STATES OF JERSEY

DRAFT LONG-TERM CARE (STATES CONTRIBUTION) (JERSEY) REGULATIONS 201-

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Lodged au Greffe on 29th October 2013
by the Minister for Social Security

STATES GREFFE

Jersey

DRAFT LONG-TERM CARE (STATES CONTRIBUTION) (JERSEY) REGULATIONS 201-

REPORT

Summary

The Island faces a substantial increase in both the number and proportion of older residents over the next 30 years, with care costs predicted to more than double by 2044. In response to this issue, in July 2011, the States approved the Long-Term Care (Jersey) Law 2012. Details of the operation of the proposed scheme have now been set out in Proposition P.99/2013, which will be debated before these Regulations are considered.

The introduction of a long-term care (LTC) scheme is designed to share long-term care costs more fairly across the community; and the scheme will establish a clear and simple process to help individuals and their families understand the choices available and plan for the cost of long-term care. The proposed new scheme will provide financial support to Jersey residents who have significant long-term care needs and who are being cared for either in their own home or in a care home.

As set out in section 13 of the report accompanying P.99/2013, budgets are currently held by both the Health and Social Services and Social Security Departments to support a variety of LTC costs, and parts of these budgets will be re-allocated to create payments into the LTC Fund in 2014 and 2015. From 2016 onwards, a States Contribution will be paid according to these Regulations and will be adjusted annually in line with the Retail Prices Index.

These Regulations define the States Contribution payable from 2016 onwards in terms of the impact on the budgets of the 2 Departments during 2014. This will enable the amount of the States Contribution to be known in time to be included in the next Medium Term Financial Plan.

A separate report will be published prior to the debate on P.99/2013, providing a detailed analysis of the departmental budgets in respect of the existing long-term care provision; and identifying the proportion of these budgets which will be transferred into the LTC Fund in 2014 and 2015. That report will also provide full details of the allocation of Social Security departmental underspends into the LTC Fund (see Section 12 of the P.99 report) to allow LTC benefits to be available from July 2014, in advance of the introduction of the LTC contribution in 2015.

Existing LTC Expenditure

The Health and Social Services Department (HSSD) currently supports individuals with long-term care needs, both through services directly provided by HSSD, including Sandybrook, The Limes and a number of group homes, as well as purchasing care packages from other care providers. The majority of these costs will in future be met through the LTC Fund. However, some specialist areas currently funded by HSSD will not be included within the LTC scheme.

HSSD will continue to fund –

- UK placements to specialist facilities.
- The additional cost of very high care packages provided in Jersey (with costs above the maximum available through the LTC scheme).
- Support for individuals who have care needs below the minimum required to qualify for the LTC scheme, including intermediate and respite care provision.

The current Social Security Department (SSD) budget is in respect of means-tested support for individuals with long-term care needs who are unable to meet the full cost of their care fees. The great majority of these claimants will have been resident in Jersey for at least 10 years, and so will become eligible for means-tested support from the LTC Fund, but a small budget will be retained in respect of individuals who do not meet the residence requirements for the long-term care scheme although they do satisfy the income support residence test.

Long-term care for individuals who have lived in Jersey for less than 5 years, and require support due to highly exceptional circumstances, may be considered for financial support using tax-funded budgets by HSSD and/or SSD. There are a very small number of individuals receiving funding in this way.

Departmental transfers into the LTC Fund in 2014 and 2015

Transfers from existing tax-funded budgets in respect of costs that will in future be met from the LTC Fund will be made in respect of the 6 month period from 1st July 2014 to 31st December 2014 and for the calendar year 2015. The value of these transfers will be directly linked to the net reduction in the departmental budgets experienced as a consequence of the introduction of the long-term care scheme and the associated replacement of the Hospital Charges (Long-Stay Patients) (Jersey) Law 1999. These amounts have already been allocated through the Medium Term Financial Plan process to the support of long-term care needs and the transfers will be made by Ministerial Decisions. These transfers do not form part of these Regulations – they relate only to 2014 and 2015.

States Contribution in 2016 and future years

The proposed annual States Contribution into the LTC fund is described in these Regulations, as provided for in Article 2(2)(b) of the LTC Law.

In order to specify an amount that will be known in advance of the debate on the next Medium Term Financial Plan, scheduled for September 2015, it is proposed that the value of the States Contribution is based on the cost of long-term care provided in 2014.

The total amount is made up of 3 separate sums –

(a) The reduction in HSS expenditure as the HSS Department will be purchasing much less long-term care from the private sector and the charitable sector.

(b) The increase in HSS income that the HSS Department will receive in respect of the long-stay charges made in respect of the long-term care it provides directly.

(c) The reduction in the SSD budget as it will be providing means-tested assistance to a much smaller number of individuals in long-term care through its tax-funded budget.

In each case the amount will be calculated on a full year basis – i.e. as if the long-term care benefit was available for the whole of 2014 and the replacement of the Hospital Charges (Long-Stay Patients) (Jersey) Law 1999 was effective from the beginning of 2014. It must be emphasized that this is purely for calculation purposes. The changes to the HSS long stay charge and the LTC benefit itself will be introduced together from 1st July 2014.

One of the aims of the long-term care scheme is to reduce the pressure on tax-funded budgets as the number of older people needing care increases in the coming years. This will be achieved by substantially reducing the long-term care costs currently included in the budgets of HSSD and SSD at the end of the current MTFP, and replacing this funding with a single States Contribution. For 2016 and future years, the total amount of the States Contribution will be maintained in real terms, with the annual amount adjusted in line with the change in the RPI. This Index will be taken from the March figure the year before the start of each MTFP, to allow the full cost of the States Contribution to be calculated for that MTFP period.

