FINANCIAL NEEDS

LONG TERM CARE
RESEARCH REPORT

Interface

Independent Financial Advisers - Financial Life Planners

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CONTENTS

Introduction

In 2013 research was undertaken to assess if one of the most important ways care costs could be met, through NHS Continuing Healthcare, was being "missed" by many eligible individuals.

The aim was to assess if there was any significant number of people who could get invaluable financial support, who were missing out. This research came up with a confident conclusion: yes, tens of thousands of individuals were, in all likelihood, not getting the funding they were entitled to.

Notionally a figure of 50,000 individuals was applied to highlight how big a problem this might be, in reality there was a very high probability that the figure may be greater than this and could even exceed 100,000 people.

The purpose of this research report is to publish a summary of those findings from 2013 again and to update the assessment of the position to 2017.

The reason for this is simple: care fees and the cost of care commonly creates a terrible burden for individuals (who after all are already suffering because of their care need) and their families.

And it is not as if the position generally has improved since 2013, in fact the position has, arguably, worsened; the trends continue – more elderly people within the population as a whole, more people needing care, escalating costs of care, all against a background of continuing government cutbacks.

If there is a legitimate and widely available NHS funding solution and thousands of people are missing out, either through ignorance or difficulty with the assessment and application process, then anything we can to help with and raise awareness becomes important.

Our job is to help individuals and families with solutions to financial needs, and even if there are other ways to cover care costs, we must start with the State entitlements and ensure these are being obtained first.

50,000 PEOPLE, ELIGABLE FOR NHS SUPPORT MISSED OUT ON FUNDING

NHS Continuing Healthcare

This is a payment – as the name suggests – from the NHS to cover the costs of care. It is for people in care (who are not in hospital) who have healthcare needs.

Before outlining some of the findings, with respect to the numbers and the background, there are also some general points about this subject and the research which are important:

1. There are limited and sketchy statistics available about care numbers, finances, costs etc. in the UK, this will be covered further, later in this report.
2. NHS Continuing Healthcare is paid to an individual (subject to eligibility, which is measured strictly on health grounds) regardless of their means. Put another way, the payment is NOT means tested.
3. There is no reliable figure for the number of people who have been assessed for this support and been accepted or rejected.

This final point is critical: we believe the research shows that there are many thousands of people who could qualify for payments via the NHS who are not applying for their payments.

This could be a quirky outcome as a result of the absence of means testing of this payment.

Individuals and families that find ways to meet the costs of care through income, investments, a house sale or through insurance may never realise that they could be receiving this payment.

Here is the NHS's own definition and explanation, word for word:

NHS continuing healthcare is the name given to a package of care that is arranged and funded solely by the NHS for individuals who are not in hospital and have been assessed as having a primary health need.

If you are eligible, you can receive NHS continuing healthcare in a variety of settings, for example:

- in your own home – the NHS will pay for healthcare, such as services from a community nurse or specialist therapist, and personal care, such as help with bathing, dressing and laundry
- in a care home – as well as healthcare and personal care, the NHS will pay for your care home fees, including board and accommodation

NHS continuing healthcare is free, unlike social and community care services provided by local authorities. You may be charged for these depending on your income and savings.

To be eligible for NHS continuing healthcare you must be over 18 and have substantial and ongoing care needs. You must have been assessed as having a "primary health need", which means that your main or primary need for care must relate to your health.

