delivery, based entirely on assessed need
- People accessing care at the most appropriate, cost effective service level with a strong emphasis on prevention and public health
- Public money only spent in the public interest/for the public good, ensuring value for money, integration, oversight, accountability and correct incentives
- Ensuring that there is equality of access to a comprehensive range of support and care services on the basis of need
- Raising sufficient revenues to provide or purchase a comprehensive range of care
- Sharing or pooling risks across different subsections of the population

There is no blueprint solution to financing long-term care. However, notwithstanding economic arguments that population ageing will impose significant pressures on the public finances, a strong argument can be made that support and care required by older people should be free and universal. Following this line of argument, the State would be required to take a lead role in developing sustainable structures to address the question of the equitable distribution of the cost of long-term support and care.

In looking at the question of the State's role, there are a number of important inter-related factors that need to be taken into account:

1. Systems which are well-funded (by whatever method) and are operated by a specially-designed and relatively uniform structure are more likely to provide a high-quality standardised service.
2. A significant shift in financing towards home care services is needed, in line with people's preference, practice in other comparable jurisdictions and, indeed, Irish Government policy.
3. The provision of care by family members can no longer be presumed upon -- for this care to continue to be the bedrock of home care provision, more home care services will be required.
4. It would seem necessary from a resource perspective and reasonable to require people to make some provision for themselves in respect of long-term care requirements.
5. Statutory entitlement to home care will only be meaningful if there is a sustainable model of financing.
6. Older persons in need of support and care require an integrated continuum of provision, including accommodation, assistance with daily living, nursing and medical responses – the current separation of funding for community-based and residential nursing home responses runs counter to this.

20 Slaintecare Report, http://data.oireachtas.ie/ie/oireachtas/committee/dail/32/committee_on_the_future_of_healthcare/reports/2017/2017-05-30_slaintecare-report_en.pdf

7. We need to move away from the current system which operates on the basis of established silos (both service provision and funding) so that people can more easily access services (supported housing, health and social care) on a graduated and phased basis in accordance with changing needs.
8. The current NHSS ('Fair Deal') model (co-funding by the State and the individual) may not offer the best model for financing all long-term care (community-based and residential) in the future mainly because it does not adequately cover the range of support needs that people may require.

Options for financing long-term care

The Mercer 2002 Report[21] considered possible financing options, including:

1. Private sector or combined public/private sector approaches
2. Use of the PRSI system to finance/fund long-term care
3. Whether the current system of long-term care financing (through taxation) should remain the status quo

While noting that long-term care may include both personal care and medical care, the primary focus of the Mercer Report was on financing personal care, whether on a residential basis or in the community.

The public financing of long-term care from either general taxation or compulsory social insurance programmes was identified in the Mercer Report as having advantages and disadvantages. One of the main advantages is that it spreads the financial risk and is more equitable. There is no welfare stigma (arising from means-testing) associated with consumption because contributions or citizenship confers entitlement on users. The same quality of care is available to all on the basis of need rather than on an ability to pay.

The major problem with public financing identified by Mercer was the cost of implementation. Setting up a public financing system was also seen as almost certainly involving a big financial outlay at the outset. Also, what would be perceived as additional taxation was regarded as likely to meet with strong resistance from the public.

Mercer considered two long-term care financing options:

Public financing option 1: General taxation

Two questions were raised by Mercer in relation to the funding of long-term care and support through general taxation:

1. Whether access to supports and services should be means-tested or universally available and
2. Whether or not people have an entitlement to (as distinct from eligibility for) services

The report noted that means-tested public provision has the advantage of targeting public resources to those with the greatest need – both those on low incomes and those on higher incomes whose care needs are so extensive that their own resources become insufficient to meet the continuing costs of care.

Public financing option 2: Social insurance

The following advantages of a social insurance public financing model were identified by Mercer:

1. Social insurance would eliminate means-testing for those whose contributions qualify them for benefits;
2. The public may be more willing to pay additional social insurance contributions than higher taxes to fund long-term care;
3. Social insurance financing for long-term care would provide a reasonable "fit" in the Irish context;
4. The strong entitlement to benefit that social insurance financing would confer, along with earmarking the contributions made to pay for the benefit, would be likely to engender good public support.

21 http://www.welfare.ie/en/downloads/stetffolcii.pdf

Mercer favoured a social insurance approach to funding long-term care in Ireland, arguing that it would generate additional resources and would establish a clear link between contribution and benefit.

The key advantages of introducing a long-term care social insurance contribution noted by Mercer were:

- The ability of social insurance to support a standardised needs assessment
- The creation of a bias in favour of home care
- The separation of financing and service delivery
- The end to the welfare stigma associated with means tests, and
- The provision of long-term stability to the financing regime

The Mercer Report raised the obvious issue of costs and acknowledged that there could be potential adverse effects on competitiveness from raising PRSI rates.

