



Department
of Health

Implementing the Dilnot reforms

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Approach

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Questions

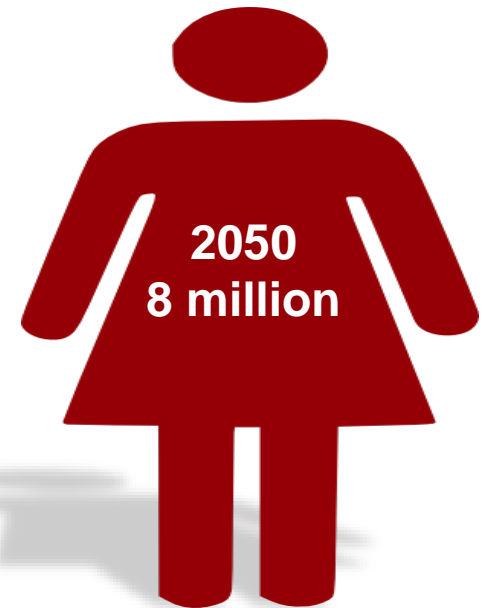
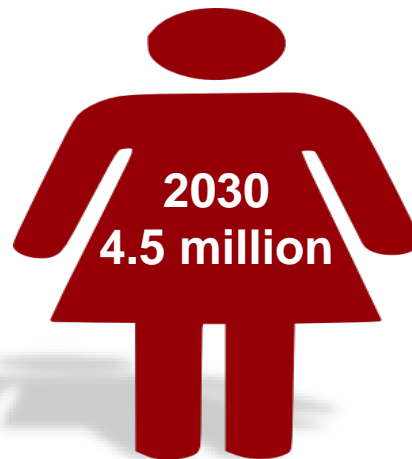
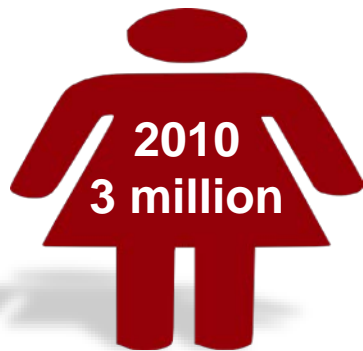


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Introduction and Context

Why are we reforming?

- Care and support has never been free, but most people do not realise.
- Current system is no longer fit for purpose:
 - Created in 1948 when average life expectancy was 68
 - Outdated in how we define rich and poor
- Average life expectancy is now 80 and rising.



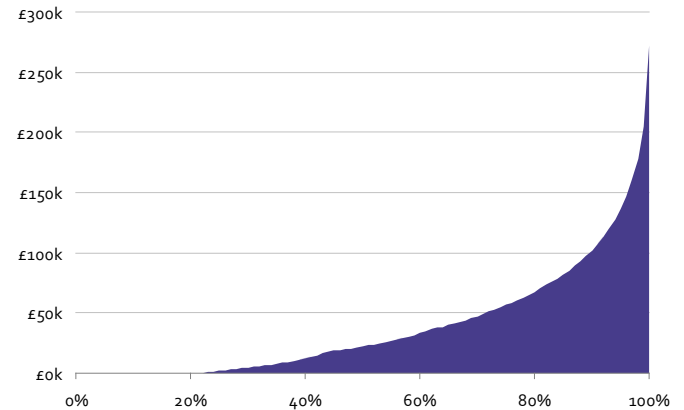
- Those unlucky enough to have high care needs for a long period risk losing everything they have to meet that cost.

Funding Reform – what is it?



- For the first time creates protection from the risk of catastrophic care costs for those unlucky enough to face the highest costs.