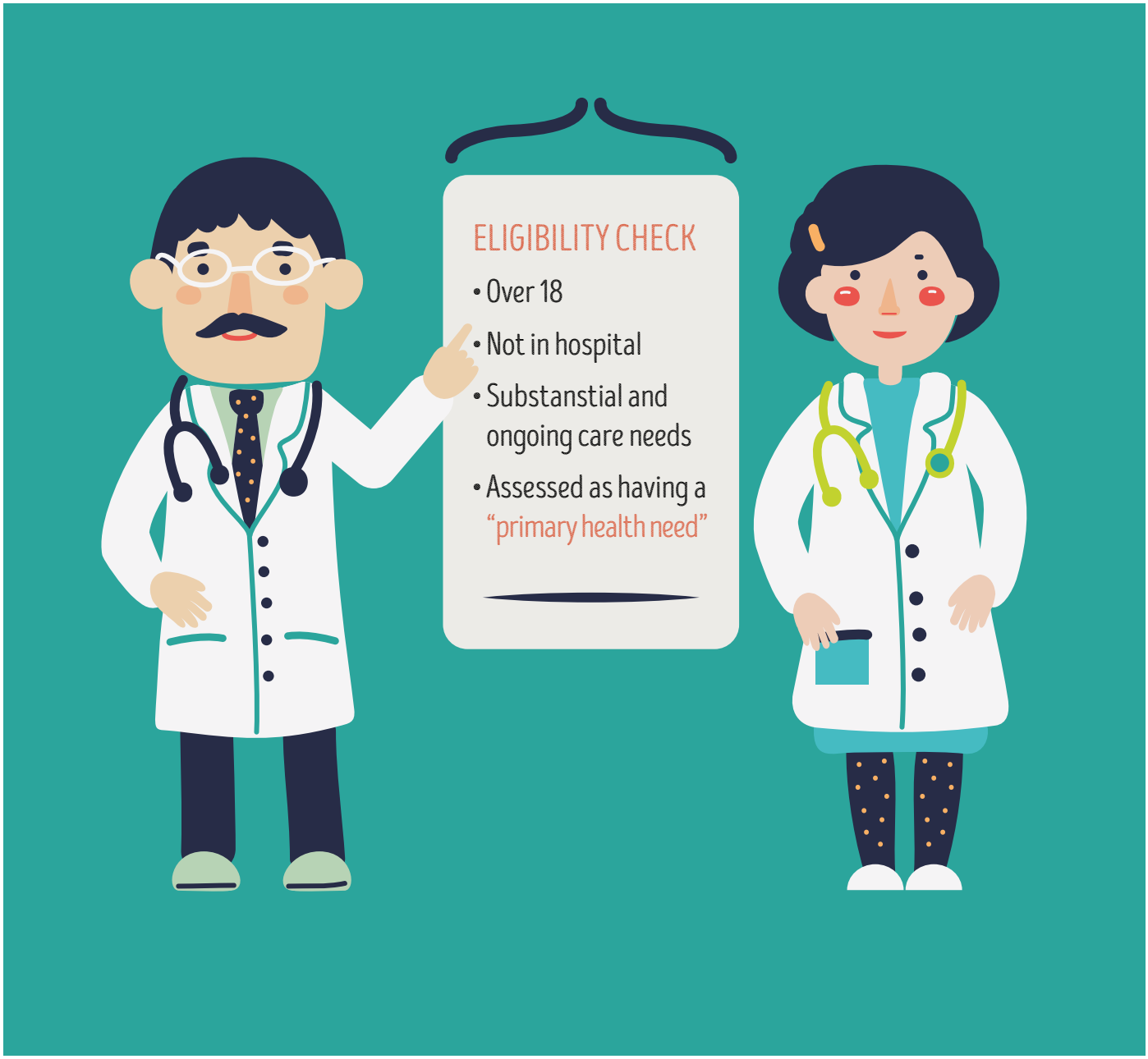
Eligibility for NHS continuing healthcare does not depend on:

- a specific health condition, illness or diagnosis
- who provides the care, or
- where the care is provided

If you have a disability or if you've been diagnosed with a long-term illness or condition, this doesn't necessarily mean that you'll be eligible for NHS continuing healthcare.

To find out whether you are eligible for NHS continuing healthcare, your care needs will be assessed.

www.nhs.co.uk May 2017



Some of these statements, when viewed by people affected by care issues and responsible for meeting care costs, are quite dramatic. Many people in these situations have no idea that the NHS will pay for healthcare or pay the costs of care in a home as described.

Of course, the critical element is the eligibility criteria. To be eligible an individual has to have a primary care need, a definition that is wide and far from straightforward. This document is not intended to provide any significant reflection or comment about the eligibility criteria, assessment or procedure over and above how it affects the numbers of people who may be missing the assessment opportunity in the first place.

The one aspect of eligibility that we do wish to comment on is that the assessment is largely about care needs – which means it is an assessment of an individual's requirement for care, not a health assessment. Naturally, the two may be closely linked but the assessment and the outcome are based on care needs.

The eligibility is in no way finance assessed, there is no consideration of the individual's financial position and there can be no influence from the NHS Primary Trust responsible based on *their* financial position.

Assessing How Much Support is Being Missed

The Research in 2013

The research (mid 2013) found that the number of individuals who would qualify for this support but had not applied was measured in many tens of thousands. This figure was quantified using a few methods of analysis.

Prior to this period there had been a substantial market in backdated claims. One of the largest legal firms in the area of back dated claims, indicated that in the previous twelve months (i.e. during 2012) they had helped about 350 individuals recover approximately £7.5 million in back dated payments.

There was no way of judging what percentage of the claims industry this firm represented but if it were a notional 1% of the whole then that would suggest tens of thousands of individuals had failed to make claims. This would only cover those that had become aware of their past failure to claim and then had gone through the rigmarole of instigating a back dated claim, this would not include all those this had by-passed.

