



Saga

**Building on the Dilnot Report:
Government and industry working
together on solutions for long-term care**

IEA Future of Life and Long-term Savings conference

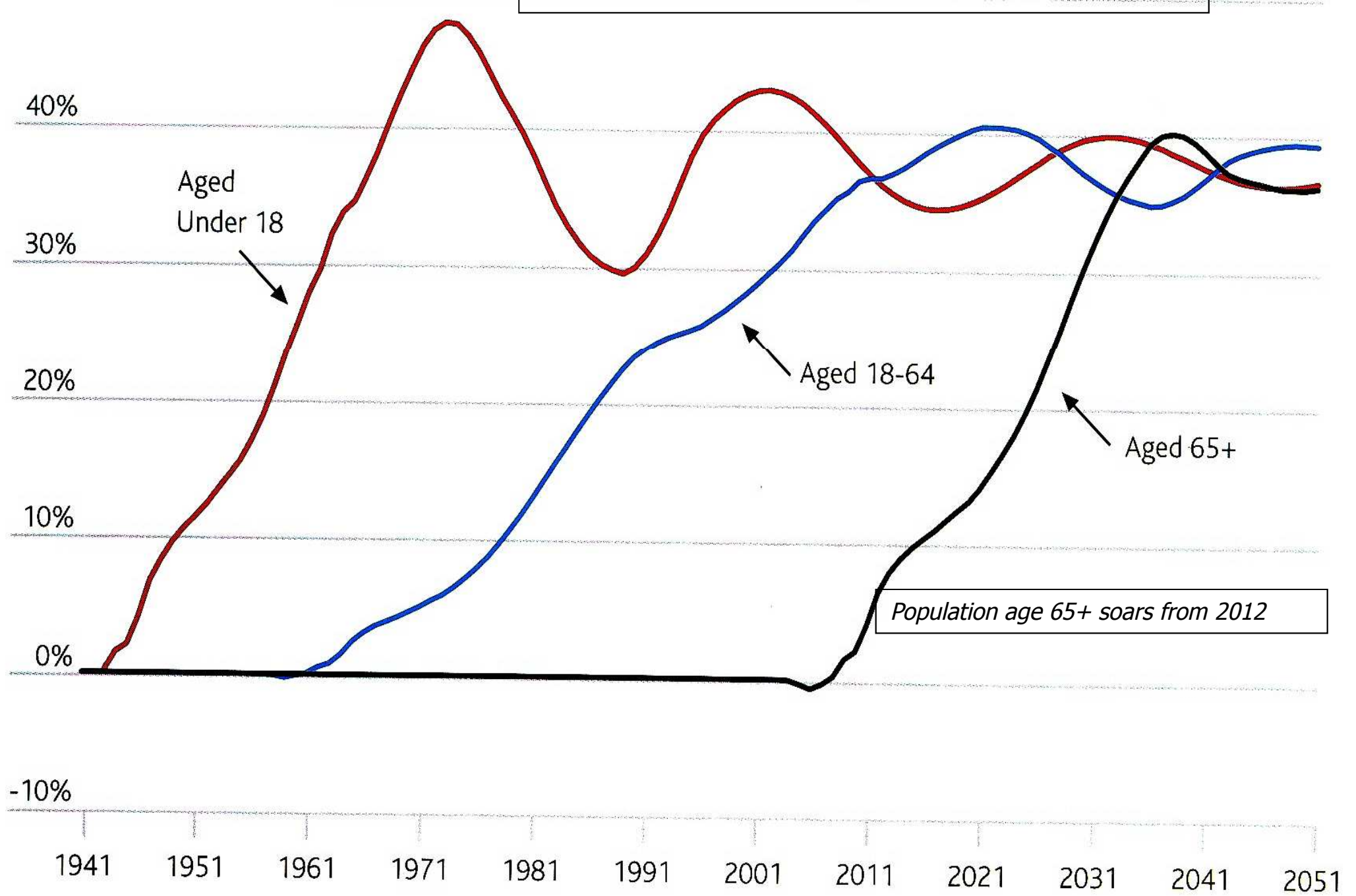
14th June 2012

Presentation by Dr. Ros Altmann
Director-General, The Saga Group

Twitter: @SagaRosAltmann

Social Care in Crisis

- Crisis comes from good news – more people living longer
- BUT - funding falling as demand rising
- Welfare State covered pensions and health, not care
- Current care model is broken – councils can't cope without funding
- Lack of planning for rising care needs
- Inadequate preparation for demographic realities



