

Paying for Your Care

[figures as at April 2009]

Funding Home Care

Your home care package can be arranged by a social care worker from your local authority. The social care worker will assess the amount of care that you are eligible for to meet your care needs, as well as your ability to contribute to the cost. This will involve an assessment of your income, savings and expenses. The assessment could also reveal that you are eligible for additional benefit payments which you are not receiving! In some cases no contribution may be needed, whereas if you have enough income or capital then you will be expected to make a contribution [up to a maximum amount]. If you have over £23,000 in assets [not including the house you live in] then you will be expected to pay the maximum and will not need to reveal any financial information. There is, of course, nothing to prevent you contacting any home care agency directly and contracting with them on a private basis.

Privately funded Care Home placements

All care homes set their own fees. The amount charged by care homes will vary between different homes and according to the type of care provided. You will need to contact the care homes you are interested in to get details of their weekly charges, what this price includes and what additional services are provided at extra cost.

Once you know the fees charged by a care home you may wish to check whether you are eligible for financial assistance. There are two main sources of assistance with the cost of residential care - the Department for Work and Pensions [DWP], previously known as the Benefits Agency, and the local authority [Social Care Services Department]. It is always worth checking whether you are eligible for assistance. Care funding can be a complex issue since these two agencies have different rules and financial criteria, and it is not possible to give advice here about all circumstances. Depending on your financial circumstances, there may even be a number of different ways in which the cost of residential social care needs can be met. If you would like further advice, there are a number of local and national organisations that may be able to help. (See *Where to get Advice* below).

- *Funding your placement from your income*

You could be able to pay for your care home fees out of existing income, which may include a State Retirement Pension and/or a private pension and investment income. You could also be able to claim Attendance Allowance (AA) or, if under the age of 65, Disability Living Allowance (DLA) care component. As your capital reduces you may also become entitled to Pension Credit if you are over 60. (See *Benefit Entitlements* below). If your capital is above £23,000 you will not be entitled to financial assistance from social services.

The capital limits are reviewed in April of each year, so you should monitor your financial position on an annual basis. The savings of a couple are assessed separately when one or both go into permanent residential care. Also some types of income and capital may be ignored. If you require a nursing service from the care home, the cost of the nursing care which you receive will be paid by the National Health Service. (See *NHS Funding* below).

Even if you arrange your own care placement you may find it useful to ask your local social care services office (see *Where to get Advice* below) for a "Community Care Assessment". This will indicate the category of care home registration suitable for your needs, whilst leaving the actual choice of care home to you. At the same time you can also request assistance from a Welfare Rights worker in social care services to check that you are receiving all the benefits you are entitled to and to assist with benefit claims.

In order to minimise the cost of your care, it is recommended that you check your financial position regularly because your circumstances will almost certainly change over time. For example, if your savings fall to £23,000, social care services may be able to help you, but this will depend upon the cost and suitability of your care home. In particular, if your savings are slightly above £23,000 and are only likely to fund your fees for a short time before becoming eligible for social care services help, you are strongly advised to contact social care services before finalising your choice of home.

- *Funding a care home placement for people who own a property*

In certain special circumstances the value of your home may be ignored by both the Department for Work and Pensions and social care services after you have moved into permanent care. This 'disregard' will apply if any of the following people continue to live in your former home:

- your husband, wife or partner
- a relative over 60
- a relative who is "incapacitated" (sick or disabled)
- a relative who is under 16 and whom you are liable to maintain.

In addition, social care services (but not the Department for Work and Pensions) has the discretion to ignore the value of your home when someone else, for example a long-term carer remains living there. But, if the value of your home is ignored because someone else is living there and that person moves out or dies, then the value of the property will normally be taken into account.

It is also worth noting that if you jointly own your own home with a person who does not fall into one of the above categories, then only the value of your share will be taken into account.

If your property cannot be permanently disregarded for any of the above reasons you should bear in mind that if social care services does arrange your placement, the value of your property can be ignored for the first 12 weeks that social care services contract with the care home, provided your other sources of capital do not exceed £23,000. This could save you money and give you time to get more detailed advice about your individual circumstances, allowing you to explore all your options for the future.

- *Selling your own home*

If you sell your own home and consequently have in excess of £23,000, you will have to meet the full cost of residential care.

