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Panel on Welfare Services

**Updated background brief prepared by the Legislative Council
Secretariat for the meeting on 10 November 2014**

Pilot Scheme on Community Care Service Voucher for the Elderly

Purpose

This paper provides a brief account of the past discussions by the Council and relevant committees relating to the Pilot Scheme on Community Care Service Voucher for the Elderly ("the 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. To facilitate elderly persons 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 elderly persons who wish to stay in the community and those who are on the waiting list for subsidized residential care places. 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 elderly persons who aged at home. One of the key recommendations is for the Government to introduce a CCS voucher scheme, which allows eligible elderly persons to choose CCS that suit their needs.

4. Taking on board the EC's recommendation, the Administration introduced a four-year pilot CCS voucher scheme to provide direct subsidy in the form of service vouchers to elderly persons who had long-term care ("LTC") services needs to facilitate them to age at home. Adopting a new funding mode of "money-follows-the-user", the Pilot Scheme comprised two phases. The First Phase was launched in September 2013 (lasting for two years) with a maximum of 1 200 vouchers issued to moderately impaired elderly applicants in eight selected districts. Since late July 2013, SWD had started inviting eligible elderly persons, based on the application date for LTC services in the Central Waiting List ("CWL"), to join the Pilot Scheme. The Second Phase will commence in 2015-2016.

Deliberations by Members

Co-payment and means test

5. In discussing the findings and recommendations of the EC's consultancy study on CCS for the elderly at the meeting of the Panel on Welfare Services ("the WS Panel") in 2011, Members were gravely concerned about the introduction of means-tested mechanism and the "users pay principle" for subsidized CCS. According to EC, the recommendation of introducing CCS voucher based on the principles of affordability and shared responsibility might help address the varying needs of different sectors of the older population and throw light on the discussion on the effective use of public resources.

6. Members noted with concern that a sliding scale of co-payment (the five levels of \$500, \$750, \$1,000, \$1,500 and \$2,500) would be determined based on a means-tested 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 also asked about the co-payment arrangement in case the actual service cost had exceeded the voucher value.

7. 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 the user could afford, the more the Government would pay. Users could top up their payment to enjoy additional and non-essential services. In addition, 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 elderly persons' real need for assistance and allocate public resources in a more prudent manner. The asset value of the elderly persons and their household was not subject to means test.

8. The Administration further 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.

9. Members asked whether voucher holders on Comprehensive Social Security Assistance ("CSSA") could be exempted from the co-payment. The Administration advised that voucher holders on CSSA might apply for a special grant under CSSA to cover part of the co-payment under the Pilot Scheme. During the First Phase, eligible CSSA recipients needed to pay a monthly co-payment of \$500 but might receive reimbursement of either \$207 (under mixed mode of day care and home care services) or \$149 (under single mode of day care service) per month from Social Security Field Units of SWD. The reimbursement would put them in a similar position as those CSSA recipients who were receiving CCS under the conventional approach.

Voucher value

10. When the WS Panel was consulted on the preliminary design of the Pilot Scheme, Members were advised that the voucher value for the First Phase, for elderly persons 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, Members questioned the rationale and basis for setting the voucher value at \$5,000. They considered that different voucher values should be set to cater for the specific needs of voucher holders.

11. 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 services or a single mode of service. As the service users were moderately impaired and had similar care needs, the Administration therefore proposed one single voucher value for all users at \$5,000 per month in the First Phase of the Pilot Scheme. This would also allow for a simpler design for the benefit of both the operators and the service users to get familiarized with the Pilot Scheme. The Administration would consider setting different voucher values in the Second Phase to cater for the more diverse care needs of service users.

12. Noting that the voucher value would be increased to \$5,800 per month when the Pilot Scheme was launched in September 2013, Members were concerned that the increased value was still unable to cover the costs of CCS by voucher holders. According to the Administration, as at end-February 2014, the average monthly subsidy for each voucher holder was around \$5,100.

Case management approach

13. Regarding the case management approach adopted for service matching, quality monitoring and cost control under the Pilot Scheme, 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.

