

Nursing Homes Ireland – Pre-Budget Submission 2008



**Pre Budget Submission 2008**

**September 2008**

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## EXECUTIVE SUMMARY

**Nursing Home Ireland's pre-budget submission for Budget 2009 focuses on a number of areas, which, if implemented, will ensure equality of access and ensure that residential care for older people is accessible to all older people, affordable and anxiety free. The Private and Voluntary Nursing Home sector accounts for over 65% of all long-stay care in Ireland, caring for 19,000 people in specialist environments. Private nursing home care is significantly cheaper to provide than public nursing home care or long-stay care in a hospital setting.<sup>1</sup>**

▪ **Ireland has an ageing population which requires significant investment in residential care**

In 2007, there were 467,926 people aged over 65 in Ireland, this is forecast to increase to 1,145,300 by 2036. The report of the Interdepartmental Working Group on Long Term Care (2006), published in January 2008, suggests that a target of 4% of people over 65 in long term residential care should be achievable in the medium term, if appropriate community care services are in place.<sup>2</sup> The Interdepartmental Report stated that the total spend, public and private, on residential care for the over 65's is projected to increase from €0.9 billion (0.6% GNP) in 2005 to between €6.8 billion (1.8% GNP) and €9.2 billion (2.4% GNP) in 2051, depending on the residential occupancy rate assumptions used.

▪ **NHI is calling for:**

- the publication of the "Fair Deal; Nursing Home Support Scheme" legislation and Government commitment to ensure that the legislation is enacted as promised
- the immediate reallocation of the €85m promised in the 2007 budget for Fair Deal for subventions and enhanced subventions for existing nursing home residents
- a budget allocation of €119.9million to support the implementation of Fair Deal on 1<sup>st</sup> January 2009
- the finalisation of outstanding HSE payments to nursing home operators due since January 2008. These cost of living payments, which should have been paid on 1 January 2008 amount €6.5m in enhanced subvention payments to residents and their families and €5.5m for Contract Beds to nursing home operators. NHI was given an indication by the HSE that approval for these amounts was granted by the Department of Finance in July 2008, however no payments have been made to-date.
- provision of resources to support the implementation of the draft National Quality Standards for Residential Care Settings for Older People based on the Regulatory Impact Assessment
- provision for access to health services such as physiotherapy, chiropody, dental care, occupational therapy for older people in nursing home care, which older people can obtain on their medical cards in the community, but do not receive in Nursing Homes.

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<sup>1</sup> Source: "Nursing Home Cost of Care: A Fair Price – Ireland", 2007

<sup>2</sup> Source: Report of Interdepartmental Working Group on Long Term Care (2006)

- **It is incumbent on Government to deliver on the commitments in the Programme of Government and in Towards 2016, which prioritises services for older people and commits the Government to the implementation of Fair Deal.**

Fair Deal was first announced on 11<sup>th</sup> December 2006 as *The Nursing Home Support scheme; A Fair Deal*. In its announcement the Government made a commitment to make residential nursing home care:

- Accessible for all older people
  - Affordable
  - Anxiety-free
- **The Current Subvention Scheme , implemented in 1993, has a number of anomalies which have led to inequalities in the treatment of residents.**
    - The subvention scheme is interpreted and implemented differently in different HSE regions. Some HSE regions recognise the need for enhanced subvention, while others do not.
    - Subvention levels are wholly inadequate and account for less than 40 per cent of the average cost of nursing home care in Ireland.
    - The basis for granting subvention is confused and inappropriate. It is also biased against residents in the private and voluntary sector.
- **NHI and its members support the HIQA Draft National Quality Standards for Residential Care Settings for Older People. Our members are committed to:**
    - Maintaining and enhancing the quality of life of residents
    - Preserving the autonomy of residents, guaranteeing free expression of opinion and freedom of choice
    - Maintaining a safe physical and emotional environment
    - Ensuring that the privacy and dignity of residents is respected
- **NHI is concerned that if all of the standards are to be implemented in the current format this will have a serious impact on the financial viability of private and voluntary nursing homes across the country.**

The Regulatory Impact Assessment will inform the extent of the investment to be made by nursing home operators in this regard. It is likely that many operators will no longer be able to stay in business given the likely extent of the investment which will be required. It is ironic that this outcome is likely at this time when all of the evidence suggests that there will be even greater need for residential nursing homes over the coming fifteen to twenty years as the Irish population ages. NHI is calling for the Government to:

- acknowledge the costs of adapting pre-existing buildings to any new standards that are introduced.
- the introduction of a grant scheme to assist what will be legally required upgrades.
- funding for the private sector based on the same cost criteria applied for renovation of public sector nursing home beds to bring these in line with the requirements set down in the proposed standards.

