

# What will care cost YOU?

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# Contents

<b>Contents</b> .....	1
1. Executive Summary .....	2
2. Introduction .....	4
3. Current situation .....	6
3.1. Context.....	6
3.2. Eligibility for Income Support for care .....	6
3.3. Cost to Government .....	6
4. Free personal care option.....	8
4.1. Personal Care .....	8
4.2. Accommodation, daily living and non-personal care .....	8
4.3. Cost to Isle of Man Government.....	8
5. Mixed model option .....	10
5.1. Summary of model.....	10
5.2. Cost to Isle of Man Government.....	11
6. Other ways to get involved.....	13

# 1. Executive Summary

The Isle of Man's ageing population is growing and will continue to do so over the next 15-20 years. This has recently been outlined in detail in the [Select Committee of Tynwald's report](#) on population rebalancing.

Older people are a diverse group and old age does not automatically equate with illness and dependency. However, approximately 1 in 4 65-year-olds can expect to enter residential care in their later lives<sup>1</sup>. The increase in the number of older people means that in absolute terms the number requiring care will increase and therefore costs will rise. Older people themselves are not a problem: the issue is the number of older people relative to the number of working age people. If the trend continues as is, it will be difficult to afford and provide the workforce to deliver the care required for a larger older population.

The most recent version of the Government's Island Plan<sup>2</sup> includes a commitment to review financial support towards meeting nursing home fees and social care costs. The intricacies of the existing system, which has built up organically over time, also contributes to the urgency for transformation.

Following Tynwald's approval for the Health and Care Transformation Programme to continue working on future models, this consultation and associated public engagement is the next step in doing so.

There are many issues with how care for the elderly is provided and paid for; not just on the Island but across the world.

The current focus of this work is how care should be paid for. We know that the way that Government supports people financially isn't seen to be fair and that people worry about the cost of care and having to sell their house to pay for care in their old age. Successful reform of the funding of social care will require widespread agreement and compromise between perspectives on fairness.

Alongside this work the Department of Health and Social Care and Manx Care are looking at ways to deliver more care and make sure that people get the right care in the right place at the right time. Early health and social care intervention may be able to prevent longer term reliance on residential or nursing care. In the same way, getting the right social care at the right time can ensure that people don't end up in hospital unnecessarily. This could ease some of the problems faced by Noble's hospital.

It is also important to ensure that those that choose to care for loved ones have the right support too. Department of Health and Social Care are working with Crossroads to create a National Carer Strategy and Delivery Plan that aims to make improvements and better outcomes for carers.

However these are distinct work-streams, a necessary separation to focus on the issues and move to the next stage.

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<sup>1</sup> Shaping the future of care together, July 2009 [UK Green Paper], p.88

<sup>2</sup> published in January 2023

Around the world, countries all have different ways of paying for care for the elderly. We have reviewed these and narrowed it down to 2 models that could form the basis of how the Island's system might work in the future: one that is being used in Scotland (free personal care) and one from Jersey (mixed model).

We are working through how these models might fit the Island's context and what could change to make them work well for the Island. We have some questions about the models that we would like your views on. We would also like to know which you think would be the best option for the Isle of Man.

No matter which system is chosen, the Government must find more money to support the rising cost of care over time. The Treasury will consider this when planning the Government budget and will look at healthcare costs as well as the additional money needed for any new care system. However, this decision will affect how fair people think the new system is. So, we want to hear your ideas on the best ways for the Government to raise this money.

## 2. Introduction

### Why are we looking at this issue now?

Tynwald Members have periodically raised debates and shared views or concerns over the arrangements for the funding and provision for care for the elderly.

In 2018, a [Future Funding of Nursing & Residential Care report](#) was completed by the Government that outlined six funding options for residential and nursing care. Subsequently since its establishment, the Health and Care Transformation Programme has been undertaking further work on the funding options to enable a decision to be made on the most appropriate option for the Island.

It is estimated that the cost of providing nursing care, residential care and care at home for everyone on the Island is approximately £52m per year. The project team has looked at the different ways to divide this cost more fairly between the people who use these services/their families and the Government, with the goal of making the system fairer.

Currently, most people have to pay for their own social care with only people who are eligible for income support getting Government support towards these costs.

For care provided at home, there is a 'cliff edge' created by the current system, meaning those with quite modest means (but just sufficient to remove the entitlement to Income Support) get no help with the cost of care at home.

### What is being considered?

In July 2023, Tynwald unanimously supported the Health and Care Transformation Programme continuing to work on two potential models:

- Free personal care (similar to the system in Scotland - see section 4)
- Mixed model (similar to the system in Jersey - see section 5)

The objective for changing the funding model is to achieve a **fairer** system for the Island that is also more **sustainable**.

The options being considered both increase the contribution that Government would make towards the cost of care, which means that people receiving care should be able to retain more of their money for themselves or their family.

