

**For discussion  
on 13 February 2012**

**Legislative Council Panel on Welfare Services  
Pilot Scheme on Community Care Service Voucher for the Elderly**

**PURPOSE**

The Administration plans to launch a pilot scheme on community care service (CCS) voucher for the elderly. This paper sets out the preliminary proposal for Members' comment.

**BACKGROUND**

2. In July 2011, the Elderly Commission (EC) presented to this Panel its consultancy study report on CCS for the elderly. The study examined how CCS could be strengthened through a more flexible and diverse mode of service delivery to provide better support for elders who age at home. EC recommended that the Government introduce a voucher scheme which would allow eligible elders to choose the CCS that suited their needs. Taking on board EC's recommendation, the Chief Executive announced in his 2011-12 Policy Address that the Government would plan for such a pilot scheme.

**EXISTING FUNDING MODE FOR CCS**

3. At present, the Social Welfare Department (SWD) commissions non-governmental organisations (NGOs) to provide CCS either through subvention or contract payment. Elders who are eligible for CCS may opt for either home care or day care, and will be served by a designated service unit in the district. 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.

**COMMUNITY CARE SERVICE VOUCHER**

4. The voucher scheme is a new funding mode, whereby

Government provides subsidy directly to the service users instead of the service providers. In other words, the money follows the user. Such personal funding is like a service voucher that enables the user to choose the service provider(s), the type(s) of service and the service package which best suit his needs. He may also purchase additional/non-essential service offered by the service provider(s) by making top-up payment. Service provision is therefore not limited by the capacity of individual service providers, and a voucher scheme will promote greater flexibility and diversity in the market. Service providers will also have the incentive to improve service quality and be more responsive to users' needs.

## **THE PRELIMINARY PROPOSAL**

### **Timeframe**

5. We need time to fully test the viability of this new funding mode. We are therefore planning for a four-year pilot scheme. In the first two years (i.e. the first phase), we shall start with a simpler scheme that both the service providers and users can get used to more easily. In the following two years, more complex features may be introduced to cater for elders' varied needs and to ascertain to a fuller extent the viability of this funding mode.

### **Eligibility Criteria**

6. In line with the principle that elders who are most in need should have priority in using subsidised services, we propose that only elders who have been assessed by SWD's Standardised Care Need Assessment Mechanism for Elderly Service (SCNAM(ES)) to have impairment at moderate level or above may participate in the pilot scheme. To ensure smooth implementation of the scheme, we will start with elders with moderate impairment in the first phase. Subject to the outcome of the first phase, we may include elders with severe impairment, whose care needs are more complicated, in the second phase.

## **Scope of Service**

7. The voucher holder will have access to various services which are similar to the existing ones (for home care this means the Enhanced Home and Community Care Services (EHCCS)). An added advantage is that they may choose to receive both home care and day care services. The choices are –

- (A) Mixed mode: day care (part-time) and home care; or
- (B) Single mode: day care (part-time).

8. Elders who choose Option A will use day care and home care services on different days of the week. This is in line with EC's recommendation that these two types of service need not be mutually exclusive, but should complement each other for the greater benefit of the elders.

9. A mixed mode of service provision also enhances efficiency in terms of manpower deployment. Professional services (such as physiotherapy and occupational therapy) can be provided to elders in groups at the day care centres, while more personal or basic services (such as personal care, meal delivery, cleansing, etc.) can be provided by care workers at home.

10. Elders who would like to use day care service but do not need home care service may take Option (B). This option also encourages the participation of service providers which do not have home care teams but are running self-financing day care centres/units. The additional service places they offer will help relieve the pressure on day care provision.

## **Pilot Districts and Service Providers**

11. We propose to launch the pilot scheme in selected districts. Selection will be based on the district profile, for instance, the number of elders waiting for subsidised CCS and residential care service, the readiness of service providers to provide self-financing CCS in the district, etc.