Source: Pensions Commission analysis based on a synthetic model of the England and Wales population

Main failings of current system

- As Dilnot says: unpredictable, unfair, unmet need
- No national standards or portable assessments, postcode & health lottery
- Insufficient information or advice – can't plan ahead
- Inadequate funding rations care, sacrifices quality & outcomes
- Strain on NHS 'safety net'
- Councils and NHS may run out of money – service cuts

Market failure

- Worse than pensions crisis
- Policy suggests saving for later life is all about pensions
 - billions in pensions not enough, but no saving plans at all for care!
- Private sector don't realise must prepare for care costs – market failure
- No money set aside for Care, no insurance
- Many lose their life savings and homes – politically charged
- Undermines incentives to save

Unfairness of current system

- Self-payers subsidising local authority underspend
- Random lottery of funding
- Depending on what's wrong with you and where you live, may get all costs covered or none, no standardisation
- NHS protects inheritance of wealthy
- Care destroys life savings of middle classes who don't qualify in NHS
 - Dementia tax

What is Government doing?

- Set up reviews
- Allocate new money for care
 - But not ring-fenced
- Lots of meetings and talks with industry trying to help
- White Paper
- Progress Report
- Long grass?!!

Di not to the rescue...

- Public private limited-liability partnership
- National standards, information, education
 - People may understand and accept responsibilities
- People willing to pay something, but not to lose everything
- Elegant solution, sensible framework, capped cost model:
 - Higher means-test threshold, deferred payment plans?
- BUT - Extra state spending >£1bn causing trouble
 - Short-sighted concerns, as extra spending will just come via NHS!

Impact of Dilnot

- More clarity – so most can get assessment, information and advice
- Ease the fears, can tell people what will happen
- Private payers must pay up to cap – and can save for this in advance
- Workplace or private care saving plans?
- Possibility of insurance to improve prevention/early intervention?
- Much fairer to those who have saved

Problems with Dilnot

- Perception of cost?
- National eligibility standards conflict with localism
- Still need agreed eligibility and improved standards
- NHS Continuing Care has national standards, which reduced variation but increased bureaucracy
- Where to set a cap and means test level? – help the well off?

Overcoming the problems

- Health is national, why shouldn't care be?
- Dilnot is for the middle-classes, many wealthy won't use the state anyway
- Recognise that there is no 'extra' cost, it's just a question of how the cost is paid – do we pay more via NHS or control costs via care
- Integration of health & social care would be win-win
 - People stay in own homes, not in hospital, cheaper than NHS too
- Bring self-funders into assessment process
 - All get help even if self-paying, to signpost prevention

Partnership for a better system

- This is not just about older people, it's about families
- Private payers need information and advice on what to do for their families
- If they know what they need, most will prepare
- Require councils to have 10-year plans
- Housing?
- Start planning properly for aging population

Private sector needs some public help

- Tax incentives for care saving plans
 - Care ISAs
 - Family Care Saving Plans
 - Pension flexibility?
 - Care Annuities
 - Employer Savings
 - Insurance Plans
- Equity release: the home as precautionary savings or insurance
- Insurance unlikely but could help with prevention!
 - House insurers encourage locks, smoke alarms, burglar alarms

Conclusions

- Two big challenges:
 - Delivery of care efficiently and cost-effectively – partnership and funding
 - Help private sector fund care in advance, not just at point of need
- Means-test so unfair and discourages saving, need urgent reform
- Partnership between state and private sector makes sense
- Information, prevention, integration, standardisation + incentives
- More homecare and better housing is vital part of the solution
- You can argue with the detail but funding reform urgent – avoid long grass!!

Essentials for the future

- National standard portable assessments
- Reallocate funding priorities
- Integration of health and social care
- Bring self-funders into assessment process – advice?
- ALL get help even if no money – signpost prevention
- Appreciate value of carers for NHS

About Saga

- Saga's mission – to improve the lives of the over 50s
 - Financial services, insurance, holidays, care
- Largest provider of domiciliary care
- Second largest provider of out of hours GP services
 - 40m homecare visits, GPs see 3m patients a year
- We think more people at home improves well-being and minimise costs
- Opportunities for partnership and integration