The Inter-departmental Report of the Long-term Care Working Group (2006)[22] did not recommend a social insurance model but rather concluded that a co-payment scheme based on ability to pay, taking both income and assets into account, was the optimal approach to funding nursing home care. This was the model adopted in the 'Fair Deal' scheme. This, it would appear, is the funding model being considered by Government for the proposed statutory home care scheme.

Addressing the challenge of long-term support and care funding in Ireland

Two broad almost polar opposite positions on how long-term care should be financed can be identified:

1. The State should fund and provide comprehensive long-term care for all people - similar to acute hospital services;
2. The primary responsibility should fall on individuals and their families, with additional support from the State and the private insurance market;

As already noted, most health care funds in Ireland come from general taxation through the budgetary process. General taxation has several advantages in that it yields large amounts of money and it tends to be progressive, which means that the better off pay proportionately more than the less well off in society. The Sláintecare Report concluded, however, that the current taxation system is unlikely to change substantially in that it would be very difficult to organise and unlikely to occur with the support of all economic stakeholders.[23]

Social Health Insurance (SHI) systems provide access according to need and payment according to ability. A notable feature of SHI systems is that health care funding is kept separate from general taxation to some degree and goes to a specific fund or funds. This ensures that there is some protection of funding to healthcare.

Also, the Sláintecare report suggested (similar to Mercer) that with the notion of insurance there is more of a consumer mind-set than in a taxation model. In addition, it was noted that, while taxation has not raised sufficient sustained funds to provide entitlements to care, free at the point of delivery, there was no history of social insurance in Ireland to build from and currently barely any funding being channelled through this mechanism.

22 https://health.gov.ie/blog/publications/report-of-the-interdepartmental-working-group-on-long-term-care-2006/

23 Sláintecare Report, http://data.oireachtas.ie/ie/oireachtas/committee/dail/32/committee_on_the_future_of_healthcare/reports/2017/2017-05-30_slaintecare-report_en.pdf

The Slaintecare Report recognised the advantages of both the taxation and social health insurance models and proposed something of a hybrid model. Under this model a single-tier system would be funded through a combination of general taxation revenues and earmarking of some taxes, levies or charges into a single National Health Fund (NHF). This, it was suggested, would help build more transparency, sustainability and independence into health funding. The NHF would be a single dedicated channel of funds for the health sector and would allocate resources across all levels of care and report directly to the Minister of Health.

> ***Rather than the health budget being subject to negotiations and competition from other sectors, earmarking can help to protect funding stability. These funds can finance care by contracting with providers which can be in the public and private sectors.***[24]

The advantage of a single fund over multiple funds is the simplicity of arrangements and the bigger purchasing power of a single purchaser. In addition, a National Health Insurance Fund has the ability to build up reserves in times of economic growth which can be used in times of austerity and which cannot be allocated elsewhere. The funding of health services is thus less impacted by economic circumstances. This counter-cyclicality, or ability for funding not to be dictated by the variability of the economy, was regarded in the Sláintecare report as the mark of good financial governance.

24 *Ibid.* p.126

Section Three: The Practice in Other Selected Jurisdictions

Overarching considerations

Making international comparisons between long-term care sectors of different countries is difficult in practice because of a lack of easily accessible reliable comparative data, due to the unique character of each jurisdiction's long-term care sector.

Three relevant international typologies of long-term care have been identified:[25]

1. The Scandinavian model
2. The Continental model, and
3. The Mediterranean model

As might be expected, Scandinavian countries are generally classified under this model as is the Netherlands. The Assessing Needs of Care in European Countries (ANCIEN) project defined the Scandinavian model as a long-term care system characterized by high public funding, low private funding and a low use of informal care.[26]

In essence, the model ('public model of care') is defined by the attribution of primary responsibility to the public sector for persons in need of care. The underlying philosophy of this model of long-term care (and, indeed, the health care system in general) is that the State bears responsibility for citizens in need of care. While informal care provision does play some role, there are no legal obligations on families to provide such care. The general policy goal for long-term care under this model has been formulated as follows: "To ensure that for persons with a long-term or chronic disorder of a physical, intellectual or psychological nature, care of good quality is available and that the cost level of this care is acceptable to society".[27]

The Continental model (or 'mixed model of care') broadly reflects provision in Ireland (as well as in the UK, Germany and Belgium). It is defined by focusing on the family as the preferred caring unit, although persons with more serious health problems have a legal entitlement to public services. For example, in Belgium, long-term care is mainly offered as a service in kind, with practically no co-payment for nursing care either at home or in residential services.[28]

In the Mediterranean model (or 'family model of care') informal care provision is much more a necessity, due to the lack of sufficient publicly funded formal care services.

While the above typology is somewhat helpful, it has been noted[29] that a partial convergence of European countries' long-term care systems over the last two decades has been taking place, implying that, while universalist regimes (regimes with relatively high coverage levels) have reduced the extension and generosity of their care systems, most of the residual care regimes (regimes with relatively low coverage levels) have expanded entitlements and public expenditures.