12. For the first phase of the pilot scheme, we will invite NGOs and non-profit organisations (including social enterprises) to participate, as they are more experienced in the provision of CCS to elders. NGOs running residential care homes for the elderly (RCHEs) are likely to be interested, as they may have the spare capacity to operate an additional day care unit. Indeed, as RCHEs are staffed round-the-clock, their day care units may have more flexible opening hours to suit the users' needs. Some facilities in the RCHEs (e.g. kitchen, dining room, rehabilitation room, activities room, etc.) may also be better utilised to serve their CCS clients. In the long run, for a voucher scheme to succeed, we must encourage different types of service providers, including private operators, to join the market. Subject to the outcome of the first phase of the pilot scheme, and with the experience gained in quality control under a voucher system, we may extend the scheme to cover private operators in the second phase.

### **Voucher Value and Means Test Mechanism**

13. We propose to make reference to the arrangement for existing subsidised CCS when setting the voucher value, co-payment rate and means test mechanism under the pilot scheme, where applicable and appropriate. Voucher value is the amount available to the elder for procuring the services; co-payment rate represents his contribution to this amount, and the rate is determined by a means test which assesses the financial situation of the elder. Two fundamental principles underpin this voucher scheme. First, elderly care is a shared responsibility of taxpayers and service users, so we expect the user to contribute to its cost. Second, those who can afford it should pay more, so that more public resources can be deployed to assist the most needy. These principles have all along been adopted for subsidised CCS, and are supported by the majority of stakeholders in the study survey carried out by EC's consultant.

14. As the services available to users under this pilot scheme are similar to the existing CCS, the voucher value should also be comparable to existing service costs. At present, the unit cost for subsidised day care service is around \$7,500 per month, while that for EHCCS is around \$3,500 per month. These amounts provide some indication of what the

voucher value may be where the services offered are either in a mixed mode or on a part-time basis.

15. In the first phase of the scheme, all service users are moderately impaired and have similar care needs. This allows us to go for a simpler design for the benefit of both the operators and the service users. We propose one single voucher value for all users, at \$5,000 per month. Subject to the outcome of the first phase, we will consider setting different voucher values in the second phase to cater for the more diverse care needs of service users.

16. Regarding co-payment rates, reference can be made to the existing fee charging scheme for EHCCS, the Pilot Scheme on Home Care Services for Frail Elders and day care service, as set out at Annex A. We propose that services provided under the pilot scheme should remain subsidised, with Government funding at least 50% of the voucher value (i.e. \$2,500) for all service users, including those who choose not to be means tested. In line with EC’s recommendation, there will be a sliding scale of co-payment, so that the less that the user can afford, the more the Government pays. For the group of elders with the least financial means, the co-payment amount will be \$500 per month, which is about half of the existing user fee level for full-time day care service. All users will need to make the applicable amount of co-payment when they join the voucher scheme. Users may top up their payment to enjoy additional and non-essential services.

17. Details of the co-payment rates are set out below –

**Voucher Value: \$5,000**

<b>Category</b>	<b>Government Subsidy Rate (%)</b>	<b>Government Subsidy (\$)</b>	<b>User’s Co-payment rate (%)</b>	<b>User’s Co-payment (\$)</b>
<b>I</b>	90%	\$4,500	10%	\$500
<b>II</b>	85%	\$4,250	15%	\$750
<b>III</b>	80%	\$4,000	20%	\$1,000
<b>IV</b>	70%	\$3,500	30%	\$1,500
<b>V</b>	50%	\$2,500	50%	\$2,500

18. In line with the existing practice, the means test will assess the household income of the service users. This is more equitable than assessing only the elder's income in prioritizing the use of public resources. While most elders may not have a steady stream of income, they often have the support of their families. Taking the household income into account can help us ascertain the elders' real need for assistance and allocate public resources in a more prudent manner. The asset value of the elder or his/her household is not subject to means test.

19. We propose to make reference to the Median Monthly Domestic Household Income (MMDHI) when setting the household income thresholds for the households of different sizes. For elderly singletons, we propose a more relaxed limit, such that those with an income of no more than 75% of MMDHI may receive the maximum Government subsidy. This is because singletons tend to have a higher per capita maintenance cost and less room for deployment of resources in times of needs. For other household sizes, the maximum Government subsidy applies if the elder's household income is no more than 50% of MMDHI. Details are at Annex B.