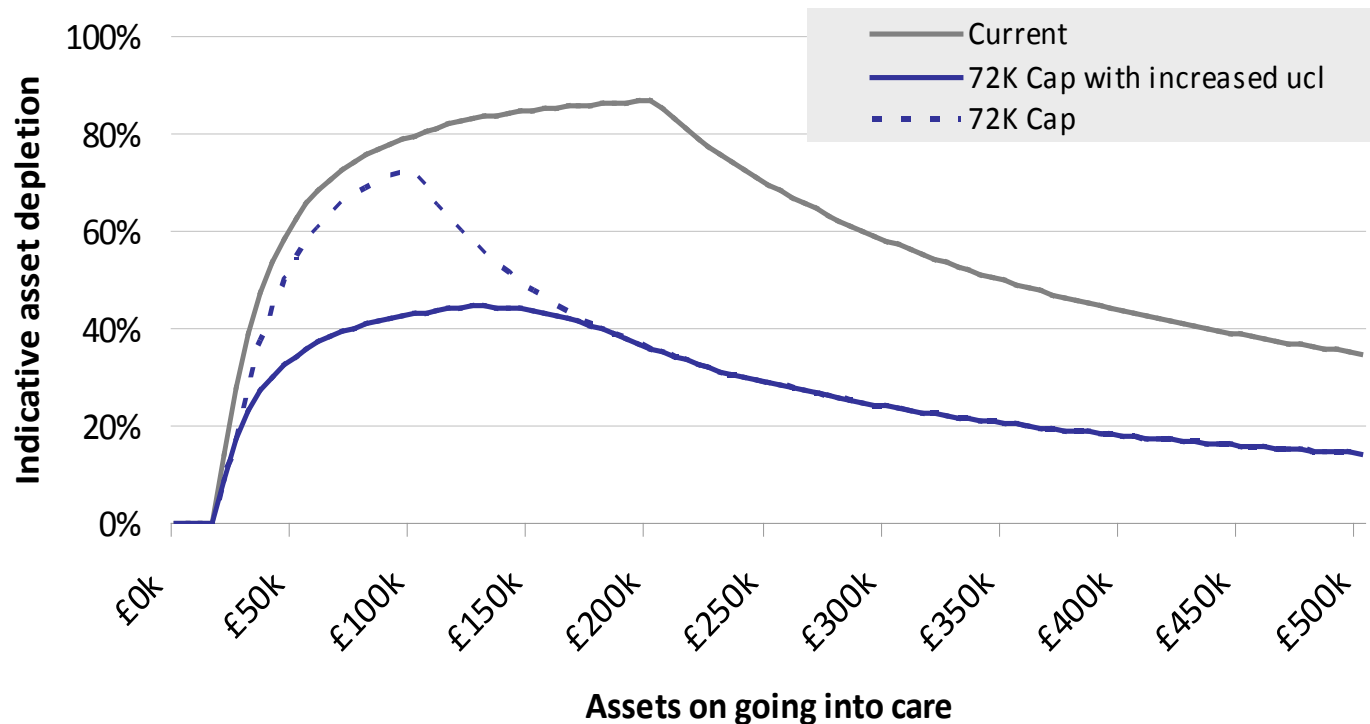
- Limits the amount people have to pay towards their eligible care and support needs and extends the point at which help is available.



- A new partnership between the individual and the state that is fair for all.

The aim is to protect people against catastrophic costs

- Current system can force people with average and lower wealth to spend >80% of their assets on care & support
- We assume catastrophic costs = loss of 50%+ of assets
- Cap **and** the extension to the means test deliver protection



Timeline

When?	What?
23 October 2014	Final regulations & guidance that will come into force on 1 April 2015 published
December 2014	Consultation on draft regulations and guidance for the cap on care
January 2015	Launch consultation events
February 2015	ADASS/DH financial modelling exercise for 16/17 costs
March 2015	Consultation closes
April 2015	2015 package of regulations and guidance come into force
7 May 2015	General Election
October 2015	Final regulations and guidance that will come into force on 1 April 2016 published
April 2016	Funding Reform comes into force



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Building the Cap

Tackling policy dilemmas in partnership

- Worked closely with a range of stakeholders to build approach
- Will continue to do so to understand costs & challenges



- Complex and challenging issues
- No easy or perfect answers

- Broke down into blocks to resolve issues
- Challenge: building back up



Piecing it back together – the story so far

What do we need to do?	How are we proposing to do it?
Extend means-tested support	Prescribe revised upper and lower capital limits
Set the level of the cap	£72,000 set in regulations
Set how people meter towards the cap	Personal Budget Independent Personal Budget
Recording progress	Care accounts
Contribution to daily living costs	National, notional figure
Support after reaching the cap	LA has ongoing duty to meet eligible needs
Different approach for those of working age	Free care for life (zero cap) for those born with an eligible need or who develop one in early life Equalise income after charges
Communications campaign	National campaign to support local communications

Extension to means tested support

- Eligibility for LA support:

	Care Home	All Other Settings
2015 – upper limit	£23,250	£23,250
2015 – lower limit	£14,250	£14,250
2016 – upper limits	£118,000 unless a property disregard applies	£27,000 Or if a property disregard applied in a care home
2016 – lower limit	£17,000	£17,000

- Assets above the limits – pay for everything
- Between the upper and lower limits tariff income applies
- Assumes for every £250 of assets, can afford to pay £1 per week towards cost of care
- Tariff income + actual income = contribution to costs

What will this mean?

In a care home



Mr Jones is 72 & in a care home costing £550 per week

He has a property worth £100,000

He receives the single tier state pension worth £144 per week

He must be left with £25 PEA

What does he pay?

He pays tariff income of £332 per week

He pays £119 per week from his income

His total contribution is £451.

