

## **A. Introduction**

The Audit Commission ("Audit") conducted a review on the Social Welfare Department ("SWD")'s provision of subsidized long-term care ("LTC") services for the elderly (citizens aged 65 and above) and its regulation of residential care homes for the elderly ("RCHEs").

### Background

2. Hong Kong is facing an ageing population. The Administration's LTC policy is to promote ageing in place. Subsidized LTC services are provided by SWD through community care services ("CCS") and residential care services ("RCS") under a standardized care need assessment mechanism it operates. If subsidized care places are not readily available for eligible elderly persons, they will be put on the Central Waiting List for subsidized LTC services ("CWL") to wait for their turn. CWL allocates the subsidized places on a first-come-first-served basis according to the applicants' registration dates in CWL and their preferences.

3. The Labour and Welfare Bureau ("LWB") is the Administration's policy bureau for overseeing LTC services for the elderly while SWD is responsible for the implementation of the LTC services through funding non-governmental organizations ("NGOs") and service operators in both CCS and RCS domains. For 2013-2014, SWD spent \$0.97 billion and \$3.41 billion on the provision of subsidized CCS and RCS to the elderly, involving some 14 000 and 30 000 frail elderly respectively. In addition, around \$2.1 billion was spent in the same year on payments under the Comprehensive Social Security Assistance ("CSSA") Scheme of SWD to 25 700 elderly living in non-subsidized RCS places in RCHEs.

### The Committee's Report

4. The Committee's Report sets out the evidence gathered from witnesses. The Report is divided into the following parts:

- Introduction (Part A) (paragraphs 1 to 7);
- Growing demand for subsidized long-term care services (Part B) (paragraphs 8 to 47);
- Community care services (Part C) (paragraphs 48 to 54);

- Residential care services (Part D) (paragraphs 55 to 64);
- Way forward (Part E) (paragraphs 65 to 68); and
- Conclusions and recommendations (Part F) (paragraphs 69 to 71).

### Public hearings

5. The Committee held two public hearings on 8 December 2014 to receive evidence on the findings and observations of the Director of Audit's Report ("the Audit Report").

### Opening statement by the Secretary for Labour and Welfare

6. **Mr Matthew CHEUNG Kin-chung, Secretary for Labour and Welfare** made an opening statement at the beginning of the Committee's first public hearing held on 8 December 2014, the summary of which is as follows:

- in view of the challenges posed by the ageing population, the Administration's policy priorities were to provide effective services for senior citizens and map out the long-term plan for the services. For the frail elderly, in line with the policy of promoting "ageing in place as the core, institutional care as back-up", the Administration had allocated substantial resources to provide a wide spectrum of CCS and RCS with a view to supporting the elderly with various care needs as well as their carers;
- the Administration had adopted an innovative approach in introducing pilot projects and exploring feasibility of new service modes, with details in the Audit Report. This aimed to promote the diversity of the provision of elderly services with more flexibility and choices to suit the needs of the elderly citizens; and
- LWB and SWD agreed with the recommendations put forward in the Audit Report and will follow up the relevant enhancement measures as appropriate. The Chief Executive has tasked the Elderly Commission ("EC") to prepare an Elderly Services Programme Plan within two years. EC had set up a working group to follow up relevant work on the Programme Plan, which was expected to be completed in mid-2016. The Administration had forwarded the Audit Report to EC

for it to take into account as it deemed appropriate when formulating the Programme Plan.

The full text of the Secretary for Labour and Welfare's opening statement is in *Appendix 14*.

7. **Secretary for Labour and Welfare** added that EC was also studying the feasibility of a RCS voucher scheme. A Special Scheme on Privately Owned Sites for Welfare Uses ("Special Scheme") had also been launched to provide up to 9 000 LTC places for the elderly.

## **B. Growing demand for subsidized long-term care services**

### Providing an indicator for average waiting time for LTC services

8. According to paragraph 2.17 of the Audit Report, the number of applicants on the CWL for subsidized care and attention ("C&A") places and nursing home ("NH") places at end August 2014 was 24 250 and 6 440 respectively. The average waiting time for C&A places at subvented/contract RCHEs and NH places at the same date was 36 months and 32 months respectively. The Committee also noted that as stated in the Chief Executive's election manifesto for the Chief Executive Election 2012, he would streamline and enhance RCS to shorten the waiting time. Noting the long waiting time for subsidized places, the Committee enquired whether LWB and SWD would set a target admission time pledge for the subsidized RCS places, with reference to the average waiting time for general applicants for the public rental housing.