On the overall European level, a trend has been identified[30] of increasing (or maintaining) entitlements to long-term care provision while simultaneously witnessing decreases in actual

25 https://cris.maastrichtuniversity.nl/portal/files/7345428/c5595.pdf

26 https://cordis.europa.eu/result/rcn/57646_en.html

27 http://www.ancien-longtermcare.eu/sites/default/files/LTCSYSteminThe%20Netehrlands_RR90.pdf .

28 https://cris.maastrichtuniversity.nl/portal/files/7345428/c5595.pdf

29 Carrera, F., Pavolini, E., Ranci, C., & Sabbatini, A. (2013). Long-Term Care Systems in Comparative Perspective: Care Needs, Informal and Formal Coverage, and Social Impacts in European Countries. In C. Ranci, & E. Pavolini (Eds.), Reforms in Long-Term Care Policies in Europe (pp. 23-52). New York: Springer-Verlag.

30 https://cris.maastrichtuniversity.nl/portal/files/7345428/c5595.pdf

long-term care service provision as a result of governments' retrenchment agendas. This has been referred to as 'restricted universalism' – all people in need are explicitly entitled to access the same long-term care services, but with a range of restrictions in the provision and quality or access to services.

The Slaintecare Report noted that a key development in almost all SHI systems in Europe is that they are no longer pure in terms of being entirely funded by payroll earmarked deductions but they are frequently subsidised from taxation and other sources.

Issues relating to social care policy and practice in the UK

The 2011 Dilnot Report, *Funding Social Care in England*[31] highlighted the need to secure a sustainable funding settlement for social care. It called for a cap on an person's contribution to the cost of care, standardised eligibility criteria and 'portable' needs assessments, a public campaign to encourage planning ahead; better alignment of social care and welfare benefits; integration of social care and other services (focus on prevention), all of which are relevant in the Irish context.

A 2018 UK Parliamentary Report[32] found that, in its present state, the social care system is not fit to respond to current needs, let alone future needs predicted as a result of demographic trends. The report supported the provision of social care free at the point of delivery as a long-term aspiration and stated that, in principle, the personal care element of social care should be delivered free to everyone who has the need for it. It called for a combination of different, local and national, revenue-raising options:

- At local level: There should be a continuation for the foreseeable future of the existing local government revenue streams and in the medium term, there should be a reform of the council tax valuations and bands to bring them up-to-date.
- At national level: an additional earmarked contribution, described as a 'Social Care Premium', should be introduced, to which employers would also contribute. This can either be as an addition to National Insurance, or through a separate mechanism similar to the German model (see below).
- The funding derived from the Social Care Premium should be placed in an appropriately named and dedicated fund. The fund should be regularly audited and required to publish its spending and accounts.
- Those aged under 40 should be exempt from the Social Care Premium, and it should also be paid by those over the age of 65.
- To remove the catastrophic cost of care for some people, and to spread the burden more fairly, the report recommended that an additional amount of Inheritance Tax should be levied on all estates above a certain threshold and capped at a percentage of the total value.

A Green Paper on Adult Social Care was promised by the UK Government in March 2017. However, the Green Paper has not been yet published despite repeate commitments by the UK Government to do so.[33]

Long-term care provision in The Netherlands

In response to demographic changes and growing costs of care, major parts of long-term care provision were reorganized by the Dutch government in 2015. The broad range of care that had been previously covered by the Exceptional Medical Expenses Act (AWBZ)

31 https://www.kingsfund.org.uk/sites/default/files/field/field_publication_file/briefing-dilnot-commission-social-care-jul11.pdf

32 Long term funding of adult social care, House of Commons Health and Social Care and Housing, Communities and Local Government Committees, https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/768/768.pdf

33 https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8002

was reallocated and largely decentralised. Since January 2015, long-term care is covered by three acts. The first, the Long-term Care Act regulates care in institutions (residential care such as nursing home care) and in the community (home care) for people who need 24/7 supervision. Home nursing care and personal care are regulated by the Health Insurance Act and funded via health insurers. Other supports for people at home are regulated by the Social Support Act and which is the responsibility of the municipality.[34]

The 2015 legislation has been reported[35] as resulting in a general decrease in central government responsibility for long-term care. The responsibility that remains at the national level under the 2015 legislation has been viewed as only intended for the most severe cases.

A key question has been raised relating to service delivery at municipal level.[36] "To what extent are Dutch municipalities, in terms of system readiness for innovation, prepared for the challenges resulting from their new responsibilities under the new long-term care reform?" It has been suggested that the Government's idealistic and ideological reasoning behind the reforms –ensuring tailor-made care, delivered closer to home, with the support of a caring and involved society – is considered by many as being mainly rhetoric, with the real driving force behind the reforms being the need for austerity measures.

> ***"Indeed, cutbacks on healthcare expenditure and social welfare benefits are often seen by policy makers as a short-term solution to alleviate budgetary pressure."[37]***

It has also been suggested[38] that the new Dutch system can be considered as a breach of the European Union's overarching health related values of solidarity, universality, equity and access to good quality care because it "fails to provide equality of opportunity with regard to long-term care access, both between citizens within the same municipality, as well as (and perhaps especially) between different municipalities".[39]

Long-term care insurance in Germany

Following two decades of debate, a long-term care social insurance (LTCI) scheme was introduced in Germany in 1994. Contributions and benefits have been increased since and a series of reforms from 2008 onwards extended the scheme to provide full coverage for people with dementia.