However, this will require the Government (and so society as a whole) to pay more for providing funding for social care for the Island's population.

### What do we mean by care?

This consultation paper covers the care provided to older people who are deemed to have at least a certain level of personal care needs. People who need long-term help with the activities of daily living (washing, dressing etc) and their care needs are such that they would be eligible for a place in a care home – although this care could be delivered in their own home through community-based care packages, subject to this being deemed safe and cost-effective by professionals.

Whilst this paper focuses on care provided to older people (predominately over 65s), other people do also need help with the activities of daily living such as those with physical

disabilities, learning disabilities or mental ill-health. The way that care for these younger people is paid for is currently organised differently to that of the care for over 65s. This will be considered at a later stage of the project so we are interested in views on whether the new system should apply to everyone with care needs.

## **3. Current situation**

### **3.1. Context**

On the Island, it is estimated that there are currently about:

- 380 individuals in residential care homes,
- 450 individuals in nursing care homes, and
- 1000 individuals needing care at home.

The fees for residential and nursing care homes range from £555 per week to £1338 per week. Therefore, the impact of care costs for some families is significant leading to financial uncertainty and worry when a close family member moves into care.

Additionally, the Department of Health and Social Care, in conjunction with Crossroads, has recently published [a report](#) on the state of caring on the Isle of Man, which estimates that the number of carers providing unpaid care to a family member or friend is in excess of 10,000. The differences in estimates and figures, together with limited data, means we cannot fully understand the extent of caring on Island; however, it is important to remember the contribution that unpaid carers make in providing care.

As mentioned above, the majority of the burden for funding social care in the current system falls to the individual or their family, with only those that are eligible for income support receiving state-funding.

### **3.2. Eligibility for Income Support for care**

Under the current system, income support for those living at home is calculated differently to those living in residential and nursing care. This can mean that someone might not qualify for income support whilst living in their own home, but would become eligible if they move to residential or nursing care, and so could be personally financially better off by moving. Unable to meet the cost of their home care, these individuals may need to consider moving into a care home in order to receive care.

In this situation, the cost borne by the tax payer (as funders of income support) is often higher, it may be less desirable for the person receiving the care and it is contrary to Government policy of keeping people well in their own homes for longer.

### **3.3. Cost of care**

Financial modelling has been undertaken by the Project which has calculated the proportion of the cost of care that is currently being supported by the Government and the proportion that is estimated to be being paid by individuals for people over 65. This has focussed on the amount of income support provided to people entering care homes by Social Security and the cost to Manx Care of providing the community support service (which is provided at no charge for people in receipt of income support).

It is estimated that the total cost of care<sup>3</sup> for the Island is £53.6m per year and that 84% of that cost is paid by individuals needing care (or their families).

We know that this is not the full cost of providing care as it just focusses on people aged over 65. There are hidden costs of being a carer such as increased utility bills, increased travel costs, lost income. There are also additional costs to Government such as, the cost of providing other benefits to people needing care and their carers<sup>4</sup> and the costs to Manx Care of running residential care homes<sup>5</sup>. However, at this stage of the project there are no changes being suggested to these costs and so these figures have not been included in the modelling.

It is estimated that costs will double over the next 20 years and if no changes to the system are made a further 85 people will require a place in a care home.

Under the present funding arrangements, Government cannot afford to continue to meet these rising costs. There are also other major pressures on Government funding at present and difficult choices will need to be made.

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<sup>3</sup> Care home and domiciliary care fees and the cost to Manx Care of providing the community support service

<sup>4</sup> Government pays out a further £29m in different benefits supporting those needing additional support with basic daily living activities and their carers.

<sup>5</sup> the cost to Manx Care in providing residential and nursing care for older people is £7.7m



## 4. Free personal care option

### 4.1. Personal Care

In this model, personal care is provided to people who need it at no charge, regardless of their level of income or assets. This would bring social care in line with most national health services that are provided free at the point of use.

In Scotland, free personal care has been available to adults aged 65 or over since 2002. This has since been extended to adults of any age who are assessed by their local authority as needing this service, no matter their condition, capital or income. Free nursing care is similar and is available to all who are assessed as requiring nursing care services, regardless of age, without charge.

The Scottish legislation<sup>6</sup> sets out what is classed as a personal care task and includes:

- personal hygiene
- preparation of food
- help with immobility problems
- assisting with administering medication
- help getting dressed
- help getting up and going to bed
- wellbeing, such as behaviour management and psychological support.

Nursing care is care that involves the knowledge or skills of a qualified nurse and includes activities such as administering injections and managing pressure sores. This is also provided for free at the point of use.

Housework, laundry, shopping and services outside of the home, such as the attending day care centres, are **not** classed as personal care.