Here is what an AGE UK spokesman said about this subject in March 2013, commentating about big discrepancies between different regions and the trusts responsible for making payments:

> *"In some trusts, 150 people per 50,000 of population receive funding, and in others that falls to 20 people per 50,000. That's a huge disparity."*

If this was correct, then there should be between 20 and 150 people per 50,000 of population which made the band nationwide 24,000 to 180,000.

However, the wider statistics suggested that even this higher number could be understated. In other words, even in the areas where there were high proportionate levels of NHS continuing healthcare many people were not be applying.

At the time the NHS provided some guidance on the wider numbers:

- About 1.8m people get state-funded social care - a third adults with disabilities and two thirds elderly
- Nearly 500,000 people were paying their own costs
- Another 800,000 were estimated to go without formal care despite being in need of help
- The average lifetime cost of care in 2013 was £30,000, but for one in 10 it totalled £100,000
- More than £16bn was spent on social care by councils

The figure of 1.2 million elderly needing care cropped up time and again in various reports and surveys, so this seemed to be a reliable figure.

According to the NHS they were paying for 58,000 people in 2013 under the NHS Continuing HealthCare provisions.

This meant that 5% of people with care needs of some description were receiving some form of support. Which, by default, meant 95% were not.

This in turn implied that either 95% were not eligible or did not apply; with the obvious conclusion that the position was somewhere between these two points.

The research assessed what the position would have been if everyone who was in the position (and definition) of needing some form of care were to apply for NHS Continuing Healthcare support? That would the outcome have been?

This was the most difficult piece of the research because it required attributing more importance to certain figures and less importance to others.

Assuming a consistency in the geographical spread of care needs (e.g. people in Bolton will have the same needs as people in Brighton) then extrapolating from the Primary Trust figures the range of eligibility should have been between 24,000 and 180,000 whereas the actual figure was 58,000.

Taking an arbitrary mid-point it could be argued that the figure should have been a little over 100,000.

This suggested that about half the people who could have been receiving this support either financial or actual healthcare support (a proxy for financial support) were not receiving it.

The research test had to be against the actual eligibility criteria, which, as stated was difficult to pinpoint.

However, the eligibility criteria was about a primary care need (and still is today, there is no change) and based on an assessment which takes shape over two stages, an initial assessment and then a more rigorous one, the first conducted by a healthcare worker and then the second by medical professionals.

In reality, how many people could, or should, have moved through these two stages?

The 2013 research recognised that the first assessment stage included a relatively weighty list of requirements around cognition, mobility, emotional and psychological states, behaviour, communication and nutritional states, amongst others; however, individuals did not need to meet requirements in every area, there was a balanced view based on a mix of criteria and severity. Surely a large percentage of the 1.2 million elderlies should have met this to some extent?

To make a stab at the answer figures had to be estimated against the state of health of those 1.2 million people in care. Although the criteria for payment was about care needs, not health needs, the clue for the care requirement was in the health statistics. A good short sharp analysis came from the then Minister for Health who made a speech in May 2013 where he said:

"One in four of the population has a long-term condition - many of them older people. Within the next few years, 3 million people will have not one, not two, but three long-term conditions. By 2020, the number of people with dementia alone will exceed one million."

This suggested that the proportion of the 1.2 million elderly people that passed through the initial checklist should have been higher than 5%. Given that in some areas of the country the figure per head of Population was 3.5% then doubling the 5% number is entirely reasonable and the claim that 50,000 people were eligible for NHS Continuing Healthcare support but were not receiving it – was probably conservative.

The research findings were clear: many people were in a position where they could be claiming this support and were not.

500,000

PAYING OWN COSTS

800,000

WITHOUT FORMAL CARE DESPITE BEING IN NEED OF HELP

The Updated Research 2017

Reviewing the position in 2017 is there any indication that the estimates from 2013 were wrong or have changed or is the issue still the same?

One interesting aspect is that the NHS website wording quoted earlier has not changed at all, it remains exactly the same today as it was back in 2013. This is important because it emphasises that there is no difference in the assessment process or top level basis around this funding and how it can be accessed.

To try and estimate the figures today, the starting place must be the NHS's own figures.

Key facts:

58,723 individuals were eligible for NHS CHC. This equates to 63.5 individuals per 50,000 population aged 18 and over. Of these, 17,116 individuals were eligible for Fast Track; this equates to 18.5 individuals per 50,000 population aged 18 and over.