LTCI is a universal scheme. All employees, their employers and retired people pay contributions. Eligibility is determined solely on the basis of need for care – age, assets and income are all irrelevant. LTCI funds are managed separately from health insurance funds.

The main driver for reform was the growing reliance on means-tested social assistance for older people who had 'spent down' their assets to pay for care. This was considered stigmatising and incompatible with citizenship principles. Additional considerations were to:

- Protect the health insurance funds from the costs of long-term care
- Stimulate new service providers, and choice and competition between them
- Discourage unnecessary institutional care
- Maintain the principle of subsidiarity that placed responsibility on households for supporting family members, by providing social protection for family carers

34 https://cris.maastrichtuniversity.nl/portal/files/7345428/c5595.pdf

35 *Ibid*.

36 *Ibid*. p.68

37 *Ibid*. p.108

38 *Ibid*.

39 *Ibid*.p.129

- Demonstrate that it was possible to introduce a social insurance scheme with a stable, sustainable contribution rate, to set a precedent for the reform of existing (defined benefit) insurance schemes.

The underpinning principles of universality and equity are likely to have made both initial and subsequent increases in contributions easier to introduce. There is also an explicit link between contributions made and benefits received/receivable which is likely to contribute to political and popular support for the scheme. [40]

Under LTCI, family carers are not entitled to an income in their own right, as full-time carers in Ireland are through the (albeit very limited) Carers Allowance. However, carers of German LTCI beneficiaries receive a wide range of other social protection measures that provide respite from care-giving and reduce labour market-related disadvantage. It should be noted that these are entitlements and are not dependent on local authority budgets or employer discretion.

> ***"Again, these comprehensive arrangements for family carers extend popular interest in LTCI and are likely to enhance its political popularity."[41]***

Lessons for Ireland

While acknowledging the different institutional frameworks of the German and Irish welfare systems, there are nevertheless important lessons that Ireland can learn from the German approach, about both sustainable funding arrangements and achieving consensus on reform.[42] The potential key learning points for Ireland include:

- The explicit recognition that need for care, at any age, is a social risk requiring social protection
- The crucial role of central government in maximising risk pooling and in regulating contributions benefits and eligibility frameworks
- The importance of a universal and equitable approach to care funding in order to build political and public support
- Compatibility with existing welfare structures and institutions to facilitate rapid implementation
- Comprehensive social protection for family care-giving.

While the German LTCI scheme was broadly congruent with the existing social insurance model, it was still a radical departure from past policy. LTCI expanded the scope of public welfare effort at a time of welfare state retrenchment across Germany and much of Europe. The need to achieve political consensus and the general atmosphere of welfare austerity in the early 1990s shaped the predominantly public, defined contribution nature of the programme. Making use of the established health insurance funds and associated infrastructure allowed for relatively rapid implementation.

At its inception, the LTCI funding/expenditure calibration (fixed contribution rate, relatively low contribution ceiling and fixed price benefit schedule) delivered multiple goals:

- Medium-term contribution rate stability
- Universal entitlements to benefits
- Support for family care-giving
- A significant reduction in citizen reliance on stigmatising social assistance

Unlike eligibility for LTCI, assessments for publicly-funded long-term care in Ireland currently involve some professional discretion

40 http://eprints.lse.ac.uk/89092/1/politicsandpolicy-german-approach-to-long-term-care.pdf

41 *Ibid.*

42 These lessons are based on those identified in respect of England by Glendenning and Wills (2018), http://eprints.lse.ac.uk/89092/1/politicsandpolicy-german-approach-to-long-term-care.pdf

and a range of factors are taken into account in determining an individual's level of need.[43] The German approach could certainly be perceived as more equitable, lending further popular legitimacy to an insurance based approach here.

The Danish system of long-term care[44]

Social policy in Denmark is based on the legal principle that all citizens in need are entitled to receive public support. The public sector is responsible for providing social security benefits and social services, primarily funded by general taxation. The Danish long-term care (LTC) system for older people and people with a disability is a universal system. The Danish Central Government is responsible for determining the overall principles underpinning the long-term care system. Local authorities are responsible for the delivery of LTC services, making and implementing LTC policy and deciding how LTC resources are allocated.

All Danish citizens are eligible for home help and home care including round-the-clock care. Generally, support is based on need rather than means. The supply of a variety of sheltered housing and other adapted/ supported dwellings has been increased in recent decades. Residents pay rent related to the running costs but, depending on income, this may be offset by housing welfare benefits.

Key features of the Danish LTC system

- There is comprehensive coverage for a wide-range of social services, including home adaptation, assistive devices and home help;
- One of the main aims of social services for older people and people with a disability is to ensure that they can manage in their own homes;
- In cases where people cannot manage on their own, they can move to sheltered housing or residential care facilities of their choice; Eligibility is based on a needs' assessment performed by the local authority. Eligible individuals may receive a cash benefit in order to employ necessary assistance.

