

*Saga*

# **Challenges of changing national demographics**

**Liberal Democrat Parliamentary Health and Social Care Policy Committee**

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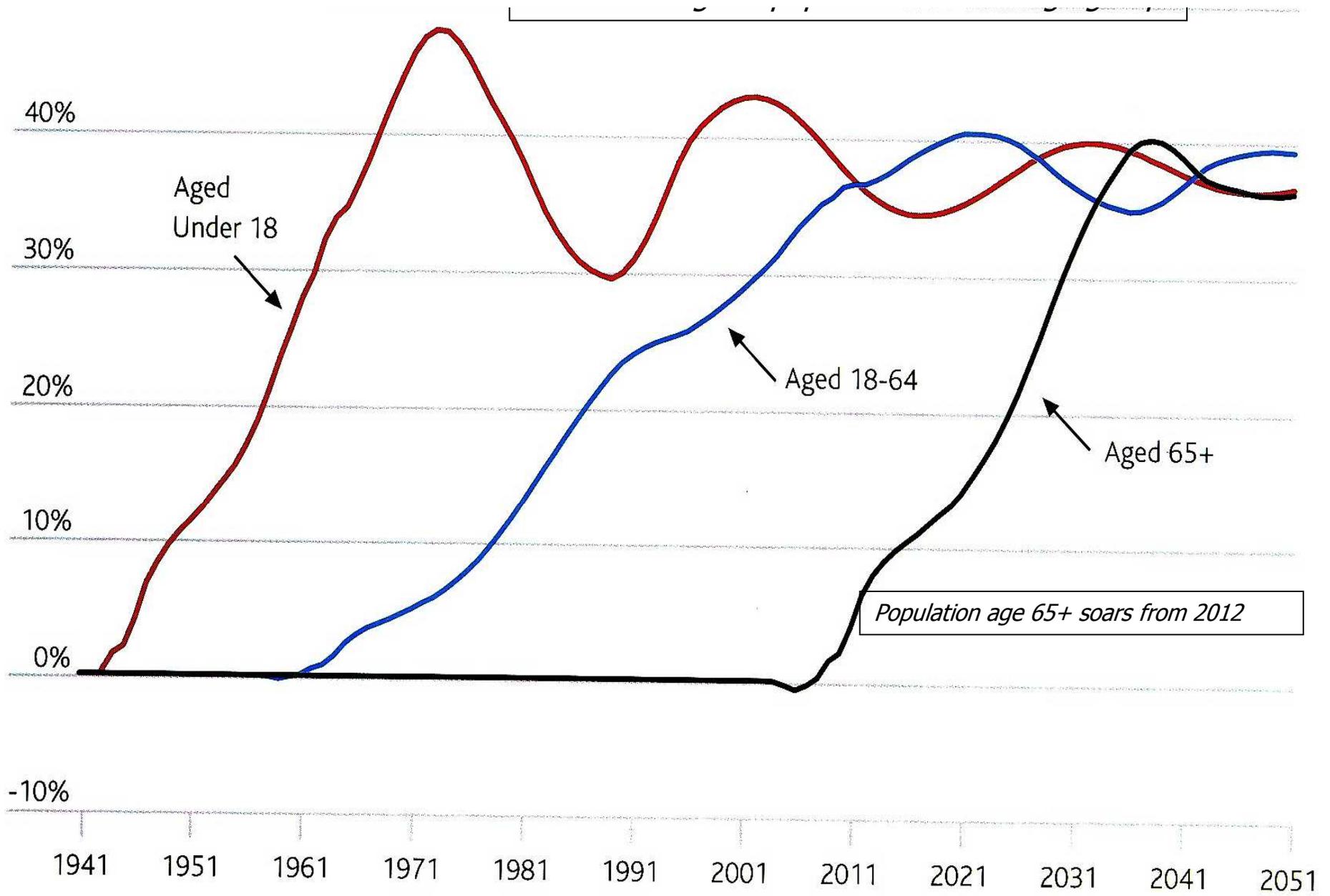
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# Pensions and Social Care in Crisis

- Crisis stems from good news – more people living longer
- BUT funding failed to keep up with aging population
- Burdens on pensions and care have soared
- National Insurance designed for different era
- Economic crisis makes each crisis worse
- Inadequate planning for demographic realities