9. **Secretary for Labour and Welfare** explained that the waiting time for subsidized RCS places was affected by a number of factors such as the special preference of applicants in terms of the location, diet and religious background of the elderly homes, whether the applicant has requested joining family members and/or relatives in a particular home, and the turn-over rate of individual homes, and so on; and it was very difficult to set a target time for admission to RCHEs.

10. In reply to the Committee's request, **Secretary for Labour and Welfare** provided an ageing analysis of the applicants on CWL for RCS from 2011-2012 to 2013-2014 in his letter dated 29 December 2014 (in *Appendix 15*).

11. On how the Administration planned to shorten the waiting list and waiting time for subsidized RCS places, **Secretary for Labour and Welfare** responded at the public hearing and supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the Administration has taken a multi-pronged approach to increase the provision of subsidized RCS places as follows:
  - (a) in the short run, the Administration would purchase places from private RCHEs through the Enhanced Bought Place Scheme ("EBPS") and make better use of space in subvented homes for provision of more subsidized places with elements of a continuum of care;
  - (b) in the medium term, new contract RCHEs would be built to increase the number of subsidized places; and
  - (c) in the long run, the Administration would continue to identify suitable sites in close collaboration with concerned government departments for construction/redevelopment of RCHEs through exploring the possibility of reserving land or premises in new or redevelopment projects, public rental housing development, Urban Renewal Authority projects as well as vacant sites;
- over 1 600 additional subsidized RCS places had been provided from 2012-2014 and 530 new subsidized RCS places and about 100 new subsidized day care places were planned through new contract RCHEs from 2014-2015 to 2016-2017; and
- the Administration had launched other schemes to address the demand of RCS places, including the Special Scheme and the Pilot Residential Care Services Scheme in Guangdong. EC had been tasked to explore the feasibility of introducing a RCS voucher scheme and to submit a report in a year's time around mid-2015. About \$800 million had been earmarked to issue a total of 3 000 residential care services vouchers in phases within three years from 2015-2016. EC was preparing the Elderly Services Programme Plan and aimed to submit its report to the Administration in mid-2016.

### Waiting time for RCS

12. The Committee noted that the elderly's preferences for RCHEs would have a great implication on the waiting time for RCS and some elderly had declined RCS placement offers due to various reasons. The Committee sought statistics on the average waiting times for various types of subsidized RCS places as well as the number of elderly who had declined RCS placements in 2011 to 2013.

13. **Secretary for Labour and Welfare** provided the requisite statistics in his letter dated 29 December 2014 (in Appendix 15). He supplemented that the vast majority of elderly applicants had preferences for the homes. SWD would arrange placement offers to the elderly applicants in accordance with their expressed preferences. As at end-September 2014, the average waiting time<sup>1</sup> for applications for C&A places at subvented homes and contract homes, and private homes participating in EBPS with location preference was 34.4 months and 7.2 months respectively. If there was no location preference, the average waiting time for C&A places at private homes participating in EBPS could be shortened to 2.2 months.

### Community care services

14. Noting from paragraphs 2.5, 2.6 and 2.9 of the Audit Report that the Administration's elderly care policy was to encourage elderly persons to "age in place" and the unit cost for CCS ranged from \$1,600 to \$7,100 a month in 2013-2014, while that of subsidized RCS places were substantially higher from \$7,900 to \$15,600 a month, the Committee enquired whether the Administration would increase resources to provide more CCS places and enhance the services.

15. **Ms Carol YIP, Director of Social Welfare** said that the institutionalization rate in Hong Kong at 7% was relatively high as compared with other developed countries. Coupled with the Administration's LTC policy to promote "ageing in place" and the wishes of the majority of elders to age at home rather than being institutionalized, SWD would strengthen the provision of CCS so that more elderly would age in place. **Secretary for Labour and Welfare** advised at the public hearing and supplemented in his letter of 29 December 2014 (in Appendix 15) that measures implemented/to be implemented included:

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<sup>1</sup> Waiting time captures the time when the cases are put under CWL to the time when the cases are admitted to RCS. The average waiting time for cases admitted to subsidized RCS in the past three months includes normal and priority placement applicants but excludes those with inactive history.