Local authorities finance the costs of long-term care through block grants received from the government, local taxes and equalisation amounts received from other local authorities. The overall budget for long-term care services is global, and is set annually. Legislation allows local authorities some limited freedom in setting charges for home help and some other non-health related expenses.

Home care

One of the objectives of Denmark's LTC system is to encourage and enable older people to stay at home for as long as possible. Under Denmark's public LTC system, personal care and practical assistance are available to all dependent individuals, and is not subject to co-payments. Home care services also include support towards technical aids and assistance for home adaptations of individuals with reduced physical or mental functional capacity. In addition, complementary coverage is provided for necessary additional expenses, when these expenses are a direct consequence of the person's reduced functional capacity. Assistance is also offered for activities outside of the beneficiary's home, as well as for the purchase of a car, if a car will substantially facilitate the achievement or sustainment of employment or education or participation in activities of daily living.

Nursing homes and close-care accommodation

In 1987, the Danish parliament passed legislation which stopped the construction of conventional nursing homes, instead introducing modern nursing home apartments, usually with two rooms, kitchen and bathroom. The apartments are technically comparable

43 See, for example, the Single Assessment Tool (SAT) approach.

44 http://www.oim.dk/media/14947/social-policy-in-denmark.pdf
https://www.able.dk/Engelsle%20dok/Social_policy_in_Denmarkpdf.pdf
https://doctordementia.com/2015/08/07/social-and-health-care-policy-for-the-elderly-in-denmark/

with ordinary flats. A lease is signed, an entrance fee paid, and a contract made about the kind of service to be provided. Physically connected with the apartment are a number of training facilities and a café, where the tenants may take their meals. Older people from outside can also eat there.

The central part of many old nursing homes have been rebuilt to fit the new concepts of "close-care accommodation" with the adjoining service areas and a permanent staff to service the people living there. A number of these are constructed as group developments, consisting of 6-10 independent apartments, surrounding a common-room and often with a common garden.

Older people living in close-care accommodation may continue to use their usual family doctor and manage their own household. The residents do not lose their normal citizen rights; their apartment is legally their private home with a right of privacy and staff do not take over the responsibility for the life of the individual resident. Each can decide what to eat and where, and what services s/he wants. Personal daily routines are continued as far as possible.

A basic principle of Denmark's long-term care policy is that the type of accommodation should not dictate the offer of care to older people. All eligible individuals have free choice of care providers. These include senior citizen residences, gated communities, assisted living units and nursing homes.

Family carers

Compared to other countries, family carers in Denmark play a relatively smaller role as part of the caring system. Also, informal carers can claim compensation for lost wages (care allowance). The local council decides on the payment of the care allowance, after a doctor assesses the care receiver and agrees that he/she should be cared for at home. Moreover, the local authorities offer substitute care or respite services to a spouse, parent or other close relative caring for a person with impaired physical or mental function.

Lessons for Ireland

The Danish model clearly offers options for Ireland. Crucially, Denmark's welfare state system generally is financed by heavy taxation of more than 50% on salaries, which most retirees will have paid for 40 years. The country spends 2.2% of its GDP on care for older people. Those without a private pension or any other income are entitled to extra benefits, such as cheaper medicine or more favourable tax rates.

The rights of older people are championed by senior citizen councils in each municipality and leaders from Denmark's five geographical regions meet with local authorities and practitioners to plan improvements to services every three years.

Commenting on the Danish situation, Carsten Hendriksen[45] identifies three categories of older people:

1. The healthy (about six in seven Danes fall into this category)
2. Those showing early signs of functional limitations whom doctors keep a close eye on, as early intervention can still make a difference;
3. Those with serious mobility issues who may need to go into supported accommodation

Denmark, is widely regarded as the country that best cares for its oldest citizens. The Danish model revolves around the idea of choice and prevention, with up to 24-hour home care available, free, for people aged 67 or older. Once people in Denmark reach the age of 75, they receive two check-ups a year from a public health nurse to see if they need home care or other help.

In summary, taking care of the whole of society has long been part of the Scandinavian tradition and in Denmark, elder care starts early and institutionalised long-term care has been eliminated. Care for older people is a legal obligation on the public sector.

45 https://danishhomeofchicago.org/the-hope-chest/2018/05/21/bright-future-danish-elder-care/

> ***"They [in Denmark] pay a lot higher taxes, but they do that because they believe that doing those things is good for the whole country, They believe (in) a high standard of living and a high standard of care for people, whether it's the school system or the health-care system or whatever. They believe that it's good for the economy, because it keeps the whole population healthier."***[46]

There are some notable, relevant differences between Ireland and Denmark. For example, in Denmark, there is, in general, a greater tolerance of State intervention and lower cultural expectations of and reliance on informal (family) care.