## **SECTION ONE - INTRODUCTION**

### **1.i About NHI**

Nursing Homes Ireland is the representative organisation for the private and voluntary nursing homes sector. This sector, and the care our members provide, are key parts of the Irish health service.

Private and voluntary nursing homes provide:

- Care for nearly 19,000 residents
- Account for more than 65% of all long term care beds in the country, and,
- Employ more than 18,000 staff

Nursing Homes Ireland was formed in January 2008. It is the single representative body for the private and voluntary nursing homes sector following the merger of The Federation of Irish Nursing Homes, The Irish Nursing Homes Organisation, Nursing Homes Association South East and Nursing Homes West.

Nursing Homes Ireland is committed to providing leadership, supporting members and promoting excellence.

### **1.ii Our mission**

- Working in partnership with our members and other stakeholders to achieve best practice in the care of the older person
- Ensuring that providers have a voice in the strategic direction and development of future nursing homes services
- Achieving adequate and fair funding for nursing homes to enable them to provide high quality care for all
- Working in partnership to ensure that regulation is effective, proportionate and transparent

### **1.iii Our Vision for the future**

As a nation, Ireland still has the resources to develop the best possible services to meet the needs of a growing older population. Our older people deserve the best.

We, in Nursing Homes Ireland have a significant contribution to make in developing those services, so that residential care for our older people is the best that it can be. We have the expertise, the commitment and the willingness to work alongside the Government and all other key stakeholders in the sector to create a service to be proud of.

Our experience and our ideas will be important in informing the development of public policy on the care of older people. We look forward to leading this important debate, as key providers of a vital part of the health service, and of meeting the challenge of growing and funding the best possible services for our older people.

Our vision, that all residents of nursing homes will receive high quality care, is one which will be realised through meaningful partnership with the Government, the HSE and the National Treatment Purchase Fund as purchasers, HIQA as the regulator, our members and all the stakeholders in delivering that high quality care to those who need it.

Having high quality nursing home care available to those who need it is an essential part of a well-functioning health service which delivers the care people need, in a way that is affordable, accessible, and, of the highest standard. Those who use our services should have the choice and flexibility in selecting the nursing home that most suits their needs.

### **1.vi Our Members are Committed to:**

- Maintaining and enhancing the quality of life of residents
- Preserving the autonomy of residents, guaranteeing free expression of opinion and freedom of choice
- Maintaining a safe physical and emotional environment
- Ensuring that the privacy and dignity of residents is respected
- Being an employer of choice and providing continuous professional development and training

## **SECTION 2 – NHI CALLS ON THE GOVERNMENT TO DELIVER ON ITS PROMISES**

### **2.i Context**

There is no doubt that the economic environment in which the current budget is being prepared creates challenges for Government unseen in the last decade. However, the old and the vulnerable are the least deserving of fiscal restraint. It is incumbent on this Government to use this budget to protect the most vulnerable in society. The inequalities in financing long stay care are widely acknowledged and accepted. These inequalities underpin and were the stimulus for 'Fair Deal' proposed by Government in 2006. Failure to deliver on Fair Deal will advance the financial discrimination of older people requiring long stay care.

Fair Deal was first announced on 11<sup>th</sup> December 2006 as *The Nursing Home Support Scheme; A Fair Deal*. In its announcement Government made a commitment to make residential nursing home care:

- Accessible, for all older people
- Affordable and
- Anxiety-free

The current system of eligibility for services within the health system is complex. Criteria are not transparent and there are inconsistencies in eligibility for certain services and between different Health Service Executive regions. Most members of the public find the system incomprehensible, and a large majority consider its outcomes unjust.

There is inequality of access to public funding either for long stay public facilities or for private nursing homes. This access should be based on common assessment of income and wealth as promised in the Fair Deal. A fairer system would end the current anomaly whereby a person applying for a subvention to a private nursing home is subject to a much more rigorous assessment than a person seeking admission to a public bed.