The LA pays £99

In all other settings



Mrs Smith is 70 & receives care in her own home at £150 per week.

The value of her property is disregarded. She has £25,000 worth of savings

She receives a weekly income of £227.40 (single tier state pension £144 & higher rate AA £83.40)

She must be left with a MIG of £185.45

What does she pay?

She pays tariff income of £32 per week

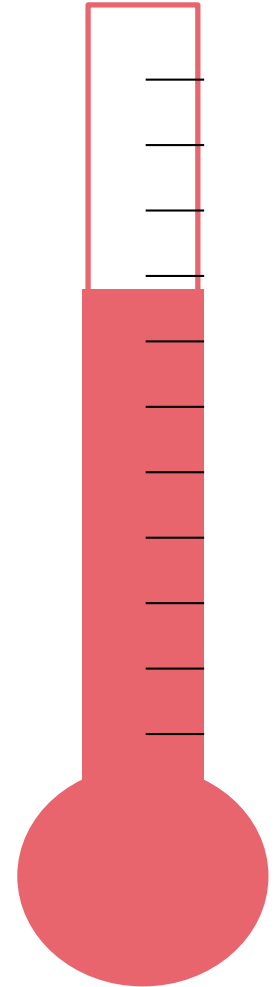
She therefore pays £41.95 from her income

Her total contribution is £73.95

The LA pays £76.05

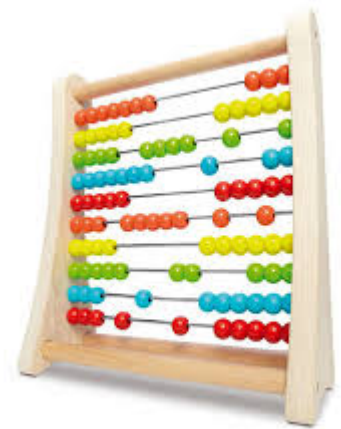
Metering towards the cap

- Everyone will meter towards the cap. But how?
- LA supported = Personal Budget
 - Process for setting personal budget well established.
 - Will not change
- Self funder = Independent Personal Budget
 - New concept
 - Means the rate “the local authority would pay, if it were meeting the person’s needs”



Recording progress

- Everyone's progress towards the cap will need to be recorded in a **care account**
- Will need to capture:
 - The rate they are metering (PB/IPB)
 - How much they have accrued
- Local authorities will need to:
 - Keep accounts maintained
 - Ensure people are notified they are about to reach the cap
 - Ensure a smooth transition to LA support
 - Provide annual statements
- Want to be ambitious to ensure statements can be as useful as possible. Will require further work.



What will this look like?



Mrs Smith is 70. She has dementia and is assessed as having her needs best met in a care home.

She has assets of more than £118,000 so does not receive local authority support.

<p>Assets:</p> <p>£300,000</p>	+	<p>Income:</p> <p>£390 pw</p>
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Her income includes the single tier pension and attendance allowance.

The local authority calculates that her needs can be met in a care home which costs £650 per week. She chooses to go to a care home that costs £800 & pays a £150 top up fee.

She contributes:		
Counts towards the cap	Doesn't counts towards the cap	
<p>Care Costs</p> <p>£420</p>	<p>DLCs</p> <p>c.£230</p>	<p>Top Up</p> <p>£150</p>

She reaches the cap after 3 years and 4 months, after which:

The local authority pays £420 per week to meet her needs. Mrs Smith continues to pay her daily livings costs & her top up fee.

LA contributes	She contributes	
<p>Care Costs</p> <p>£420</p>	<p>DLCs</p> <p>c.£230</p>	<p>Top Up</p> <p>£150</p>

Mrs Smith stays in the care home for one more year after which her remaining assets are around £210,000

Working Age Adults

- Said there will be a different approach
- Started with the Dilnot principles:
 - Those of working age do not have the same ability to plan & prepare for the risk of care & support needs
 - Need a different approach to reflect this
 - Recommended a tiered cap approach
- Challenges:
 - Discrimination based on age creates cliff edges
 - Too complicated to communicate
 - Limited funding envelope

How are we responding?

- Identified two priorities to test approaches against:
 1. Those born with an eligible care and support need should have free care for life or a “zero cap”
 2. The income working age people are left with after charges should be the same as pensioners
- This means the idea of a tiered cap is less of a priority



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Getting ready

Start now



- Some questions local authorities should be thinking about:
 - Who are your self funders?
 - Where are they?
 - How are you going to communicate to them?
 - How are you going to assess them?
 - How are you preparing your workforce?
 - Can your workforce do all of this? Are there other options?
 - What technology might you want to assist you?