Care costs are predicted to increase faster than RPI, as both the number of people receiving care and the unit cost of care increase. The Long-Term Care Fund will bear these additional costs in future years, removing the pressure on tax-funded budgets to meet this growing expenditure.

Commencement

These Regulations form part of the long-term care legislation package and will come into force at the same time as Article 2(2)(b) of the Long-Term Care Law, which will be immediately after the Appointed Day Act has been approved.

Financial and manpower implications

The States Contribution paid under these Regulations from 2016 onwards will be included within the next Medium Term Financial Plan.

There are no manpower implications arising from these draft Regulations.

Explanatory Note

These Regulations impose an obligation on the States to make an annual contribution to the Long-Term Care Fund out of the Consolidated Fund. Contributions pursuant to the obligation would commence in 2016, being the first year of the next medium term financial plan.

These Regulations also provide the mechanism for calculating the States annual contribution. The amount due for a year is the amount paid in the previous year, uplifted in accordance with the annual rise in the Jersey All Items Retail Price Index over the period of 12 months ending in March in the base year. The base year is the year before the first year of the medium term financial plan in which the year for which the calculation is being made falls. If the percentage change in that Index is zero or a negative amount, the States contribution for a year will be the same as that paid for the preceding year.

For the purposes of the starting year, 2016, the amount taken to have been paid in the previous year shall be the sum of the following amounts, uplifted by the rise in the Index over the period of 24 months ending in March 2015. The amounts are –

(a) any savings in revenue expenditure that would have been made for the whole of 2014 by the Health and Social Services Department if the provision of long-term care benefits had commenced on the 1st January 2014;

(b) any increase in income that the Health and Social Services Department would have received for the whole of 2014 if charges for long-stay patients had, as part of the arrangements for the commencement of the provision of long-term care benefits, been increased on 1st January 2014;

(c) so much of the Social Security Department’s revenue budget for 2014 for payments of income support for residential care as would have been unspent if the provision of long-term care benefits had commenced on 1st January 2014.

Jersey

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Arrangement

Regulation

Jersey

DRAFT LONG-TERM CARE (STATES CONTRIBUTION) (JERSEY) REGULATIONS 201-

Made	*[date to be inserted]*
Coming into force	*[date to be inserted]*

THE STATES, in pursuance of Article 2(2)(b) of the Long-Term Care (Jersey) Law 2012[1], have made the following Regulations –

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1 Obligation of States to contribute annually to costs of long-term care

There shall, for 2016 and every subsequent year, be paid into the Long-Term Care Fund from the Consolidated Fund an amount determined in accordance with these Regulations (referred to in these Regulations as the 'States contribution').

2 Calculation of States contribution for 2016

(1) Subject to paragraph (2), the States contribution for 2016 is the product of the following formula –

A x (1+B)

Where –

(a) A is the base figure described in paragraph (3); and

(b) B is the percentage rise, over the period of 24 months ending mid-March in 2015, in the Jersey All Items Retail Price Index produced by the States of Jersey Statistics Unit.

(2) If "B" in paragraph (1)(b) is nil or a negative amount, the States contribution for 2016 is the base figure described in paragraph (3).

(3) The base figure is the sum of the following amounts –

(a) the saving in revenue expenditure that would have been made by the Health and Social Services Department for the whole of 2014 if the provision of benefits had commenced under the Long-Term Care (Jersey) Law 2012[2] on 1st January 2014 instead of on 1st July 2014;

(b) the increase in income that the Health and Social Services Department would have received for the whole of 2014 if the provision of benefits had commenced under the Long-Term Care

(Jersey) Law 2012 on 1st January 2014 instead of on 1st July 2014, and the amount of charges made under the Hospital Charges (Long-Stay Patients (Jersey) Law 1999[3], or any enactment that repeals and replaces it, had been increased on 1st January 2014; and

(c) the whole of the revenue expenditure allocated for 2014 to payments under Article 9 of the Income Support (Transitional Provisions) (Jersey) Order 2008[4], or any enactment that replaces it, that would not have been spent by the Social Security Department for the whole of 2014 if the provision of benefits had commenced under the Long-Term Care (Jersey) Law 2012 on 1st January 2014 instead of on 1st July 2014.

3 Calculation of States contribution for 2017 and ensuing years

(1) Subject to paragraph (2), the States contribution for 2017 or any subsequent year (a "contribution year") is the product of the following formula –

A x (1+B)

Where –

(a) A is the States contribution for the year preceding the contribution year; and

(b) B is the percentage rise, over the period of 12 months ending mid-March in the base year, in the Jersey All Items Retail Price Index produced by the States of Jersey Statistics Unit.

(2) If "B" in paragraph (1)(b) is nil or a negative amount, the States contribution for the contribution year is the same as the States contribution for the preceding year.

(3) In this Regulation –

"base year" means the year before the first year of the medium term financial plan in which the contribution year falls;

"medium term financial plan" means a plan prepared in accordance with Article 7(1) of the Public Finances (Jersey) Law 2005[5] and approved by the States.

4 Citation and commencement

These Regulations may be cited as the Long-Term Care (States Contribution) (Jersey) Regulations 201- and shall come into force on the same day as Article 2(2)(b) of the Long-Term Care (Jersey) Law 2012[6].

[1] *L.21/2012*
[2] *L.21/2012*
[3] *chapter 20.550*
[4] *chapter 26.550.80*
[5] *chapter 24.900*
[6] *L.21/2012*