*Provision of long-term care services for the elderly*

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- from 2013-2014 to 2016-2017, 354 additional day care places had been/would be provided by new Contract RCHEs/Contract RCHEs with day care units ("DCUs") and new day care centres ("DEs"). Sites in 11 development projects had been earmarked for the construction of new Contract RCHEs and DEs/DCUs, with an estimated number of 310 additional day care places;
- under the first phase of the Pilot Scheme on Community Care Service Voucher for the Elderly, 1 200 vouchers had been issued. The Sau Po Centre on Ageing of the University of Hong Kong had been commissioned by SWD to conduct an evaluation study on the first phase of the Pilot Scheme. The findings of the study should be available by June 2015;
- the second phase of the Pilot Scheme on Community Care Service Voucher for the Elderly which was aimed at providing services for more frail elderly was planned for implementation in September 2015;
- a two-year "Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families" had been rolled out to provide carers of elderly persons from low income families with a living allowance so that elderly persons in need of LTC services could, under the help of their carers, receive proper care and to enable them to remain in the community; and
- a maximum of 2 000 additional CCS would be provided if all the proposals under the Special Scheme smoothly came to fruition.

16. In response to the Committee's enquiry about measures to shorten the average waiting time for day care services and home care services in districts with particularly high average waiting time (paragraphs 2.14(a) and 2.14(b) of the Audit Report refer), **Director of Social Welfare**, stated at the public hearings and **Secretary for Labour and Welfare** explained in his letter dated 29 December 2014 (in Appendix 15) that:

- starting from 2012, cross-district services were allowed for two DEs;
- under the first phase of the voucher system for CCS, SWD had designated some CCS operators in some districts to offer services for the elderly living in other districts;

- the Administration would consider, where possible, re-distributing enhanced home and community care services ("EHCCS") places from team(s) with fewer waiting cases to team(s) with greater service demand through contract variation so as to better utilize the resources and shorten the waiting time in the concerned districts; and
- the Administration had already taken into account the longer waiting time and greater service demand in some of the districts in planning additional day care places in 2014-2015 to 2022-2023 and distributing EHCCS places to different districts. Among the 1 500 additional places to be provided by NGOs from March 2015 onwards, over 60% would be allocated to the five districts as mentioned in the Audit Report.

#### Elderly who had been classified as "inactive"

17. The Committee noted from paragraph 2.18(a) of the Audit Report that, as at end-August 2014, SWD excluded 6 800 elderly persons who had been assessed as "RCS only" or "dual option" (i.e. either RCS or CCS is equally appropriate for the applicant) but were meanwhile using CCS, from CWL as a result of their "inactive" status. Given that these "inactive" elderly could opt at any time for RCS, with their priority not being affected by the "inactive" status, the Committee enquired the rationale behind implementing this change in classification as it would have given the public a wrong impression about the actual number of elderly on the CWL for RCS.

18. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- on 20 October 2003, in the SWD's paper to the Legislative Council ("LegCo") Panel on Welfare Services (in *Appendix 16*) on the establishment of a CWL for subsidized LTC services, it was mentioned that to encourage ageing in place, the elderly which had been assessed to be suitable for dual option and had been admitted to CCS, their applications for RCS would be treated as inactive. For the purpose of service planning, these "inactive" cases on CWL would be separately accounted for so as not to distort the overall demand for LTC services;
- prior to the implementation of CWL in November 2003, SWD had extensively consulted the stakeholders. While the Manual of

Procedures on Registration and Allocation of LTC Services<sup>2</sup> ("SWD Manual") had clearly outlined the handling procedures of inactive cases, the five Standardized Care Need Assessment Management Offices (Elderly Services) ("SCNAMOs") conducted regional sharing sessions for the stakeholders; and

- during another consultation in 2011 on reviewing the CWL mechanism and in response to request from the stakeholders and the elderly persons, SWD classified elderly persons assessed with RCS only as "inactive" for RCS applications upon their admission to CCS to align with the arrangement for dual option. SWD issued a letter to all stakeholders on 26 October 2012 on the new arrangement. The SWD Manual had been updated regularly to reflect the changes in application procedure.

