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**Panel on Welfare Services and Panel on Health Services**

**Joint Subcommittee on Long-term Care Policy**

**Updated background brief prepared by the Legislative Council  
Secretariat for the meeting on 24 June 2013**

**Pilot Scheme on Community Care Service Voucher for the Elderly**

**Purpose**

This paper provides a brief account of the past discussions at the Panel on Welfare Services ("the Panel") and the Joint Subcommittee on Long-term Care Policy ("Joint Subcommittee") on the launch of the Pilot Scheme on Community Care Service Voucher for the Elderly ("Pilot Scheme").

**Background**

2. According to the Administration, the Government upholds the principle of "ageing in the community as the core, institutional care as back-up" in elderly care services. This is in line with most elders' wish as they cherish the support from their families and the sense of belonging that a familiar community offers. To facilitate elders to age in place, the Social Welfare Department ("SWD") has commissioned non-governmental organizations ("NGOs") through subvention or contract payment to offer a wide range of community care services ("CCS") for the elderly. These services include centre-based day care services and home-based services, covering personal care, nursing care, rehabilitation exercises, meal delivery and escort services, etc. Users include both elders who wish to stay in the community and those who are on the waiting list for subsidized residential care places. Under the existing service mode, all users are required to pay service charges. The fee for home care varies, depending on the user's household income and service usage. For day care, users pay standard rates.

3. In July 2011, the Elderly Commission ("EC") published its consultancy study report on CCS for the elderly, which examined how CCS could be strengthened through a more flexible and diverse mode of service delivery to provide better support for elders who aged at home. One of the key recommendations is for the Government to introduce a CCS voucher scheme which allows eligible elders to choose CCS that suit their needs. Taking on board EC's recommendation, the former Chief Executive ("CE") announced in his 2011-2012 Policy Address that the Government would introduce a four-year pilot CCS voucher scheme to provide more direct subsidy to elders who had long-term care services needs to facilitate them to age at home.

4. In his 2013 Policy Address, the current CE announced that the first phase of the Pilot Scheme would be launched in September 2013, under which an innovative funding mode, namely the "money-follows-the-user" approach, would be adopted to allow eligible elders to choose the services that suit their individual needs with the use of service vouchers.

## **Deliberations by members**

### Consultancy study initiated by EC

5. At its meeting on 11 July 2011, the Panel was briefed on the findings of the EC's consultancy study on CCS for the elderly and recommendations made in the study report. A special meeting was held on 22 August 2011 to gauge views from the stakeholders. The Panel noted that the consultant had made a number of recommendations, which fell into the following three major areas, for EC's consideration –

- (a) Area 1: Improving the existing mode of service delivery and increasing the service volume;
- (b) Area 2: Introducing a CCS voucher based on affordability and shared responsibilities and equitable allocation of resources; and
- (c) Area 3: Creating an environment for further development of CCS.

6. Members agreed with the consultant's recommendations that the development of subsidized CCS should be further enhanced. However, members cautioned that the provision of CCS would by no means replace residential care services for the elderly. Members and deputations urged

the Administration to continue to take concrete action to address the waitlisting situation for subsidised residential care places for the elderly.

7. Some members and deputations were gravely concerned about the introduction of means-tested mechanism and the "users pay principle" for subsidized CCS. According to EC, the objective of the EC study was to examine ways to strengthen CCS for elders through a more flexible approach and diverse mode of service delivery. The provision of CCS voucher would serve as an incentive to encourage eligible elders who were waiting for residential care services to opt for CCS under the dual option system, and they would remain on the waiting list for subsidized residential care places for the elderly while using the voucher. The recommendation of introducing CCS voucher based on the principles of affordability and shared responsibility might help to address the varying needs of different sectors of the older population and throw light on the discussion on the effective use of public resources. It was mindful of the controversies in the proposal. Should the Administration accept the directions put forward by the consultant, EC would then study the details of the proposal, and further public discussion would be necessary.

8. According to the Administration, it agreed in principle with the overall thrust of the EC report, but it would take time to study the recommendations in greater detail as it was only released in June 2011. It would revert to the Panel on its way forward for the recommendations in the 2011-2012 session.

#### Preliminary proposal on the voucher scheme

9. After the former CE's announcement of the four-year pilot CCS voucher scheme in his 2011-2012 Policy Address, the Panel was briefed on the preliminary proposal on the scheme at its meeting on 13 February 2012. Views from deputations on the scheme were received at the Panel meeting on 27 April 2012.

10. According to the Administration, the voucher scheme to be launched in 2013-2014 would adopt a new funding mode, whereby the Government provided subsidy directly to the service users instead of the service providers. In the first two years (i.e. the first phase), the Administration would start with elders who had been assessed by SWD's Standardized Care Need Assessment Mechanism for Elderly Service to have impairment at moderate level. Subject to the outcome of the first phase, it would include elders with severe impairment, whose care needs were more complicated, in the second phase.