€110m was set aside in the last Budget to be spent on implementation of the Fair Deal scheme this year. This should have been made available in 2008. However, the draft legislation has not even been published. Repeated assurances have been given that the legislation would be published during the year, however this has not materialised. In the meantime, many families who had expected Fair Deal to be in place, have been left struggling financially, in some circumstances amassing debts against the promised 'Fair Deal' being implemented and in a small minority of cases, some nursing home residents have no finance to fund their care.

The recent announcement by Government that it intends to divert funding previously provided in the 2007 budget for Fair Deal, can only be interpreted as a failure on the part of this Government to deliver on its promises to improve the circumstances of older people and contrary to stated Government policy.

Nursing Homes Ireland in this submission is calling for

- the immediate reallocation of the €85m promised in the 2007 budget for Fair Deal for subventions and enhanced subventions for existing nursing home residents
- the publication of the "Fair Deal; Nursing Home Support Scheme" legislation and Government commitment to ensure that the legislation is enacted as promised
- a budget allocation of €119.9m to support the implementation of the Fair Deal on 1<sup>st</sup> January 2009
- the finalisation of outstanding HSE payments to nursing home operators due since January 2008
- provision of resources to support the implementation of the draft National Quality Standards for Residential Care Settings for Older People based on the Regulatory Impact Assessment



## **2.ii Government promises must be delivered**

It is incumbent on the Government to deliver on the commitments in the Programme for Government and in Towards 2016. The programme for government in the section on health specifically prioritises services for older people and commits the government to the implementation of the Fair Deal.

The 10-year **Social Partnership Agreement Towards 2016** names explicit goals in relation to long term care services for older people:

- All relevant public services should be designed and delivered in an integrated manner around the needs of the care recipient based on a national standardised needs assessment. Care needs assessments should be available in a timely, consistent, equitable and regionally balanced basis;
- There should be appropriate and equitable levels of co-payment by care recipients based on a national standardised financial assessment;
- The level of state support for residential care should be indifferent as to whether that care is in a public or private facility;

## **2.iii Providing care for our older population is a major challenge**

Ireland's population is ageing, the pace of the ageing is accelerating and commensurate increases in services for older people are required.

In 2006, there were 465,000 people over 65 in the Irish population, 54,000 more than in 1996. At 11% of the whole, this was the lowest proportion of over 65s across all the EU 27 countries, where the average proportion was 16.8%. (Ireland's unusual profile in this regard arises both from the relative youth of its population overall and to recent increases in immigration, mainly from younger age groups.)

However, this proportion, on current projections, is expected to rise to 20% by 2036, as the absolute numbers will increase to 1,145,300, an increase of almost 250% over the 2006 figure.

The greatest increase is expected to be in the over 80 age group, where a trebling of the numbers is anticipated.

Life expectancy in Ireland is improving, and expected to continue to do so. For men aged 65 in 2006, it was 15.4 years, as opposed to 13.8 in 1995-97. For women of 65, the corresponding increase was from 17.4 years to 18.7 years. In 2005, Irish men and women at 65 had higher life expectancies than the EU 27 averages.

There will be an even larger proportional increase in the numbers of those aged 85 and over. In 2006, there are 46,702 people aged 85 and over. This is set to increase to 305,112 by 2056 – an almost 7-fold increase. It is in this age group that the greatest need for long-term care can be expected. The table below indicates the dramatic increases in demand for long-stay care which need to be planned for if Ireland is to support the needs of its ageing population.

**Table 1. Projected long-stay bed requirement from 2005 to 2051<sup>3</sup>**

	2005 Actual	2011	2016	2021	2031	2041	2051
<b>Total population over-65</b>	456,000	543,000	621,000	726,000	974,000	1,251,000	1,496,000
<b>Numbers in Need of Residential Care</b>	20,000						
<b>4% assumption</b>		22,000	25,000	29,000	39,000	50,000	60,000
<b>4.6% assumption</b>		25,000	29,000	33,000	45,000	58,000	69,000
<b>5.4% assumption</b>		29,000	34,000	39,000	53,000	68,000	81,000

(source; Interdepartmental review group on Long Term Care – published Jan 08)

#### 2.iv The health of older people

The EU Survey on Income and Living Conditions (EU SILC) 2005 showed that Irish people overall had the highest levels of self-perceived good health of the countries surveyed.

However, among older people perceptions of health status are somewhat different, with approximately 40% of both sexes judging their health as ‘fair’, ‘bad’ or ‘very bad’.