20. According to the means test result, each elder will be granted his personal CCS voucher representing the Government subsidy applicable to him. In practice, there will not be payment of cash to the elders. The Government subsidy and service usage for individual elders will be recorded in their personal accounts. The Government will reimburse the service providers thereafter.

### **Case Management**

21. The voucher scheme offers more choices to the service users, but it remains the responsibility of the Government to ensure that their care needs are met and the services provided are satisfactory. In some countries which operate a similar voucher system, a case management approach is adopted for service matching, quality monitoring and cost control. The case manager will draw up a personal care plan for each elder having regard to his care needs, and will review his health conditions and update the plan on a regular basis. The regular reviews will help the Administration monitor and compare the performance of the

service providers. Case management is also an effective tool for budgetary and cost control purpose, especially if the service value for different elders varies to a great extent because of their different care needs.

22. For the first phase of our pilot scheme, there is only one single voucher value for all users who have similar care needs. There is little budgeting function to perform and less conflict of interests in care planning and service provision. Hence, we consider that case management could be provided by the service providers in the first phase. We will require service providers to prepare a care plan for individual elders and conduct regular reviews. Meanwhile, we will work on a quality monitoring mechanism using a set of standardised assessment tool, which will allow us to monitor the performance of the service providers in an objective manner.

23. As mentioned above, we will consider extending the voucher scheme to elders with severe impairment and setting different voucher values in the second phase. We may then have to consider inviting impartial external parties to perform the functions of case management, making use of the standardised assessment tool developed in the first phase of the pilot scheme. We will study the implications of adopting a case management approach in the provision of long-term care for elders, including the manpower implications, financial implications and its interface with the care need assessment under SCNAM(ES).

## **FINANCIAL IMPLICATIONS**

24. We will seek one-off funding support from the Lotteries Fund for the pilot scheme. As explained above, the voucher value for each participant of the pilot scheme will be \$5,000, with the elders making a co-payment ranging from 10% to 50%. The number of elders to participate in the pilot scheme will depend on the number of elders who have been assessed to have impairment at moderate level or above in the selected districts.

## **WAY FORWARD**

25. We plan to launch the first phase of the pilot scheme in 2013-14. Meanwhile, we will press ahead with the preparation work such as drawing up the implementation details, consulting stakeholders and developing the necessary information technology infrastructure for the management of voucher accounts.

26. The introduction of this pilot scheme is a significant step towards the development of a strong and vibrant CCS sector. Nevertheless, it does not affect existing subsidised CCS provision. It is noteworthy that while we are experimenting on a new voucher system, the bulk of the community's service demand will continue to be met through increase in service places funded by the conventional financing mode. We are also fully aware that some elders have to be taken care of in a residential care setting. The Government will continue its efforts in providing more subsidised residential care places. To conclude, the Government's investment in elderly care services will not be reduced. In fact, the Government's recurrent expenditure on elderly services has been steadily growing. The recurrent expenditure on elderly services for 2012-13 is estimated at \$5.03 billion, representing an increase of 15% from \$4.37 billion in 2011-12. This reflects our commitment in this area.

## **ADVICE SOUGHT**

27. Members are invited to give their views on the Administration's proposal.

**Labour and Welfare Bureau  
Social Welfare Department  
February 2012**



<b>Fee schedule of Enhanced Home and Community Care Services</b>			
<b>Income level</b>	<b>Comprehensive Social Security Assistance (CSSA) level or below</b>	<b>Between CSSA to 1.5 CSSA level</b>	<b>Above 1.5 CSSA level</b>
Meal delivery	\$12.6	\$15.4	\$18.6
Laundry	Light	\$0.7	
	Medium	\$0.9	
	Heavy	\$1.8	
Direct service, home making and escort services per hour	\$5.4	\$11.7	\$19.0