### *Voucher value*

11. Members were advised that the voucher value for the first phase, for elders with impairment at moderate level, was set at \$5,000 per month. Noting that the unit cost for subsidized day care service was around \$7,500 per month and that for Enhanced Home and Community Care Services ("EHCCS") was around \$3,500 per month, some members questioned the rationale and basis for setting the voucher value at \$5,000. Some members considered that different voucher values should be set to cater for the specific needs of voucher holders. The Administration explained that as the services available to users under the Pilot Scheme were similar to the existing CCS, the voucher value should be comparable to existing service costs. The unit costs for subsidized day care service and EHCCS provided some indication of the voucher value which offered service either in a mixed mode of day care and home care services or a single mode of day care service.

12. Members were advised that as the service users were moderately impaired and had similar care needs in the first phase of the scheme, the Administration therefore proposed one single voucher value for all users at \$5,000 per month. In addition, this would allow for a simpler design for the benefit of both the operators and the service users to get familiarized with the scheme. The Administration would consider setting different voucher values in the second phase to cater for the more diverse care needs of service users.

### *Co-payment arrangement*

13. Members noted with concern that a sliding scale of co-payment would be determined based on a means test mechanism. Some members expressed concern that the introduction of the voucher scheme was a move towards privatization of subsidized services by inviting private operators to join the market. They were concerned whether the existing CCS users would have to pay more for CCS to be provided by private operators. Members asked about the co-payment arrangement in case the actual service cost had exceeded the voucher value.

14. The Administration advised that the services provided under the Pilot Scheme would remain subsidized, with Government funding ranging from at least 50% to 90% of the voucher value for all service users. In line with the EC's recommendation, there would be a sliding scale of co-payment, so that the less that the user could afford, the more the Government would pay. Users could top up their payment to enjoy additional and non-essential services.

15. The Administration further advised that in line with the existing practice, means test would be applied to assess the household income of the service users. This would help ascertain the elders' real need for assistance and allocate public resources in a more prudent manner. The asset value of the elders and their household was not subject to means test.

16. The Administration assured members that the introduction of the Pilot Scheme would not affect existing subsidized CCS provision. The Administration would continue its efforts in providing more subsidized CCS and residential care places funded by the conventional financing mode.

#### *Case management approach*

17. According to the Administration, a case management approach would be adopted for service matching, quality monitoring and cost control. Some members were concerned about the impartiality of the case managers in drawing up care plan for voucher holders, if they were to be performed by the service providers. The Administration advised that as there was only one single voucher value for all users who had similar care needs in the first phase of the Pilot Scheme, there was little budgeting function to perform and less conflict of interests in care planning and service provision. Therefore, the Administration considered that case management could be provided by the service providers in the first phase. It would consider inviting impartial external parties to perform the functions of case management in the second phase.

#### *Quality monitoring mechanism*

18. Noting that the Administration would encourage more social enterprises ("SEs") and the private market to offer CCS under the Pilot Scheme, some members expressed grave concern about the possible decline in service quality with the joining in of more novice service providers and the increasingly acute shortage of manpower in the elderly care sector. They called on the Administration to put in place a quality monitoring mechanism to monitor the performance of service providers. The Administration advised that it was fully aware of the importance of monitoring service quality for the Scheme. A monitoring mechanism, with a set of standardized assessment tool for measuring service outcomes, would be in place for the implementation of the Pilot Scheme. As regards manpower planning, the Administration said that it had solicited the support of various training institutes to increase the supply of training places. The Education Bureau had also undertaken to develop a qualifications framework for the elderly care service sector, with a view to attracting more new entrants to the field.

### **Latest development**

19. In the recent discussions on the provision of CCS at meetings of the Joint Subcommittee held in March and May 2013, members noted that in the first phase of the Pilot Scheme, a maximum of 1 200 vouchers would be issued to elderly applicants in eight selected districts who were moderately impaired. Members and deputations reiterated their concerns about the scope of service, readiness of NGOs and SEs in offering quality services, and adequacy of manpower supply for taking forward the Scheme. At the request of the Joint Subcommittee, the Administration will brief members on the progress of the Pilot Scheme at the Joint Subcommittee meeting on 24 June 2013. Public views on the Pilot Scheme will also be received at the meeting.

### **Relevant papers**

20. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

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Legislative Council Secretariat  
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## Appendix

### Relevant papers on Pilot Scheme on Community Care Service Voucher for the Elderly

Committee	Date of meeting	Paper
Panel on Welfare Services	11 July 2011 (Item III)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	22 August 2011 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	21 October 2011 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	13 February 2012 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	27 April 2012 (Item I)	<a href="#">Agenda</a> <a href="#">Minutes</a>
Panel on Welfare Services	21 January 2013 (Item I)	<a href="#">Agenda</a>
Joint Committee on Long-term Care Policy	26 March 2013 (Item I)	<a href="#">Agenda</a>
Joint Committee on Long-term Care Policy	28 May 2013 (Item I)	<a href="#">Agenda</a>

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