**Table 2. Perceived health status of over 65s as percentages of age group**

Very good		Good		Fair, bad or very bad	
Male	Female	Male	Female	Male	Female
17.6%	18.2%	41.8%	40.2%	40.6%	41.6%

(Source: CSO: EU SILC 2005, cited in DOHC: Health in Ireland: Key Trends 2007.)

<sup>3</sup> Interdepartmental working group on long term care  
NHI  
September 2008

Significant levels of chronic illness or conditions were also recorded among the older population in Ireland.

**Table 3. Chronic illness among the over 65s as percentages of age group**

Yes		No	
Male	Female	Male	Female
50.1%	52.8%	50.0%	47.2%

*(Source: CSO: EU SILC 2005, cited in DOHC: Health in Ireland: Key Trends 2007.)*

The Report of the Interdepartmental Working Group on Long Term Care (2006), published in January 2008, suggests that a target of 4% of people over 65 in long term residential care should be achievable in the medium term if appropriate community care services are in place. An earlier report by Mercer estimated that 4.6% of the population were in long term care.

The Interdepartmental Report stated that if the target of 4% is not achieved the cost of residential care going forward will be correspondingly greater. It stated that the total spend, public and private, on residential care for the over 65's is projected to increase from €0.9 billion (0.6% GNP) in 2005 to between €6.8 billion (1.8% GNP) and €9.2 billion (2.4% GNP) in 2051 depending on the residential occupancy rate assumptions used.

The target of reducing the number of older people in long term care to 4% of the over 65's, while laudable, may be over optimistic. The capacity of families to cope with a dependent older person varies greatly. Others do not have the necessary family or social support to live at home.

Increased life expectancy, improved prevention and treatment of disabilities, better housing conditions and increased home support schemes, including financial supports, have raised the age profile and level of frailty of those who now need care in a nursing home.

There is a need to develop integrated services for older persons with a continuum of home care, home support services, sheltered housing, day care, respite and long-stay residential care and acute care. Nursing homes must become part of this integrated service and must be supported in offering a wider spectrum of services to older people in their community.

## **SECTION 3 – FUNDING AND STANDARDS**

### **3.i Cost of long term care**

It is clear for many years that care of our older population has been under-funded and this has been a significant contributory factor to the difficulties in accessing appropriate care for our increasing older population. Government policy in the area of funding has been less than satisfactory in terms of its adequacy.

Nonetheless it is important to acknowledge the commitment by the Minister for Health and Children to address the current inequitable system and the announcement in December 2006 of “A Fair Deal; Nursing Home Support Scheme” clearly signals government awareness of the under-funding of long term care

The subvention scheme in its current form has been in existence since 1993. The scheme has a number of anomalies which have led to inequalities and injustices for residents and the care provider.

- The subvention scheme is interpreted and implemented differently in different HSE regions. Some HSE regions recognise the need for enhanced subvention, while others do not.
- Subvention levels are wholly inadequate and account for less than 40 per cent of the average cost of nursing home care in Ireland.
- The basis for granting subvention is confused and inappropriate. It is also biased against the private sector.
- Subvention is based upon the ability to pay. It forces asset stripping by the nursing home resident before a subvention will be given.

Nursing home subvention was examined by both the Mercer Report and Professor Eamon O’Shea’s Report.

The O’Shea report was commissioned in 1995 (published in 2003) and yet 13 years later the Government and the Department have failed to address the many and varied shortcomings in the provision of Long Term Care for the Elderly

Also published in 2003 was the Mercer Report; Study to Examine the Future Financing of Long-Term Care in Ireland, the purpose of which was to give consideration to three options for the financing of long-term care

The non-implementation of the recommendations and the significant changes taking place in the older population since then, are the background to the recognition of the need for significant investment in long term care

Among these changes are: the growth of the older population in absolute numbers; the predicted growth in the proportion of people over 65 in the population as a whole in the coming year; the increasing life expectancy of older people; their improving economic circumstances; and the growing diversity in this group.

Irish government spending per head on our elderly is amongst the lowest in the OECD. Our overall spending on care services equates to 0.67% of GDP, compared to an OECD average of just under 1%. (*National Economic and Social Forum; Report on Care for Older People, November 2005*)

Ireland has yet to adopt a clear, fair and adequate system for financing long-term care as our population ages. Successive governments have shied away from the major reforms necessary to provide a sustainable financial and operational structure.