Questions for Ireland arising from international comparisons

In addressing the core question of how long-term care should be financed, the following factors need to be taken into account:

- Does Irish society want to support (and pay for) a person with high support needs being cared for at home?
- Since the current funding model for home care is based on a significant contribution by informal and family carers – why would the State want to change this by putting in place a universal long-term care social insurance system?.
- How would a social insurance model impact on the general taxation system and, crucially, how can public and political consensus be garnered for a social insurance model?
- From the perspective of a person seeking to arrange care for a person, would people opt for the NHSS scheme rather than a home care scheme considering that the NHSS is easier to access and organise as opposed to having to organise home care in a person's home?
- If some level of co-payments is required, as seems likely, how would this operate?
- How would a long-term care social insurance model fit with the overall health financing system proposed in the Slaintecare report?
- Would the concept of social and inter-generational solidarity garner sufficient support to create a situation where younger people pay for care for older people (the latter who may have more wealth than the younger population)?
- Would the public see the benefit of paying towards long-term care over part of their lives on the basis that we all age and may need some care and support in later years?

In answering the above questions the views of the Citizens Assembly are very informative

- 60% of the members voted that it is the family/older person which should be responsible for providing required care for older people, but the State should have at least some responsibility.
- 87% of the members recommended an increase in public resources allocated for the care of older people.
- Additional funding for care of older people should primarily be spent on home care services and support.
- 99% of the members recommended that the Government expedite the current commitment to place home care for older persons on a statutory footing.

46 Professor Margaret McAdam http://m.thechronicleherald.ca/careincrisis/1168351-a-better-way-to-care-for-the-aging

Section Four: Summary and Key Considerations

Key policy question

A key policy question is whether to implement higher tax levels to support better long-term support and care or to introduce over time a social insurance model. The advantages and disadvantages of each model have been outlined drawing on Irish research and investigation of the matter. The practice in other comparable jurisdictions has also been summarised.

While the main focus of this Discussion Document has been on the financing of long-term support and care, the question of funding clearly has to be considered within the broader context of the need for equitable access to services. In this regard, a 2018 Oireachtas Library &Research Service Spotlight Report[47] identified seven policy challenges in home care provision for older people (see Appendix 2).

- Determining eligibility and entitlement
- Selecting a funding model
- Finding the right mix in service provision
- Introducing effective regulation
- Sustaining informal care
- Securing a care workforce
- Developing alternatives to nursing home care

Finding a sustainable funding model

The question of how to fund a comprehensive home-based support and care system and how to bridge the funding gap between laudable aspiration and current reality is one that will not go away. However, there does not appear to be any overall public consensus on the matter. For example, a 2016 Amárach public opinion survey[48] found that the greatest overall preference for funding long-term care is through general taxation. In contrast, the Citizens Assembly, in its deliberations on the matter in 2017, reported that a compulsory social insurance payment received most first preferences.[49]

Agreeing an optimal funding model for long-term care in Ireland is important if we really want to change the system, thereby improving the lives of older people who require support and care. It is vital that a debate on the question of sustainable funding takes place in an open and honest manner.

Broadly speaking, it could be said that there are four main options to fund long-term care which could be considered:

1. Reducing some of the welfare payment for better-off older people (these include universal benefits such as Free Travel, Free GP services and using the savings to pay for a reformed long-term care system
2. Targeted tax increases, including Inheritance Tax

47 Oireachtas Spotlight, https://www.oireachtas.ie/en/publications/?q=Home%20Care%20for%20Older%20People%20%E2%80%93%20Seven%20Policy%20Challenges&author%5B%5D=library-research-service&date=&term=%2Fie%2Foireachtas%2Fhouse%2Fdail%2F32&fromDate=&toDate=

48 Amárach Research (2016), Presentation to Forum on Long-term Care, https://www.sageadvocacy.ie/media/1124/report_of_forum_on_ltc_for_older_people.pdf

49 https://www.citizensassembly.ie/en/How-we-best-respond-to-challenges-and-opportunities-of-an-ageing-population/

3. Earmarking a proportion of corporation taxes for this purpose[50]
4. A social care insurance model

It is very unlikely (and, probably, rightly so) that older people would be willing to give up some of their present income and universal benefits for a long-term care system which met more of their needs and enabled them to remain in their own homes.

While general taxation has many advantages in that it is democratically accountable, universal, yields large amounts of money and tends to be progressive (which means that the rich pay proportionately more than the less well off in society), in Ireland, it has never generated sufficient resources for home care and demand continues to exceed supply. This problem will almost certainly get worse as population ageing increases. The situation in Ireland is in sharp contrast to that in Denmark where a taxation based system has broadly speaking provided adequate funds for universal long-term care.

The question of whether social insurance is an option to support an enhanced statutory-based home care system for older people in this country, or, more broadly used to support both home care and residential care, is a critically important one which needs to be addressed with some urgency.