19. **Miss Cecilla LI, Assistant Director of Social Welfare (Elderly)** supplemented that before 5 November 2012, if the elderly had been admitted to CCS but were still on the CWL for RCS places, they would be called for admission to RCS when vacancies arose in accordance with their preferences. As such, changing their status to "inactive" with effect from 5 November 2012 would save them the trouble from declining the offers from time to time. They, however, might seek to re-activate their RCS applications at any future point.

20. Responding to the Committee's enquiry on measures to enhance the transparency on the arrangement for inactive cases, **Director of Social Welfare** explained at the meeting and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that SWD had provided explanatory notes in SWD Homepage since November 2014 to describe the methodology in excluding cases with inactive history in the calculation of waiting time. SWD would further post clear and comprehensive information on the definition and figures of inactive cases in the first quarter of 2015. SWD would consider various factors and service information on CWL, including the number of inactive applications which had resumed their active status in planning RCS. As observed from the figures of the past three years, namely, 2011-2012, 2012-2013 and 2013-2014, the number of RCS applications which changed from active to inactive status (3 258, 4 107 and 4 979 respectively) had outnumbered that of RCS applications which changed from inactive to active status (2 212, 2 915 and 3 471 respectively).

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<sup>2</sup> The SWD Manual on registration and allocation of subsidized LTC services is drawn up for use by all accredited assessors, responsible workers/referring workers, RCHEs and all centre/service operators. The relevant parties are expected to observe the procedures laid down in the Manual.



Waiting time

21. Responding to the Committee's enquiry about the rationale for SWD to exclude complicated admission cases from calculating the waiting time, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- complicated cases referred to cases with inactive history, cases with residents already admitted to subsidized homes but in need of alternative placement because of their change in health condition as well as discretionary cases with closed application status but approved to resume active status owing to their special case circumstances;
- as compared with normal cases, the complicated cases might have very long waiting time (for cases receiving CCS), or with very short and extraordinary waiting time (for admitted cases in need of transfer to another type of RCS). It would be inappropriate to make comparison of the complicated cases with the service waiting time of other elderly applicants or include them in the calculation of overall waiting time. SWD had therefore excluded complicated cases in the calculation of waiting time for RCS since December 2013; and
- SWD agreed that proper documentation should be kept for the said modifications in calculation. The concerned service stakeholders would be consulted on the methods to be used in calculating the waiting time in the redevelopment of the Long Term Care Services Delivery System ("LDS") and would keep proper documentation on the changes.

22. The Committee asked about the SWD's measures to shorten the average processing time for a care need assessment (although such processing time was not included as waiting time), in particular in view of the variations among different SCNAMO(ES)s (paragraph 2.18(d) of the Audit Report refers).

23. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- since 2 January 2013, the date of referral for assessment had replaced the assessment completion date of the Minimum Data Set-Home Care ("MDS-HC") assessment as the LTC date so that the time taken in

completing an assessment had included the processing time for assessment;

- five SCNAMO(ES)s would arrange assessments for applicants from NGOs without accredited assessor; and to conduct assessments for elderly applicants residing in private RCHEs. As such, SCNAMO(ES)s had to handle 70% of the total assessments. Different SCNAMO(ES)s would have varying workload and assessment processing time. The problem in completing assessments would be further aggravated if there was manpower shortage problem due to prolonged sick leave or departure of Assessment Team members;
- to cope with the increased workload, SWD had created nine additional posts in the Assessment Team of SCNAMO(ES)s to strengthen the delivery of assessment service. Additional social workers had also been provided for 41 District Elderly Community Centres and 119 Neighbourhood Elderly Centres ("NECs") with a view to strengthening the support provided for elderly persons living in the community, including the handling of care needs; and
- SWD would continue to monitor their workload and consider measures to shorten the processing time for assessment, including providing additional manpower as and when necessary.

24. Referring to paragraph 2.21(b) of the Audit Report, the Committee enquired how SWD would address the issues of low percentage of accredited assessors who were active in assessment work and the over-concentration of the assessment workload in the 36 accredited assessors of SCNAMO(ES)s.

25. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- among 2 786 accredited assessors, 1 830 were active assessors, including 1 021 SWD staff, 701 from NGOs; and 108 employed by the Hospital Authority ("HA"). For the remaining accredited assessors, 613 had either retired or resigned and another 343 were currently working in non-casework settings and they would not handle LTC assessment work;

*Provision of long-term care services for the elderly*

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- SWD would organize assessors training courses continuously to train about 160 assessors per year; and
- SWD had provided recurrent subvention to 41 District Elderly Community Centres and 119 NECs to acquire additional staff to strengthen their support services to the elderly persons living in the community as well as to upgrade 51 Social Centres for the Elderly to the level of NEC. Accredited assessors at the elderly centres would conduct assessments for elderly customers to share the workload of SCNAMO(ES)s.

Contract RCHEs

26. According to paragraph 2.26(a) of the Audit Report, the contract RCHEs which had been in full operation in 2013-2014 had in total 95 (9%) vacant non-subsidized places. The Committee enquired whether the "6:4" ratio adopted for newly-built contract RCHEs for subsidized and non-subsidized places could be adjusted so that more subsidized places could be provided at contract RCHEs which were more popular among the applicants on CWL.

27. **Director of Social Welfare** explained that:

- SWD had consulted the Department of Justice ("DoJ") and would add a new provision in all new contracts for contract RCHEs to allow the Administration to reserve the right to change the ratio of subsidized and non-subsidized residential care places during the contract period. The additional provision is expected to be put in place in the first quarter of 2015; and
- the "6:4" ratio for subsidized and non-subsidized residential care places was adopted as a general practice. SWD would, where appropriate, take into account the characteristics of the socio-economic condition of the districts where the RCHEs were located and the availability of other non-subsidized residential care places in the vicinity when determining the relevant ratio.

Enhanced Bought Place Scheme

28. The Committee noted with concerns from paragraph 2.30 of the Audit Report that the subsidized RCS places were not put to optimum use. SWD had

spent \$673 million on the purchase of the EBPS places in 2013-2014 and on average some 550 to 590 of 7 660 EBPS places had remained vacant in 2012-2013 and 2013-2014. Some RCHEs participating in EBPS had an average enrolment rate below 50%. The Committee enquired how the Administration could address this unsatisfactory situation.

29. **Director of Social Welfare** explained that as at September 2014, there were four RCHEs participating in EBPS with average enrolment rate below 50% as they had only joined EBPS in May 2014. It would take some time for the admission of elderly persons to the EBPS places in these RCHEs. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- as at end-November 2014, 142 private homes participating in EBPS were providing 7 787 subsidized places and there were about 375 vacant places (4.8%);
- SWD had implemented a place reduction mechanism. Homes unable to achieve an average enrolment rate of 92% during the service agreement period of two years were subject to a reduction in the number of places purchased under the renewed service agreement;
- there was also a place recovery mechanism under which SWD would re-purchase the reduced places should these homes reach designated enrolment rates in the new service agreement period; and
- to better utilize the casual vacancies in the RCHEs, all private homes participating in EBPS provided residential respite service by using the casual vacancies of subsidized places with effect from March 2012. Between April and September 2014, a total of 260 cases received the service in the private homes participating in EBPS.

30. **Director of Social Welfare** advised that the percentage of applicants on CWL who had indicated their willingness to take up EBPS places was 5.9%. However, in 2013-2014 cases of admission to EBPS places had accounted for 45% of all admission cases. As there was a high vacancy rate of 24% among RCS places in private RCHEs and self-financing RCHEs, SWD had implemented various measures to improve their quality so as to optimize the use of existing limited RCS places in these RCHEs and to provide more subsidized RCS places using the market force. These measures included increasing the price of bought places and SWD would only purchase EA1 places (i.e. places with higher standard of staffing and space

provision) and resources had been earmarked to upgrade EA2 places to EA1 places with a view to providing high quality EBPS places.

#### Allocation, matching and admission of RCS places

31. The Committee noted that there were inefficiency and wastage in the allocation of, and admission to, subsidized RCS places and asked how the SWD would address the problem in order that limited RCS places could be put to optimum use.

32. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his reply dated 29 December 2014 (in Appendix 15) that:

- according to the "Funding and Service Agreement", all subvented C&A homes, contract homes and NHs need to achieve an occupancy rate of 95%. With the average occupancy rate of subvented C&A homes, contract homes and NHs more than 97% for the past three years and the average turnover rate of places at the above homes above 25%, SWD considered that the vacant period of the above places during service matching, reporting of vacancies and arrangement for admissions was within reasonable limits; and
- in response to the recommendations of the Audit Report, SWD had issued a letter to residential care homes reminding them to observe the time frames stipulated in the SWD Manual in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism will be put in place in LDS Office to ensure faultless receipt of report from homes. SWD would keep consulting all service stakeholders with a view to identifying areas of improvement in service registration, allocation and report of vacancies for better and efficient use of resources.