There has been a 2.6 per cent decrease in the number of individuals eligible for NHS CHC at the end of the third quarter of 2016-17 compared with the end of the second quarter of 2016-17, and a 3.2 per cent decrease when compared with the third quarter in 2015-16.

25,685 patients were newly eligible for NHS CHC in quarter 3, equating to 27.8 patients per 50,000 population aged 18 and over. Of these, 20,825 patients were newly eligible for Fast Track; this equates to 22.5 patients per 50,000 population.

The number of patients newly eligible for NHS CHC increased by 0.3 per cent from the second quarter of 2016-17 to the third quarter of 2016-17. There has been a 0.1 per cent increase in the number of newly eligible patients as compared with the third quarter of 2015-16.

www.nhs.uk December 2016

The crucial research question remains the same in 2017 as in 2013 – is the 63.5 per 50,000 individuals as a proportion of the population indicative that there are thousands of individuals missing out on claiming their right to NHS funding support? Should this figure be higher?

Virtually no increase has taken place since 2013 in the total number of people being eligible.

Have the other statistics around care remained the same? Is there ongoing evidence that individuals are still missing out?

Age UK report in their Later Life in the UK update (April 2017) the following:

Unclaimed benefits

- Nearly two out of five (38%) pensioners in Great Britain who are entitled to Pension Credit have not claimed it.
- Those who are entitled to, but not claiming, Pension Credit, are missing out on an average (mean) of £42 a week.
- Around 1 in 7 (15%) pensioners in Great Britain who are entitled to Housing Benefit to help pay their rent have not claimed it.
- Those who are entitled to, but are not claiming, Housing Benefit, are missing out on an average (mean) of £56 a week.
- A total of £3.4 billion of Pension Credit and Housing Benefit went unclaimed in 2014/15.

Although not linked to the subject matter covered within this research, this shows clear evidence of substantial and widespread unclaimed benefits. Entitlements are being missed.

In terms of the population requiring care, a figure which was estimated at 1.2 million people in 2013, this figure is now estimated at 1.3 million (source: NHS Digital). Just on its own, there are 850,000 people with dementia in the UK according to the Alzheimer's Society.

And in terms of missing out on NHS Continuing Care, here are some updated references, all recent, all since 2013:

NHS Continuing Healthcare is available across the UK but not everyone knows about it and they are wrongly paying for care!
www.continuing-healthcare-direct.co.uk

Although there appears to be elements of a 'postcode lottery' in qualifying for continuing healthcare payments, all assessments should be completed in line with the National Framework, which sets out the criteria that all local NHS Commissioning Groups should be making their decision on.
www.which.co.uk

Individuals who need long term care, their families and representatives are often given incorrect or misleading information which can lead them to decide not to explore the possibility that they may be eligible for NHS continuing health care funding. Figures show that three out of four elderly people who should receive NHS fully funded care have had to pay for their fees.
Spire Solicitors

Many families report being given false information by the health and social care authorities when a relative first needs full time care. As a result, many people end up being wrongly told to pay for care.
www.caretobedifferent.co.uk

The figures show that there is an enormous variation between CCGs in the level of spending on CHC and on joint packages of care, and getting this decision making right, changing the outcome even in just a small number of cases, can save a CCG many hundreds of thousands or millions of pounds.
Browne Jacobson Solicitors

A recent report by former MP Sally Keeble has exposed wide variations in the provision of NHS Continuing Healthcare for people with dementia. The report surveyed 162 Clinical Commissioning Groups and, rather worryingly, revealed that the training of assessors was inconsistent, with several CCGs admitting that they didn't provide any training at all.
Furley Page Solicitors

According to charities such as Age UK and the Alzheimer's Society, tens of thousands of people who might qualify for it are not, and neither are their doctors, who might point them in the right direction. They argue that CHC is a well-kept secret, with some PCTs apparently reluctant to publicise its existence.
Daily Telegraph

This is one of the welfare state's best-kept secrets – it is full funding that is not means tested but based on assessments of a person's health care needs, including the severity of conditions, the complexity of medications and a person's mobility.

Just 58,000 people currently receive this 'secret' funding despite the fact that three times that number could qualify.
Daily Mirror

The funding is a free package of non-means-tested care. It is available to anyone with significant ongoing health needs outside of a hospital setting. Just 58,000 people in England receive it. But more than 150,000 are thought to be entitled to it.
Daily Express

Finally, the exposed difference, as highlighted in 2013, between regions seems to remain the same, for example the latest figures show in Tyneside 246 people per 50,000 receive NHS Continuing Healthcare but in Reading only 12 people in 50,000 receive it.