It is suggested here that there is a strong case for exploring a social care insurance model in Ireland to ensure that we can deliver the type and quality of long-term care that we aspire to. This takes into account the following considerations:

- There is a need for a single simplified scheme that would include home care as well as access to residential care;
- The cost of any new and enhanced system of care for older people is likely to be high, requiring new sources of funding;
- The additional financial burden needs to be distributed equitably across society;
- The presumption should be that support for people in their own homes will be available as needed, rather than decisions about home care being taken on the basis of budgets;
- The principle of earmarking contributions—establishing a visible fund that is clearly, transparently and accountably linked to spending on long-term support and care – is likely to be a key factor in gaining public acceptance for a different funding model.

A designated social insurance fund would allow for a more protected, community-based funding model than currently exists. It would also encourage transparency in priority-setting and service delivery. It would likely be more consumer oriented and consumer responsive than a general taxation system. To ensure the accountability desired by the public, it is essential that the funding derived from such premiums is ring-fenced for long-term support and care.

The following are identified as possible features of a Long-term Social Care Insurance Scheme:

- Bothe employees and employers would contribute;
- The premiums of those not in the labour force could be paid out of exchequer funds so that inability to pay would not deny access to any new national scheme;
- The scheme could either be as an addition to existing PRSI or through a separate mechanism similar to the German LTCI model;
- Following the principle of fairness between generations, it is suggested that those aged under-40 should be exempt from the scheme for a renewable period of 5 years;
- In the short to medium term, revenue from Inheritance Tax could be allocated to the fund in order to build it up to the level required for sustainable functioning.

50 Using increased revenues collected from corporation tax was one of the main proposals put forward to fund a better homecare system in the Department of Health 2018 consultation.

Conclusion

There is an urgent need to find a sustainable funding model for long-term support and care – both to increase the funding available and also to make the system fairer. Failure to do so will undermine any statutory provision for home care. Making decisions about the funding of long-term care requires building a broadly based social, economic and political consensus. There has been failure in the past to make political progress on reform and a cross-party approach on reforming long-term care funding is now essential.

This matter requires full and proper consideration by Government and by the public in general. People already pay into insurance-based systems and paying more from income into a model of social care insurance may be attractive to the public if potential benefits are clearly identifiable. Obviously, however, social insurance organised through the labour market would draw from a smaller contributory pool than the general taxation system.

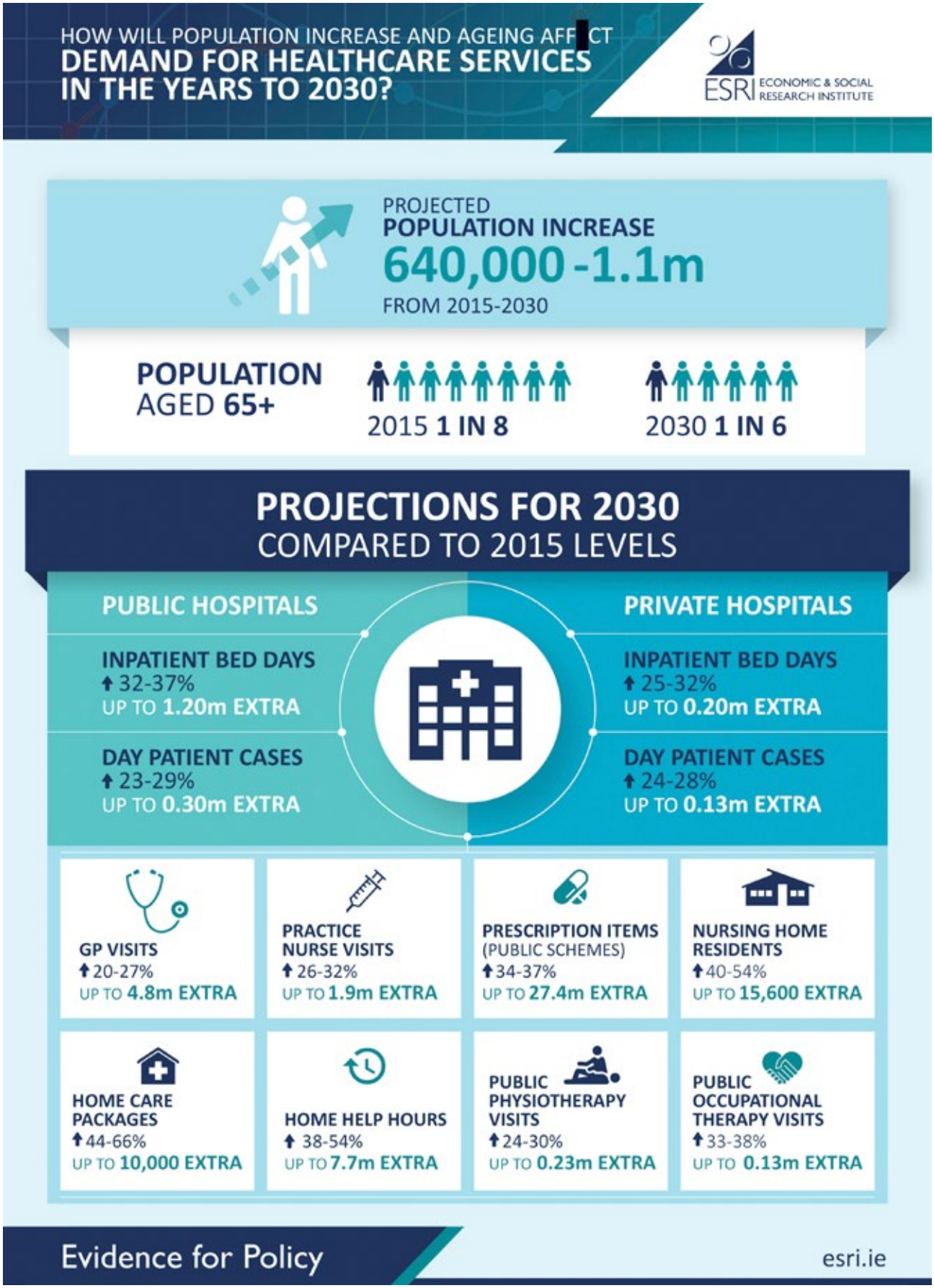
The discussion on long-term social and health funding models should be framed within a social solidarity and shared citizenship context. Ireland can and should aspire to the Danish model with its emphasis on publicly funded long-term care provided for the most part in community-based settings and, where this is not possible, in purpose-built 'close-care' accommodation where household living is facilitated. Ireland can also build on the experience of the German Long-term Care Insurance model which generates ring-fenced public funding for long-term care.