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

# What went wrong?

- Great news turned into crisis due to lack of ongoing planning
- Pensions have two functions – social welfare + long-term saving
- Gov cut state pension and put social welfare burden on private funds
- Employers can't cope, cutting back, leaving workers exposed
- Unrealistic expectations and erroneous market/longevity forecasts
  - Early retirement!
- Mass means-tests to offset state cuts undermine saving or working more

# Pensions crisis

- Pensions confidence has plummeted – locked box unpopular
- Scandals and disappointment damaged trust
- Government trying to address pensions crisis
  - End DRA, raise SPA, flat rate state pension, auto-enrolment
- BUT Policymakers focus later-life income only on pensions
- Pensions are just one product and won't solve this crisis
- What about older age care needs?

# Social care – the poor relation

- No money set aside privately – and not enough publicly – for care
- Worse than pensions crisis
  - billions in pensions not enough but a start
- As population ages and care needs rise can't just tell people to wait longer!
- Economic situation damaging old people's care and health
- Local authorities cutting spending from already inadequate levels
  - New £2bn pa not ringfenced – care spending fell £1bn last year
- NHS is the most expensive option – yet it's the safety net!
  - Inadequate care will prevent meeting Nicholson challenge

# Main failings of social care system

- Unfair. Unpredictable. Postcode lottery. Unmet need
  - NHS may pay all costs, or none (dementia vs. heart attack)
- Insufficient information or advice
  - But if people understood it, they would hate it!
- Welfare state not designed to cope with care (left to family or council)
- Inadequate funding for short- and long-term – who is planning for care?
- Council cutbacks sacrifice quality, measure ‘hours of care’ not wellbeing
  - Rationing funding or 15-min visits = false economy as NHS takes strain

# Dilnot to the rescue?...

- Public private limited liability partnership: cap fairer for many, e.g. dementia
- People will pay something, but won't lose everything
- Dilnot also facilitates national standards, information & advice
- Better use of equity release, delayed payment plans?
- BUT: National standards conflict with localism – yet alternative is meltdown
- AND: Treasury fears over cost ignore the strain on NHS

# Is Dilnot the answer?

- Not on its own, but provides good framework – make care fairer
- Bring self-funders into assessment process – help them get advice?
- Help encourage savings for care and money set aside
- THEN...Still need incentives to integrate health and care
  - Prevention, expedited discharge, prescribe care – Torbay works!
- Good social care win-win: may save old people's lives better than doctors
- Need support for more people to stay at home as long as possible
  - Housing adaptations, telehealth, telecare, early diagnosis, help carers

# How can we improve funding?

- **Information and education** – <10% self-funders getting advice
- **Insurance** could help prevention but market failure not easy to overcome
  - e.g. house insurers demand locks, alarms
- **Savings incentives for care** – help people recognise need to have money
  - Care ISAs
  - Family Care Plans
  - Employer Savings, Pensions or Insurance Plans
  - Care Annuities – only 8,000 a year
  - Equity release (home is precautionary savings or insurance)

# Political risks and selling family home

- Care is not just about old people, it's about families
- Selling the family home is a big political issue
  - Asset is there but not for care!
- A house could be considered precautionary savings or insurance policy
- But 1 in 4 over 55s still has a mortgage
  - Average mortgage £61,000, average house value around £200,000
  - But would people then be slower to repay their mortgage?
- Need to consider extending deferred payment plans + a cost cap
  - Means test for domiciliary care to include housing?

# Challenges for policymakers

- Pensions crisis is being followed by care crisis
- Care reform could improve health and cut costs of our aging population
- 3 cohorts: 85+ now, 60+ retired, workers
- Later life income is about more than pensions – use housing?
- Brave political decisions needed, don't delay like we did with pensions
  - Dilnot reform framework could improve fairness and understanding
- Rethinking pensions, retirement, housing and social care funding

# Saga's aims for aging population

- A national homecare brand that can deliver good quality
  - All workers commit to values and improve homecare quality
- Raise standards – checking, training, monitoring
- Reliable, dependable, trustworthy, professional
- Measure satisfaction and outcomes, not just 'hours of care'
- Delivering better social care, a Partnership approach with business, community, family and users

# 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 minimises costs
- Opportunities for partnership and integration