- *Deferred Payment Arrangements*

You may decide that you do not want to sell your former home or cannot afford to fund the full cost of your care while waiting for the property to sell. In these circumstances social services may be able to offer a Deferred Payment Agreement". This is a 'zero-interest loan' scheme that may be available from social care services so that you can postpone paying the full charge until later when your property is sold or other capital becomes available to you. Some private care homes may also provide a similar arrangement.

- *Benefit Entitlements*

The DWP provides a range of leaflets that tell you more about benefits available for people in a care home. You can also get advice from your local authority Welfare Rights Department or independent organisations, such as CareAware and Age Concern.

Benefit entitlement will depend on your capital and income. Capital includes your savings and investments, including stocks, shares, the value of property and in some circumstances your former home (but see exceptions above).

Many people entering a care home will already be receiving some benefits. Many benefits, such as the State Retirement Pension or Incapacity Benefit, are not usually affected by entering a care home.

For people under 60, Income Support may be available subject to an upper capital threshold of £16,000. People aged over 60 may be entitled to Pension Credit with no upper capital threshold. Pension Credit is composed of two parts: Guarantee Credit which is designed to ensure a minimum weekly income of £130.00, and if you are aged at least 65, Savings Credit which can provide an additional income of up to £20.40 per week. Savings Credit is calculated according to your savings and personal or works pensions and other investment income. If you are in permanent residential care capital you have above £10,000, will be deemed by the DWP to provide you with a weekly income ("Tariff Income") and will be taken into account. However, the DWP will usually ignore the value of an empty home provided you have put it up for sale or are taking steps to sell it. When calculating Pension Credit, some other sources of income are taken into account including your State Retirement Pension and any private pensions or investment income.

Helpful Hint If you apply for Pension Credit successfully you could get a payment backdated up to 3 months. You can arrange for someone to visit you at home to help make a claim.

Many people, whether in residential care or at home, are eligible for either Disability Living Allowance (DLA), if under 65, or Attendance Allowance (AA), if aged 65 or over when applying. If you are already receiving DLA when you reach 65, you do not lose it. DLA is composed of a care component and a mobility component - the mobility component is equivalent to AA. These benefits are not means-tested or taxed and can be paid on top of other benefits.

AA is paid at one of two rates - the lower rate [£47.10 per week] is for people who need care or supervision during either the day or night. The higher rate [£70.35 per week] is for people who need care or supervision during both day and night. The rules for qualifying for the higher and middle rate of the care component of DLA are

the same as for AA, although DLA also includes a lowest rate [£18.65 per week] for people who need a minimal amount of care or who would just have difficulty preparing a cooked meal. DLA also provides help to people with mobility difficulties; this is called the mobility component [higher rate - £49.10 per week; lower rate - £18.65 per week] and entitlement is not affected if you are in residential care. If your health deteriorates and you now feel you qualify for a higher rate of AA or DLA you should ask for the rate to be reviewed.

It is important to note that normally you cannot be paid AA or DLA care component for more than 4 weeks if you are in a care home and receive financial help from social care services. However, if you receive a loan from social care services and you are obliged to repay this in full after the sale of a property, then AA or DLA care component can continue to be paid.

Helpful Hint When applying for Attendance Allowance, get the DWP to send you the form date-stamped. Any award will then be backdated to that date.

Social Services funded Care Home placements

All social care services departments have guidelines to identify people eligible for their services. To receive financial help with the cost of residential or nursing care you will need a "Community Care Assessment". This assessment will involve you and, where appropriate, your carers. The outcome of this assessment will determine whether you meet social services' eligibility criteria for residential or nursing care and, if so, what type of care home is most appropriate. Part of this assessment will determine how much financial assistance social care services can give you, which is based on your income and capital. Social care services will decide the maximum amount that they can contribute according to the amount of care you require. Social care services will also assess how much you will have to contribute towards your care costs by using a formula set out by Government. In making the assessment social care services will consider the following.

- Most income is taken into account including your State Retirement Pension, although you may choose to give 50% of a private pension to your spouse. The mobility component of the Disability Living Allowance is not taken into account, but entitlement to Attendance Allowance will be lost. Social care services can assist in making any extra claims for DWP benefits.
- If your capital is less than £14,000, it will be ignored.
- If your capital is between £14,000 and £23,000 it will be deemed by social care services to provide you with a weekly income ("Tariff Income") and taken into account. If you give away your capital deliberately to increase your entitlement to help from either the DWP or social care services, they may still take this capital into account if they consider that you have done this to avoid paying your full contribution towards your care costs (known as "deprivation").