The Sláintecare report has set out an agreed vision and strategic plan to transform the Irish health service that involves the development of a more integrated health service, centred on a comprehensive community-based care model. It is of crucial importance that meeting the long-term support and care needs (social and health) of the older population is an integral part of this reform and receives public funding in an equitable and sustainable manner. Put simply, we need a funding system that gives the best possible outcomes for older people grappling with frailty and other impairments in their later years.

Clearly, as a society, we need to address with some urgency how we are going to achieve financial and political sustainability in long-term support and care funding. To this end, we need a political roadmap for long-term support and care financing. It is hoped that developing such a roadmap will be assisted by this Discussion Document.

Finally, it should be noted that Ireland is no different from some other European countries where the financing of long-term social and health care in an equitable and sustainable manner has been very much on the policy and political agendas in recent years. This is particularly the case in the UK where political debate on the matter is ongoing.

Appendix One ESRI Projected Demand for Healthcare Services



Source: https://www.esri.ie/pubs/Infographic-26-October-2017.pdf

Appendix Two Seven Policy Challenges in Home Care for Older People[51]

1. Determining eligibility and entitlement

Approx. 50,000 people are in receipt of publicly-funded home care. However, there is no statutory entitlement to it. As a result, there is a lack of clarity and consistency about who is eligible for services, and how services are allocated (e.g. there is regional variation). A significant policy challenge is weighing up arguments that emphasise the scarcity of resources against claims of social justice, entitlement or rights, to determine an acceptable and affordable level of statutory entitlement.

2. Selecting a funding model

Publicly-funded home care is available free at the point of use. However access is limited by available resources – this is a supply-led scheme. Greater demand for home care services is putting upward pressure on public spending (of €408m in 2018). It is likely that providing sufficient services, in the short to medium term, will require raising additional revenue (through taxes or charges) or re-allocating funds from another publicly-funded service.

There is a choice to be made between different methods of funding home care in the future. Options include general taxation, care insurance, and applying a similar model to the Nursing Home Support Scheme (NHSS) ('Fair Deal').

3. Finding the right mix in service provision

A key policy question is how publicly-funded services would be best delivered – that is, what mix of public, private and voluntary bodies should be organising and providing home care.

4. Introducing effective regulation

There is currently no statutory regulatory regime for home care and no external oversight of private home care. The challenge is to put in place a regulatory system that balances successfully the benefits of regulation (such as improved quality) against costs (e.g. a potential loss of choice, and direct and indirect financial costs to the State (taxpayers), industry and individuals as users of services).

5. Sustaining informal Care

The bulk of care that enables people to live at home is provided by informal carers (generally unpaid family and friends). Determining and implementing the optimal incentives and supports to sustain this is a key challenge. A combination of employment supports, income supports and health and social care supports is likely to be considered.

6. Securing a care workforce

Care work is labour intensive and there are considerable challenges to be met to ensure the availability and retention of suitably qualified staff, not least by securing favourable pay and conditions. Moving all care into the formal labour market is likely to be a consideration.

7. Developing alternatives to nursing home care

The policy challenge here is to develop stronger services and supports across a spectrum (such as sheltered/supported housing and reablement interventions). A particular issue is that these services cross traditional professional and sectoral boundaries which can be hard to bridge. A further factor is the scoping of eligibility criteria.

51 Source: https://www.oireachtas.ie/en/publications/?q=Home%20Care%20for%20Older%20People%20%E2%80%93%20Seven%20Policy%20Challenges&author%5B%5D=library-research-service&date=&term=%2F-ie%2Foireachtas%2Fhouse%2Fdail%2F32&fromDate=&toDate=

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