<b>Fee schedule of Pilot Scheme on Home Care Services for Frail Elders</b>								
<b>Income level</b>	<b>CSSA level or below</b>	<b>Between 1 - 1.5 CSSA level</b>	<b>Above 1.5 - 3 CSSA level</b>	<b>Above 3 - 4 CSSA level</b>	<b>Above 4 - 5 CSSA level</b>	<b>Above 5 - 6 CSSA level</b>	<b>Above 6 CSSA level</b>	
Meal delivery	\$12.6	\$15.4	\$18.6	\$25.0	\$30.0	\$30.0	\$30.0	
Laundry	Light	\$0.7			\$5.5 (per lb)	\$11.0 (per lb)	\$14.0 (per lb)	\$14.0 (per lb)
	Medium	\$0.9						
	Heavy	\$1.8						
Direct service provided by nursing staff (per hour)	\$5.4	\$11.7	\$19.0	\$25.0	\$30.0	\$40.0	\$60.0	
Direct service provided by professional staff (per hour)	\$5.4	\$11.7	\$19.0	\$30.0	\$85.0	\$120.0	\$150.0	

<b>Fee schedule of Day Care Centre/Unit (DE/DCU) for the Elderly</b>		
<b>Type of service</b>	<b>Monthly fee</b>	<b>Daily fee</b>
Day Care Services with provision of meal service	\$901* \$988**	\$36* \$39.5**
Day respite service (include transport service)	N.A.	\$40
Part-time service*** (include transport service)	N.A.	\$40
Transportation	\$30	N.A.
<p>* The rate is for 50% disabled or single elders  ** The rate is for 100% disabled elders/elders receiving Disability Allowance  ***Attend DE/DCU for less than 4 days in a week</p>		

<b>Fee schedule for Day Care Unit for the Elderly attached to Contract Home</b>		
<b>Service</b>	<b>Monthly Fee</b>	<b>Daily fee</b>
Day Care Services	\$1,000	N.A.
Day Care Services (for Service User requiring less than three meals a day)	\$900	N.A.
Transportation	\$30	N.A.
Daily fee for part-time Service User (inclusive of transportation)	N.A.	\$40

**Household Monthly Income & 5 levels of co-payment for the community care service voucher for the elderly**

Household size	Co-payment amount \$ (Co-payment rate %)				
	\$500 (10%)	\$750 (15%)	\$1,000 (20%)	\$1,500 (30%)	\$2,500 (50%)*
	75% of MMDHI^ (including CSSA@ recipients)	MMDHI	125% of MMDHI	150% of MMDHI	Above 150% of MMDHI
1	≤ \$5,400	\$5,401 - \$7,200	\$7,201 - \$9,000	\$9,001 - \$10,800	> \$10,800
	50% of MMDHI (including CSSA recipients)	75% of MMDHI	MMDHI	125% of MMDHI	Above 125% of MMDHI
2	≤ \$7,500	\$7,501 - \$11,250	\$11,251 - \$15,000	\$15,001 - \$18,750	> \$18,750
3	≤ \$10,250	\$10,251 - \$15,375	\$15,376 - \$20,500	\$20,501 - \$25,625	> \$25,625
4	≤ \$13,250	\$13,251 - \$19,875	\$19,876 - \$26,500	\$26,501 - \$33,125	> \$33,125
5	≤ \$17,050	\$17,051 - \$25,575	\$25,576 - \$34,100	\$34,101 - \$42,625	> \$42,625

\* This category includes those who choose not to be means tested.

^ MMDHI stands for Median Monthly Domestic Household Income.

@ CSSA stands for Comprehensive Social Security Assistance.

**MMDHI Q3 of 2011**

Household size	50%	75%	MMDHI	125%
1	\$3,600.00	\$5,400.00	\$7,200.00	\$9,000.00
2	\$7,500.00	\$11,250.00	\$15,000.00	\$18,750.00
3	\$10,250.00	\$15,375.00	\$20,500.00	\$25,625.00
4	\$13,250.00	\$19,875.00	\$26,500.00	\$33,125.00
5	\$17,050.00	\$25,575.00	\$34,100.00	\$42,625.00