#### Management of agency quota places

33. According to paragraph 2.37 of the Audit Report, there were some 1 812 agency quota ("AQ") places as at June 2014 which were 100% subsidized by the Government at some \$25.5 million a month, but were managed and allocated by the NGOs which operated these RCHEs outside CWL. It involved 30 NGOs

operating 74 subvented RCHEs. The Committee asked about the background of these AQ places. In response, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that since October 2014, with the conversion of one RCHE home for the aged and C&A places, seven home-for-the-aged AQ places were cancelled. There is only a total of 1 805 AQ places at present, comprising 1 290 and 515 AQ places established in the sites under private treaty grants ("PTGs") and through agreements with the respective NGOs concerned respectively.

34. **Director of Social Welfare** explained that in early days, RCHEs were either established or operated by NGOs largely with their own funds. Admission and discharge of cases were solely managed by the NGOs operating these homes. In other words, all the places were AQ. SWD only started to provide subsidized places in 1970s. Through agreements between SWD and NGOs, NGOs reserved some places for admitting elderly persons on their own.

35. The Committee noted that when the Administration informed the LegCo Finance Committee ("FC") in March 1995 that the Administration would play an active role in monitoring the admission of elderly people into RCHEs and NGOs which operated the subvented RCHEs would not be given any discretion to admit applicants other than those on the waiting list managed by SWD. The Committee enquired why the Administration did not abide by its undertaking and as mentioned in paragraph 2.48 of the Audit Report, as at June 2014, out of the 1 812 AQ places, 607 places were from 25 subvented RCHEs which were planned before 1995 but commenced operation between 1995 and 2002.

36. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that the Administration informed FC in March 1995 that admission criteria would be made clear for the subvented RCHEs and that the operating NGOs would have no discretion to admit elderly persons not on CWL. In this regard, the Administration had ceased granting AQ for subvented RCHEs planned after 1995.

37. According to paragraph 2.40 of the Audit Report, SWD had sought legal advice in 2001 and 2004 on the deletion of the AQ places previously granted to the homes for the aged ("H/As") and self-care ("S/C") hostels. The Committee asked whether SWD might, according to the legal advice, withdraw subvention for those AQ places which were not returned to SWD for allocation to applicants on CWL.

38. **Director of Social Welfare** said at the public hearings that the objective of SWD was to ensure that the subsidized RCS places would not be reduced as AQ places had to be allocated to applicants who had been subject to the care need assessment under the SWD assessment mechanism. SWD had ongoing discussion with relevant NGOs to return AQ places to SWD for allocation to applicants on CWL.

39. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the legal advice in 2001 from DoJ advised that it was difficult to see how NGOs could be made to return AQ places to SWD. In the absence of any justification for taking back AQ places, it was likely that the court would, taking into consideration the express condition in the land grant, rule that it was unreasonable for the withdrawal of subvention on the sole basis of the NGOs' refusal to return AQ places to SWD;
- since the provision of H/A and S/C places would be phased out under the conversion programme in 2004, SWD considered it unreasonable for the NGOs to continue to retain the AQ for H/A and S/C places previously accorded to them before the conversion. It was against this background that DoJ considered then that SWD had no obligation under PTG to grant or continue to grant subvention for the AQ places. Taking back the subvention for the AQ places would not constitute a breach of the PTG; and
- SWD would seek further legal advice regarding the obligations and responsibilities of NGOs and SWD in managing AQ places.