The Scottish Government has set standard rates for personal care and nursing care that equate to 28% (personal care) and 36% (nursing care) of the standard rate for publically funded care homes.

### 4.2. Accommodation, daily living and non-personal care

In this model people's accommodation, daily living costs<sup>7</sup> and any non-personal care needs are paid for by the individual – wherever they live. However, there is means-tested support available towards those costs.

### 4.3. Costs

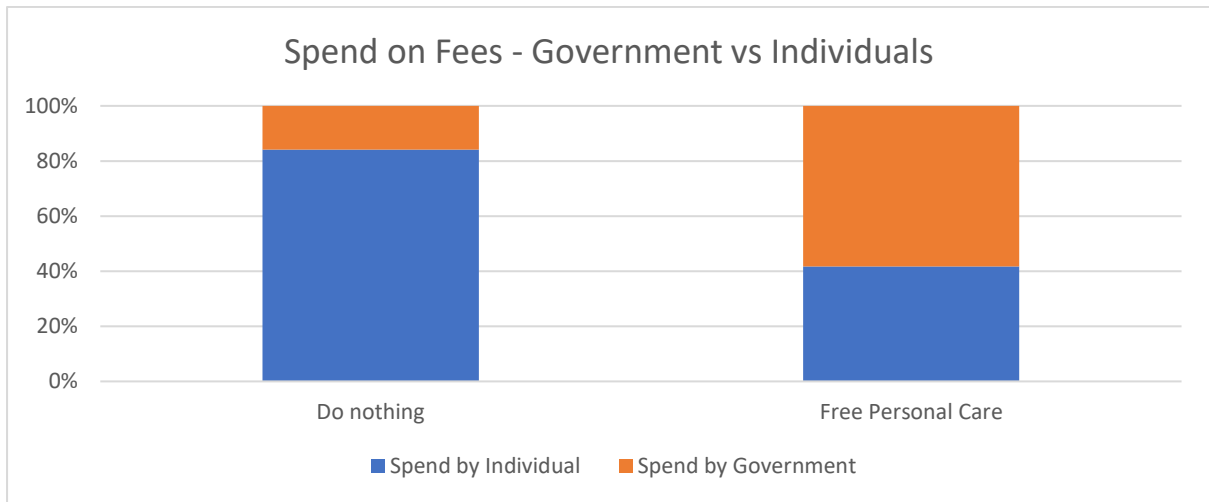
If a free personal care model, similar to that described above, was introduced on the Island, it is estimated that this would decrease the costs to individuals needing care but significantly increase the Government contribution (via income support payments).

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<sup>6</sup> Community Care and Health (Scotland) Act 2002

<sup>7</sup> For people receiving care at home this might include rent, utility bills, shopping and for people that live in a care home it would be a proportion of the care home fee that relates to bed and board.

Modelling has indicated that this system would increase Government's contribution towards the total cost of care from 16% to 58% to support people over 65 years old that need care.



## 5. Mixed model option

### 5.1. Summary of model

This model has been in place in Jersey (as the Long Term Care Scheme (“the scheme”)) since 2014.

It is focussed on providing financial support for people with lower wealth, whereas those with higher wealth have to pay more. However, it is designed to ensure that those that do have to contribute more towards the cost of their care are able to protect some of the assets they have worked hard to build, rather than risk losing everything in order to pay for their or a family member’s care.

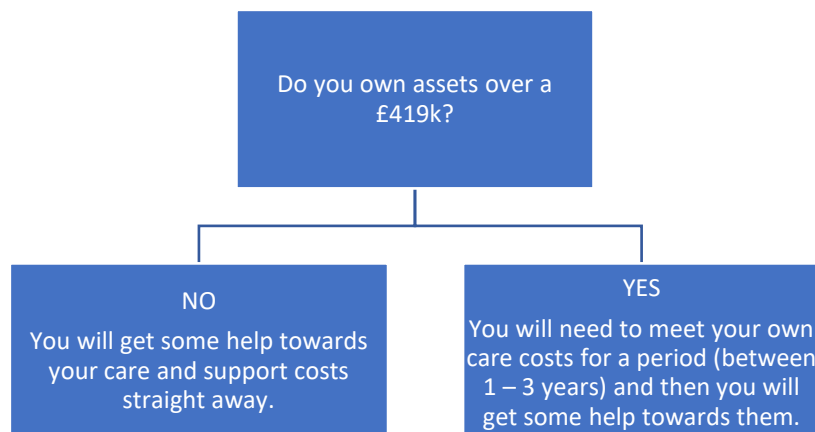
There are 2 main parts to the scheme:

**1. A capital threshold** - that determines at what point you receive financial support

Under the mixed model, a new long-term care benefit would be available to everyone to cover the cost of their care. However, people with assets above a certain amount (known as a capital threshold) would have to pay some of their care costs before they become eligible for the benefit.