Regional differences are inevitable, but surely not to this extent or anywhere near it?

The conclusion today – in 2017 – is that the original research conclusions from 2013 remain the same. There is considerable evidence that there are tens of thousands of individuals who would meet the eligibility criteria, who are either unaware of their right to this funding or find the assessment process too difficult or get incorrectly rejected when assessed.

It is no exaggeration to state that 50,000 individuals, at least, must be paying for care who could get NHS funding, either to help with the total costs or to cover them entirely.

Broader Ideas and Ways of Dealing with Care Fees

Since 2013, a huge raft of change has taken place, most notably in the cutbacks associated with Social Care. Proposals have been submitted to deal with care costs, via the Dilnot report and in the past few weeks, further, new and different proposals, put forward by the Conservative Party in their election manifesto.

Whatever the developments, one thing is clear: The State will not pay all costs, for everyone, all of the time.

For families who are having to deal with care fees and costs the strain can be considerable, if NHS funding can support or help with this then that is a major plus. However, there are other ways that can be considered:

- By definition any individuals requiring care may be in ill health, possibly serious ill health. Most often, they will be in their later years. The rates of income that can be obtained from an Enhanced Annuity can be significant. Whilst, at the time of writing, general annuity rates are very low, Enhanced Annuity Rates could be very high, if the health position dictates this.
- For those who own residential property, Equity Release schemes may represent a viable option to release capital or provide additional income.
- There are numerous benefits and exemptions available to those needing care, including Personal Independence Payments, Disability Living Allowances, Attendance Allowances, Benefits for Carers, and exemptions can include Council Tax discounts.
- In some cases, there may be more sophisticated solutions, using trusts and investment vehicles which can provide highly effective outcomes.

There is also a clear need in most situations to consider Lasting Power of Attorney (LPA) arrangements

Getting Help

Paying for care is often a complex position, which requires significant respect for each individual circumstance because solutions which work for one, may well not for another.

It is one of the most important areas to get the best help and advice, as qualified and expert help can often make a major – and positive - difference to outcomes.

There is no doubt that there are many factors for anyone to consider and tackle in relation to any situation where care fees have to be met or where care is required.

At Interface, we have the expertise to help.

PAYING FOR CARE IS COMPLEX AND REQUIRES SIGNIFICANT RESPECT FOR EACH CIRCUMSTANCE

History, structure, and expertise

Interface Financial Planning started providing independent financial advice in 1992. From the beginning it had the aim of providing professional advice and quality service to people with modest income and wealth.

Its key value was putting people before profit, and contribution before reward. This mission statement has been our torch to light the path ahead and has been the reason that we have endured for over 24 years.

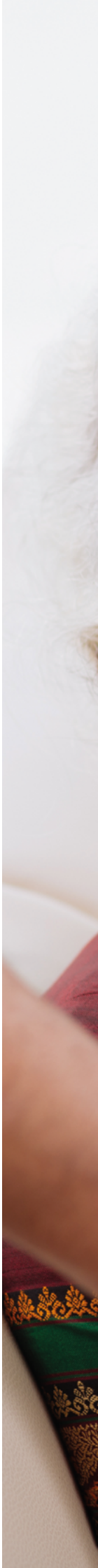
Alan has lead the company with his personal values of: Integrity, Compassion, Respect, & Loyalty, and he is proud that over the years he has worked with clients who share similar values. Like him they want to help others and make the world a little better.

Client care and service is important and he is proud that his first two clients from January 1990 remain his clients today.

We believe that every client should have access to highly qualified advice and expertise.

Technology is used to the full to maximise efficiency and engage expertise from throughout the UK. The business has been paperless for 10 years and for over 5 years has been 'cloud' based. This structure reduces costs and allows support staff to operate anywhere - from Colchester to Honiton to Leicester and elsewhere.

Clients are encouraged to access their online account where they can exchange messages and documents securely. They can view their investments and reports, and they have immediate access to their paper file. Clients love the transparency and openness of being able to view and print paperwork going back for years and many clients use it as a source of reference.



ALAN MORAN
Owner, Director
Interface Financial Planning

Alan Moran is one of the most highly qualified advisers in the UK. He became a Certified Financial Planner in 1995 and he was one of the first Chartered Financial Planners in 2005.

He is a Chartered FCSI, a holder of the IMC certificate and member of CFA UK. His expertise has been called upon by The CII, The IFP, The Kinder Institute, and others, where he has trained and examined other financial advisers.

Alan Moran B.Sc. M.Soc.Sc. Cert.Ed. FPFS FSWW IMC CFP℠ RLP®
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