Testing consumer views on paying for long-term care

This summary draws together recently tested consumer views on some of the policy proposals to pay for long-term care that the Joseph Rowntree Foundation (JRF) are exploring.

Four key ideas were tested (see Hirsch, 2005) in eight focus groups with people of differing ages in different locations across the UK, including carers, people with disabilities and people from black, Asian and minority ethnic groups:

- **standardised assessment and means testing of domiciliary services;**
- **re-packaging Attendance Allowance into a standardised care payment;**
- **increasing support of informal carers – through resources and/or formal help;**
- **the potential of equity release schemes to pay for domiciliary care costs.**

The main points from these discussions are as follows.

The state is still expected to play a major role in funding long-term care in the future

Despite awareness of demographic changes and acknowledgement that there will be difficulties with funding long-term care in the future, there was great reluctance to acknowledge that individuals in the future will have to contribute more towards the costs of their care in older age. Although a small number of people did feel that it was the individual's responsibility to plan for their future care needs, the majority view was that the state should still fund long-term care.

There is receptiveness to change

Despite considerable government investment in services for older people in the past decade, the current systems of funding for long-term care are still perceived to be inequitable, confusing for the consumer, and unsustainable in the long term. Partly because of these negative perceptions, and because people were clearly very interested in care funding systems in other countries, it appears that people may be receptive to changes.

The notion that thrift is penalised is eroding confidence in the social welfare system

The perception that thrift is penalised is deeply entrenched and appears to be eroding people's confidence in the social welfare system, and influencing how many people plan for their future care needs. The main plank of many people's strategies for funding their own long-term care appeared to be spending or transferring the greater part of their assets while they were well in order to ensure that they would receive state assistance if they have care needs in the future. It is unclear what the potential consequences of these 'asset dumping' strategies might be for individuals and the state. It seems likely, however, that some people will find their choices and lifestyles in later life greatly compromised by lack of assets, and state resources will be even more stretched. The biggest challenge for policy makers will be ensuring that any changes to the system are perceived to be equitable, and not penalising those who have worked and saved.

Any changes will have to be perceived to be equitable

The mechanisms suggested by JRF that were most widely supported were those that were perceived to be making the system more equitable. There was widespread support for standardised assessment and a national scale of fees for home care and other services. There was no broad consensus regarding the options of how to increase support for informal carers, although there was support for wages for working-age carers who are unable to work because of caring responsibilities. Less favoured mechanisms were those that were perceived to increase the individual's responsibility for meeting care costs, and/or penalise thrift by use of means testing. The potential of equity release schemes to pay for home care costs was a contentious topic. There were some strongly held views that older people should not have to 'use' their homes to pay for care, although others did contest the 'natural right to pass on assets'. People did acknowledge that a trustworthy form of equity release would be an improvement on the current system. A 'government guaranteed' equity release scheme was felt to be inherently better than any private sector schemes. There was great mistrust of any private sector financial 'packages', whether equity release or private insurance.

An apparent willingness to accept tax increases

There was support for increasing general taxation to pay for long-term care, and much interest in the idea of a ring-fenced national fund or a specific tax for long-term care to create a national fund. It was largely accepted that individuals should contribute more when working rather than once they retired and their income was more constrained.

A need to promote wider acceptance that individuals must contribute more

The discussion about the future funding of long-term care appeared to be outside most people's terms of reference. Participants in the groups were unable to comment except in the broadest possible terms on some of the more complex ideas presented to them. If a set of acceptable policy options is to be generated, there is a need for a much more informed public debate, and much work is required to make people face the unpalatable truth, that individuals will have to contribute more to their care costs in future years. We therefore conclude that the time is now right for a better informed public debate, and a more clearly defined role for both the state and individuals.

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