People with assets under the capital threshold are provided with means tested support towards their care costs straight away. Additionally, assets up to this set amount are not counted within the means test, which means that people are not required to use these assets to pay for the cost of their care.

In Jersey the capital threshold is set at £419k.



This is the figure used in Jersey but would not necessarily be the one chosen for the Isle of Man. The capital threshold to be used is currently under consideration and we would like to hear your views on the right level to set this within any proposed mixed model.

The higher the capital threshold set as the limit by Government, the more assistance is offered. This means people can hold onto more of what they own. England has proposed to bring in a capital threshold to their model of £100k but the introduction of this has been postponed.

The capital thresholds currently being tested are £100k, £280k and £350k.

**2. A cap** - the maximum amount of money that someone should have to pay towards the cost of their care over their lifetime

In Jersey, you have to pay about £67,000 of the cost of your care before you are eligible to claim the benefit. The way that it works in Jersey is that your costs are calculated at entry to the scheme based on standard care costs and a waiting period is calculated for when you will become eligible for financial support – this ranges between 1 – 3 years depending on the amount of care you need.

Currently, there is no cap on the amount that someone has to pay for care over their lifetime on the Isle of Man and it is estimated that the average cost of a care home is between £40 - 50k per year. The maximum amount that someone should have to pay towards the cost of their care over their lifetime will be set within the proposed mixed model. The public's views on what is fair for someone to pay before they are entitled to free care will be collected as part of the consultation.

As a comparison, England has proposed a cap of £86k but has not yet brought it in.

## **5.2. Accommodation, daily living and non-personal care**

In this model people's accommodation and daily living costs are paid for by the individual – wherever they live. However, there is means-tested support available towards those costs.

Any non-personal care needs that a person has been assessed as requiring to live independently, are included in the care costs for people that also have a personal care need.

## **5.3. Costs**

The cost of bringing in this model to Government and how it will affect the costs to individuals varies depending on where the capital threshold and lifetime cap is set.

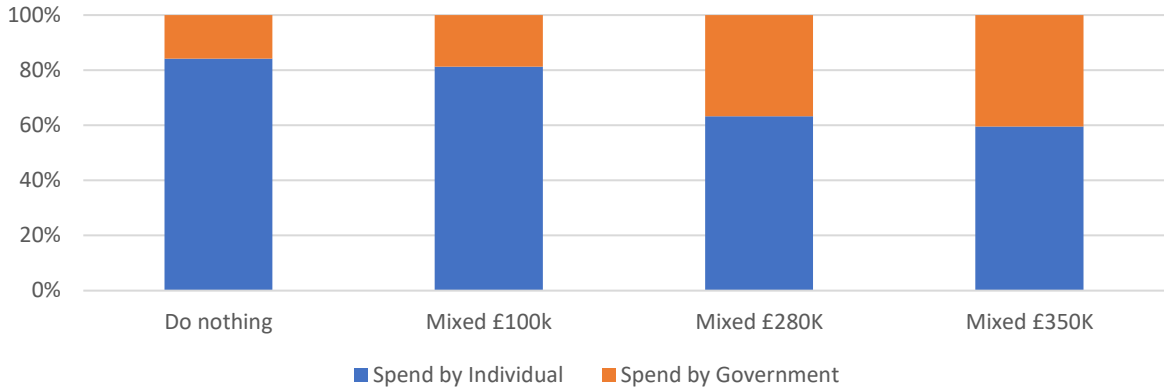
Setting the capital threshold at £100k would slightly increase the percentage of the costs covered by the Government (from 16% to 19%) and similarly decrease the percentage of the total cost that is paid by individuals needing care (from 84% to 81%). However, how the financial support from Government is allocated to people would change. For example, there would be more support provided towards care provided in a person's own home and less support provided to cover people's accommodation and daily living costs in a care home.

Setting the capital threshold at £280k and £350 would mean that people are able to keep more of their assets for themselves and would not be required to use them towards the costs of their care. This would mean that the cost to Government would increase.

Setting the capital threshold at £280k would increase Government's contribution towards the total cost of care from 16% to 37%.

Setting the capital threshold at £350k would increase Government's contribution towards the total cost of care from 20% to 40%.

### Spend on Fees - Government vs Individuals



## 6. How to get involved

There is an online survey that we would like to you to complete to give us your views.

The team is also holding face to face sessions around the Island to answer questions and listen to people's feedback. Details of these can be found on our website:

<https://www.gov.im/about-the-government/departments/cabinet-office/health-care-transformation/>

# Thank you for your support in making this a success

To get in touch with the Transformation Programme Management Office (TPMO) contact us at [HealthandCareTransformation@gov.im](mailto:HealthandCareTransformation@gov.im)

For up to date information about the programme, please visit our website by clicking [here](#).



**Isle of Man**  
Government  
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