香港社會服務聯會
The Hong Kong Council of Social Service

By fax
May 3, 2002

Mr Colin Chui
Clerk
Public Accounts Committee
Legislative Council

Dear Mr Chui,

Re : Audit Commission's Report on Residential Services for the Elderly

I am writing to express our concern towards the above report published on April 24, 2002, which might have far-reaching impact on residential services for the elderly. Knowing that the Committee is going to consider the captioned report, we would like to share the views of the NGO sector with the members. Please kindly assist in circulating the attached paper to the members for their consideration.

Please feel free to call me at 2864 2929 if you wish to have more discussion on this issue.

Best wishes !

Yours sincerely,

Christine M.S. Fang
Chief Executive

c.c. The Hon Bernard Chan, Chairperson, HKCSS
Dr E.K. Yeoh, J.P., Secretary for Health & Welfare
Mrs Carrie Lam, J.P., Director of Social Welfare

凝聚社會力量
香港軒尼詩道15號威爾斯親王社會服務大廈13樓 13/F, Duke of Windsor Social Service Bldg, 15 Hennessy Rd, Hong Kong
Tel: (852) 2864 2929 Fax: (852) 2865 4918 council@hkcss.org.hk http://www.hkcss.org.hk

Appendix I

THE HONG KONG COUNCIL OF SOCIAL SERVICE

Response to the Audit Commission's Report on the Residential Services for the Elderly (April, 2002)

1. Value of Residential Services for the Elderly

1.1 ***"Hong Kong's elderly have contributed much to our success over the years. It is only right that we should help them to enjoy a sense of security, a sense of belonging, good health and a feeling of personal worth", said by the Chief Executive in his Policy Address 1998.*** It is the government and indeed, the society's commitment to take good care of our seniors and to show our respect for their invaluable contributions.

1.2 Since 1960's, a whole range of residential care services have been developed to take care of the elderly persons according to their social and physical needs. For years, these homes have been providing high quality care for the elderly and the services are well accepted by the whole society. The fact that the elderly persons choose to wait 35 months for a subvented C&A place instead of 11 months for a bought place in a private home is the best evidence.

1.3 Taking into consideration the economic difficulties we faced recently, our sector is ready to explore cost-effectiveness options that can bring about the same high quality services already established and recognized by the society. For instance, the provision of infirmary care in the nursing homes, the phasing out of the Home for the Aged, etc.

2. Policy Direction in Residential Care Services for the Elderly

2.1 In a Report of the Elderly Commission issued in 2000, the concepts of "Ageing in Place" and "Continuum of Care" have been affirmed to be the key policy directions on care for the elderly which enable the elderly persons to grow old in a familiar environment without moving to other institutions upon deterioration of their health. Several researches have confirmed that relocation would increase the death rates of the elderly.

3. Provision of subsidized nursing home and infirmary care

3.1 To actualize the concept of "continuum of care", residential care should be able to provide care to the elderly persons requiring different levels of

care, from moderate (C&A homes) to severe (nursing homes and infirmaries) levels. ***Thus, we support the idea that the Government should review and decide whether Infirmary care should be provided in the welfare setting instead of hospital setting.*** To this, the welfare sector is prepared to discuss with the Administration on how to facilitate such transfer.

3.2 The Elderly Commission, in one of its Ad hoc Committee on Housing and Residential Care Services, has recommended the continuum of residential services to start from C&A level in 2000. We agree with this direction and thus in the long run, we opine that the care-and-attention homes should also be strengthened to take care of the infirm cases as well. It is only within this condition that the ideal of "continuum of care" can be achieved.

4. Phasing out of Home for the Aged (HFA)

4.1 If we are working towards the continuum of care in residential services, we agree that such continuum should target at serving those elderly persons with care needs. Historically, HFA served the functions to resolve the social and housing needs of the elderly persons without impairment. ***As there are now alternatives available for them to choose the Housing for the Senior Citizens, we agree with the objective to phase out the Home for the Aged.***

4.2 Indeed, the NGOs have been trying hard to facilitate the conversion of their HFA into C&A homes in recent years. However, the Audit's recommendation to transfer the existing HFA residents to C&A homes is not desirable as relocation may affect the health of the elderly persons. Instead, these HFA should either be converted or be given supplements to provide care at higher levels. This follows the whole concept of "continuum of care".

5. Provision of care-and-attention (C&A) places

5.1 The Audit has rightly pointed out that the current standards are different between the subvented C&A places and the bought places under the BPS/EBPS. They also suggested to reduce the disparity by improving the quality of the BPS/EBPS (2.18). ***We support the Audit's recommendation and agree that the Government should upgrade the level of service in the bought places to a desirable level.***

6. Government's financing of subsidized residential services for the elderly

6.1 Unit cost calculation for different levels of care

6.1.1 We note that the Audit has recommended different unit costs for C&A, nursing home and infirmary cases. ***We fully support this view as the operating costs of different levels of care do vary according to the care required.***

6.1.2 However, we are a bit confused about the figures. The Director of Social Welfare has mentioned in a briefing held in July, 2001 that the unit cost of subvented C&A homes under Lump Sum Grant is $6958 instead of $8918, as quoted in the report. We also found in the Controlling Officers' Report (2002) that the unit cost of a C&A place for 2000-01 is $8708. ***Since different figures have been quoted in different occasions, which might confuse the public, we opine that it is beneficial for the Committee to work out a more accurate unit cost calculation for different levels of care.*** Being the operators of subvented residential services for years, we are ready and feel obliged to assist in the process.