When the financial assessment is complete you will be told how much additional financial assistance social care services will provide and how much you will be asked to contribute towards your care. You must at least be left with a small weekly personal allowance (£21.90) as well as any DLA mobility component to which you are entitled and up to £5.65 of savings component of Pension Credit where this is paid.

If you receive financial assistance from social care services and the care home's fees are greater than the amount that social care services would normally pay, you can still choose to go there provided another person is prepared to pay the difference for as long as necessary (this is called a "third party top-up"). Once set, the "third party top-up" will remain fixed unless a separate increase is agreed. Social care services still need to be satisfied that the home is able to meet your care needs and is registered to provide that care. However, if you are taking advantage of the 12 week 'property disregard' period or have a Deferred Payment Arrangement (see above) then you can top-up from your own funds.

NHS Funding

- *Funded Nursing Care*

If you are receiving nursing care in a care home registered to provide nursing, the nursing element of your fees may be funded by the NHS, regardless of your capital or income. To find out if you are entitled to this help ask the manager of the nursing home to arrange a "Nursing Care Determination" for you.

- *NHS Continuing Care*

In some circumstances your placement may be eligible for funding in full by the NHS through your local Primary Care Trust [PCT] - see *Where to get Advice*. Your PCT can advise you about "Continuing Care" funding and how to apply - ask for the "Continuing Care Lead Co-ordinator".

Further Information

As these rules are complicated, social services can provide further information. They should also have produced a booklet on funding permanent care giving some useful case studies [available from Welfare Rights Department]. Advice from social services may not cover all of the methods available to you, and there are specialist independent financial advisers (IFA) who can outline the commercial options available to people with capital well above the upper limit. You should ensure your IFA is experienced in care fees work. See *Where to get Advice* below.

If you are experienced in financial matters and wish to assess your benefit entitlement in detail, the "Paying for Care Handbook" published by the Child Poverty Action Group is the recognised reference work on benefit rules.

The Future

There is currently a move toward giving people control of their own budgets by allocating 'direct payments' so that they can purchase directly from a supplier the services that they need.

In June 2009 the Government issued the 'Future of Care' Green Paper for consultation on a radical overhaul in the way in which long-term elderly care is funded. The Green Paper proposes three options;

"Partnership Scheme" The state would pay a quarter to a third of the cost of personal care (not including the cost of accommodation). This requires the average 65-year old person to contribute a total of £20,000 to £22,500 over their lifetime.

“Voluntary Insurance Scheme” A voluntary state insurance scheme whereby all personal care costs are covered. This requires a person who chooses to join the scheme to pay £20,000 to £25,000 either in a lump sum at age 65, or weekly via deferred pension payments, or on death from their estate. People choosing not to join would get only a quarter to a third of their personal care costs paid for as in the Partnership Scheme.

“Compulsory insurance Scheme” All people with assets valued more than £23,000 would have to join a state insurance scheme. The cost of joining would be between £17,000 and £20,000, with payment options the same as for the “Voluntary Insurance Scheme”. Personal care would then be provided free of charge.

None of these schemes cover the cost of accommodation. People with assets less than £23,000 would not have to pay for personal or accommodation costs. But for all these schemes the (non-means tested) Attendance Allowance benefit would be abolished - instead, individuals would have to apply to their local authority for a means-tested benefit.

Experts are of the opinion that a voluntary scheme would have a very low take-up, and that any viable insurance-based scheme would have to be compulsory. This would also mean that some people end up paying for a scheme that they never need. One of the major incentives for a radical review of care funding was to avoid the need for an elderly person to sell their previous home when entering residential care, but with the loss of Attendance Allowance and the need to fund the accommodation part of residential care, it is likely that in many cases the previous home would have to be used to fund the remaining cost of full-time care anyway.

Any new scheme would not come into force until after 2014. Many people have demanded a free personal care scheme (funded by taxation) such as has been introduced in Scotland - however, this has been found to be so expensive that the net effect has been to severely restrict both care home placements and the amount of home care that can be provided. The Government has rejected any scheme based on a general increase in National Insurance Contributions.

The Government intends to announce it's preferred scheme by the end of 2009.