14. 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

15. Members expressed 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.

16. The Administration advised that it was fully aware of the importance of monitoring service quality for the Pilot Scheme. SWD invited eligible NGOs and social enterprises ("SEs") to submit applications for being Recognized Service Providers ("RSPs"), which would be assessed by a vetting committee. A total of 62 eligible RSPs to be operated by 29 NGOs and two SEs were selected for the First Phase. 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. SWD would conduct review visits to and random checks on RSPs to audit all relevant records and files, such as service hours for individual voucher holders and fee-charging.

17. As regards manpower planning, the Administration assured Members 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.

Coverage and Participation rate

18. Members held the view that the Pilot Scheme should cover more than the eight selected districts and be extended to elderly persons who were mildly impaired as well as non-elderly persons who were in need of CCS. The Administration advised that the First Phase of the Pilot Scheme covered eligible elderly persons who had been assessed by the Standardized Care Need Assessment Mechanism for Elderly Services ("SCNAMES") as moderately impaired and were waiting for subsidized CCS and/or residential care service ("RCS") on CWL. Elderly persons who wished to join the Pilot Scheme could undergo SCNAMES. If they were assessed by SCNAMES as moderately impaired, the Administration would follow up their request for participating in the Pilot Scheme.

19. Members were concerned about the participation rate of the First Phase of the Pilot Scheme and the reason for elderly persons' non-participation. The Administration advised that as at end-February 2014, around 11 500 invitation letters were issued by SWD, with 929 eligible elderly persons participating in the Pilot Scheme and some 3 700 replies pending. The enrolment rate was around 77%. Among the invitees who did not join the Pilot Scheme, around half of them already had carers and 22% wished to receive RCS only, while the rest might wait for admission to residential care homes, have no preferred service providers or refuse to undergo means test. All the 1 200 vouchers for the First Phase

of the Pilot Scheme were issued in early-April 2014.

Evaluation and review

20. Members considered that the low participation rate boiled down to the poor design of the Pilot Scheme. Some elderly persons might find the service mode unsuitable for their needs or the co-payment unaffordable. Some did not want their LTC service applications to be deactivated or were reluctant to undergo the means test. Members called on the Administration to examine afresh the Pilot Scheme and rectify such deficiencies in designing the Second Phase.

21. According to the Administration, SWD had commissioned the Sau Po Centre on Ageing of the University of Hong Kong to conduct a formative and outcome evaluation ("the Evaluation") of the First Phase of the Pilot Scheme, as well as a Case Mix Study on CCS for the Elderly ("the Study"). The interim report of the Evaluation and the result of the Study, which were expected to be ready by September 2014, would assist the Administration in identifying areas of concern on the First Phase of the Pilot Scheme and formulating the design of the Second Phase, which was scheduled for implementation in September 2015.

22. Members expressed concern that if the Study was conducted from the Administration's perspective, it might not accurately capture the service needs for CCS. Taking the view that there was a mis-match between CCS provided under the Pilot Scheme and the needs for CCS, Members urged the Administration to collect more views on the needs for CCS and develop the Pilot Scheme afresh to address these needs.

Relevant papers

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

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)	Agenda Minutes
Panel on Welfare Services	22 August 2011 (Item I)	Agenda Minutes
Panel on Welfare Services	13 February 2012 (Item V)	Agenda Minutes
Panel on Welfare Services	27 April 2012 (Item I)	Agenda Minutes
Panel on Welfare Services	21 January 2013 (Item I)	Agenda Minutes
Joint Committee on Long-term Care Policy	26 March 2013 (Item I)	Agenda Minutes
Joint Committee on Long-term Care Policy	28 May 2013 (Item I)	Agenda Minutes
Joint Committee on Long-term Care Policy	24 June 2013 (Item I)	Agenda Minutes
Panel on Welfare Services	13 January 2014 (Item V)	Agenda Minutes
Finance Committee	3 April 2014	Administration's replies to members' written questions in examining the Estimates of Expenditure 2014-2015 Pages 1034, 1232-1234 and 1617

Committee	Date of meeting	Paper
Legislative Council	12 June 2014	Official Record of Proceedings Pages 6-77 Progress Report

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