6.2 Adopting the open tender unit cost $5163 as the benchmark

6.2.1 ***We agree that there should be a unit cost for each level of care, but it is indeed premature at this moment to use this cost as the benchmark of C&A home since the home is the first one allocated through open tendering.*** It has just started to operate for less than 2 months (starting from March, 2002) and is too early to tell whether this cost is accurate and sustainable.

6.2.2 Besides, we have to note that the nature of this open tender home is not exactly the same as the subvented homes. It is operated on a mixed mode where there is a subvented section and a self-financing section. For this first open tender home, the service fee for the subvented place is $1813 and the operator is given $5163 subsidy from the SWD, which means an apparent total cost of $6976. However, the service fee for the self-financing section is $8,500 to $12,000. For all the places to be placed under the same roof, they will be operated on the total income. ***Thus, the unit operating cost is likely to be higher than the unit subvention of $5163.***

6.3 Obtaining all the residential care services through open tendering, both for the new and the existing ones

6.3.1 We agree with the Director of Social Welfare's response in the Report that the bulk of the potential cost savings estimated by the Audit would only be achievable by "starting with a clean sheet". ***It would also induce unnecessary anxiety on the staffs, as well as the elderly residents and their family members if the existing RCHEs have to undergo open tendering again.*** Residential care is labour-intensive. Reduction in operating cost is likely to be achieved by cutting wages or lowering the manpower ratio. Care for frail elderly requires specially trained skills and thus, staff stability is critical for good quality of care. The elderly residents would be adversely affected if the operators and the staffs changed frequently.

6.3.2 Besides, the comparison between the operating costs of existing homes and the cost of a C&A home obtained through open tendering is not made on a fair basis. For any new home to start operating at this moment, the organization can offer contracts to the employees according to the present salary index whereas the existing homes have to honor the contracts of their staffs employed many years ago when Hong Kong was still enjoying fast economic growth.

6.3.3 In fact, the NGOs are already operating on Lump Sum Grant since April, 2000. Besides, they have to further cut down their operating cost to reach the benchmark of mid-point salary by 2005. ***Thus, we are expecting a substantial drop in the operating costs of these homes and it is not necessary to adopt another method, such as open tender, to achieve cost-effectiveness.***

6.4 Paying direct subsidies to the elderly

6.4.1 ***We opine that several pre-requisites are required before paying direct subsidy to the elderly can be implemented successfully, including clear information about the market, quality assurance of the service rendered and sufficient supply of quality service.***

6.4.2 At present, we do not have an objective standard of what is a good residential care. If the elderly is given the subsidy, they may not be able to search for the service they need if there is no clear information. They

may be cheated if there is no quality assurance or accreditation system to ensure the quality of service is really up to what the home claimed. SWD has just commissioned an organization to research on an accreditation system, but it will take 2 years to establish the system. Not until these pre-conditions are established, it is not advisable to carry out direct subsidy to the elderly.

6.4.3 Case management for the elderly may also be needed to help the elderly in the selection process, especially for those demented and without carers. In so doing, we have to calculate whether the savings would be offset by the additional administrative costs required.

7. Means-testing for RCHEs

7.1 In view of the growing aged population, we agree that the Government should look into the financing of Long Term Care services like RCHES.

7.2 If we look closely at the Audit's recommendations, we have to say that the term "means-testing" cannot best describe the desired outcome, which is rather a kind of co-payment for the service users that requires them to pay more based on their affordability. Yet, such kind of arrangement is actually one of the options in the Long Term Care financing. ***Thus, we opine that this should be considered carefully in the whole package of Long Term Care financing, instead of considering the arrangements in a fragmented manner.***

7.3 ***The report also noted that those countries having means-test system have different forms of retirement protection and Long Term Care insurance in place.*** Yet, the Mandatory Provident Fund has just started and there is no Long Term Care insurance in Hong Kong. According to the General Household Survey conducted in 2000, the median income of the elderly person is $2600. It is anticipated that not many of the elderly could afford to pay more. It would be very costly to set up the whole administration system to do the assessment and ends up with very few elderly having the ability to pay more.

7.4 The Audit has not spelled out the means-testing criteria, e.g. whether the elderly person's children have to be assessed or not. **If this arrangement is made, we worry that some elderly persons would be abandoned by their family members. We have been proud of our family care as a precious tradition. It is not a social cost we can bear if such arrangement leads to the breakdown of family care.**

8. Summary

8.1 We firmly believe in the ideal of continuum of care to be the policy direction we should achieve in the provision of residential care. Being the service providers, we are ready and be prepared to assist in actualizing such ideal. It is within this context that we are ready to explore different options in providing high quality and yet cost-effective services, e.g. infirmary care, phasing out of HFA, etc.

8.2 Within the continuum, there are different levels of care provided. We do treasure this opportunity to work out an accurate unit cost calculation with the Administration, which sets the foundation for an appropriate Long Term Care system.

8.3 Long Term Care financing will become a prominent issue in the future when our aged population continues to grow. Whether means-testing, co-payment and voucher system are applicable will require more investigation and analysis.

8.4 The above issues have far-reaching impact on the service delivery system, the users and service providers should be involved in the discussion.

May, 2002

END