Towards 2016 is explicit in its commitment to end the anomaly between public and private long stay care and it states *“The level of state support for residential care should be indifferent as to whether that care is in a public or private facility”*

### **3.ii Cost of Care must be acknowledged**

Nursing Homes Ireland acknowledges the commitment by the Minister for Health and Children to “A Fair Deal” to reform care for older people but await legislation to enact the proposal.

The Government must introduce the Fair Deal together with the necessary resources as a matter of urgency. When the need for long-term care is established, access to public funding in either public long-stay facilities or private nursing homes should be based on common assessment of income and wealth.

This would end the current anomaly whereby a person applying for a subvention to a private nursing home faces a much more rigorous assessment than if seeking admission to a public bed.

In 2005, the State spent €429 million on providing 7,415 long-stay beds. This averages at approximately €58,000 per bed or about €1,100 per week

(source Interdepartmental Working Group on Long Term Care published in January 2008)

In contrast the total amount provided by way of subvention to the 7,950 residents in the private and voluntary sector was a mere €160million in 2006

In April 2007 Age Action Ireland published “Nursing Home Cost of Care; A Fair Price – Ireland”

The study commissioned by Age Action Ireland concluded that an appropriate level of care (determined on the basis of internationally recommended care hours per resident) in Ireland would cost €1,101 per resident per week in an urban area, and €994 in a rural area. However, the subvention rate is currently at a maximum of €300 with the potential for residents to also avail of a discretionary payment called an enhancement in limited circumstances (based on 2006 figures)

A public nursing home long-term care bed is currently significantly more expensive to provide than in the private sector.

The report stated that the comparable cost of care in the public sector could be of the order of €1,635 per resident per week in a rural location and the cost would be of the order of €1,755 per resident per week in an urban location

*It is important to note that the author of the Age Action Ireland report qualified the fact that financial information provided by the HSE for the Age Action Ireland Fair Price for Care report is not directly comparable to the financial information provided by the private nursing home operators. This is because, the HSE does not prepare its accounts in the same way as the private sector and hence the two sets of data are not directly comparable.*

### **3.iii Standards and sustainability**

NHI and its members support the HIQA Draft National Quality Standards for Residential Care Settings for Older People. Our members are committed to;

- Maintaining and enhancing the quality of life of residents
- Preserving the autonomy of residents, guaranteeing free expression of opinion and freedom of choice
- Maintaining a safe physical and emotional environment
- Ensuring that the privacy and dignity of residents is respected
- Being an employer of choice and providing continuous professional development and training

NHI has been actively supporting members to develop appropriate policies and practices to comply with the draft National Quality Standards for Residential Care. Throughout 2008, for example, we have

facilitated study, training and education days countrywide for members and provide revised standardised care documentation set for all members.

We are concerned however that if all of the standards are to be implemented in the current format. This will have a serious impact on the financial viability of private nursing homes across the country. The Regulatory Impact Assessment will inform the extent of the investment to be made by nursing home operators in this regard. It is likely that many operators will no longer be able to stay in business given the extent of the investment which will be required. It is ironic that this outcome is likely at this time when all of the evidence suggests that there will be even greater need for residential nursing homes over the coming fifteen to twenty years as the Irish population ages.

Even now nursing home beds are being lost due to the HSE's policy that the private sector provide beds at effectively half the cost of the public sector.

Clarity is required regarding the requirements relating to pre-existing buildings in the draft standards as this will have serious implications for nursing home owners and also the number of beds available. A significant period of consultation is required with existing operators to ensure that homes are supported and facilitated in complying with the new standards:

- The government must acknowledge the very high costs of adapting pre-existing buildings to any new standards that are introduced.
- NHI is calling for the introduction of a grant scheme to assist what will be legally required upgrades.
- Alternatively the HSE must provide funding to the private sector based on the same cost criteria applied for renovation of public sector nursing home beds to bring these in line with the requirements set down in the proposed standards.

New legislation and the development of a set of standards to be applicable to all nursing Homes must be prefaced by an express recognition that an increase in the standard of care will give rise to increased costs. New legislation and new standards must ensure that the cost of care is the sole consideration when Government agencies procure nursing home services.

### **3.iv Partnership**

NHI plays a vital role in the provision of long-stay residential care to older people in Ireland. We provide care for over 65% of the population who need it. We have established good working relationships with the Department of Health, the HSE and HIQA in recent years and we look forward to a transparent relationship and partnership with the Department of Health, the HSE and HIQA as well as residents and their families into the future.