40. Responding to the Committee's enquiry about the SWD's work to address AQ places since 1995, **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that the measures included:

- in May 2001, SWD issued a letter to NGOs operating subvented RCHes appealing for their support to adopt the Standardized Care Need Assessment Mechanism (Elderly Service) for admission of elderly persons to AQ places. They were also required to develop a clear policy of service entry and exit for the reference of the service users, including those admitted through AQ. They were advised to ensure

equity, fairness and transparency in handling AQ matters in relation to waitlisting, assessment and admission;

- SWD had requested the concerned NGOs to adopt the objective and comprehensive Standardized Care Need Assessment, i.e. MDS-HC, in processing applications for admission to AQ places no later than 1 January 2007. The concerned NGOs were also required to draw up their operation manuals for the management of the allocation of AQ places. Effective since April 2008, each NGO has been required to submit yearly a standard agency-based “Self-assessment Form” to SWD to confirm compliance with its operational manual for allocation of AQ places in the preceding financial year and state the action plan to be taken for any non-compliance and specify the timeframe for completing the actions; and
- a total of 1 575 AQ places had been returned to SWD since 1995 as a result of the phasing out of H/A and S/C hostel places in the conversion exercise starting from 2005 and some places had been returned by NGOs voluntarily.

41. As regards the assignment review of the Independent Commission Against Corruption made in late 2004 and early 2005 (in *Appendix 17*), **Director of Social Welfare** said that the purpose of the assignment review was on making the placement process for these AQ places more fair, transparent and subject to proper monitoring instead of clawing back AQ places to SWD. Following the assignment review, SWD had issued a set of "Guidelines on Management of Allocation of Places under Agency Quota in Residential Care Homes for the Elderly" (in *Appendix 18*) for NGO's reference and implementation when allocating AQ places.

42. The Committee also noted from paragraphs 2.49 and 2.50 of the Audit Report that out of these 1 812 AQ places, 193 places were not utilized as at June 2014 and this was translated to wastage of recurrent Government subvention estimated at \$2.7 million a month. The Committee enquired whether the Administration considered the situation acceptable and how SWD would address the situation.

43. **Secretary for Labour and Welfare** acknowledged that the 193 vacant AQ places were not satisfactory. **Director of Social Welfare** said that SWD would keep on liaising with the concerned NGOs and service units for deploying their



unfilled AQ places to CWL as soon as possible. SWD would also closely monitor the utilization of AQ places and critically review the possibility of clawing back AQ places for central allocation under CWL.

44. In response to the Committee's enquiry, **Director of Social Welfare** undertook to request NGOs concerned to provide information on the availability of AQ or their latest turn of placement for AQ places on their websites within one month.

#### Utilization of subsidized infirmity unit places

45. The Committee noted from paragraphs 2.51 to 2.55 of the Audit Report that out of 580 infirmity units ("IU") provided by 19 subvented RCHEs as at end-June 2014, 62 IU places had, on average, been vacant for at least five years, with the vacancy particularly high for five RCHEs. Audit also noted that as at end-August 2014, some 1 290 applicants awaiting RCS places on CWL had been assessed as in need of care at "Beyond NH". The Committee was concerned how the Administration would address the vacant IU places and whether they could be used to be allocated to some of the 1 290 applicants.

46. **Director of Social Welfare** explained at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- IUs were an integral part of the subvented C&A homes with provision of additional nursing staff. As a stop-gap measure, they maintained and supported frail elderly persons already admitted to subsidized C&A places while waiting for the infirmity service of HA so that they might remain in these homes for appropriate care until infirmity service under HA was available;
- SWD issued letters to all subvented RCHEs and private homes participating in EBPS in April 2014 to promote the service of IUs. SWD would continue with its promotional efforts on a regular basis; and

- to better interface with the mechanism of application for IU and Infirmary Care Supplement ("ICS")<sup>3</sup>, and to optimize the utilization of IU places, SWD, when inviting applications for 2015-2016 ICS in November 2014, had requested the concerned RCHEs to introduce IU service to the newly assessed eligible residents and refer interested residents to the service prior to allocation of ICS to the RCHEs taking care of the elderly persons concerned.

47. As stated in paragraph 2.60 of the Audit Report, SWD had not reported to LegCo Panel on Welfare Services that the trial scheme to provide subsidized infirmary care services for medically stable frail elderly in purpose-built RCHE premises had been put on hold. In response to the Committee's enquiry, **Director of Social Welfare** said that SWD was still considering the proposal and she undertook to report the progress of the matter to the Panel on Welfare Services.

### **C. Community care services**

#### Monitoring of CCS places

48. The Committee noted from paragraphs 3.8 to 3.11 of the Audit Report that according to the SWD Manual, service operators were required to inform SWD within two working days after discharge of the service users and to admit an elder to services normally within seven working days after receiving a placement referral from SWD. Audit found that some service operators had taken more than 20 days, with seven cases taking more than 60 days, to report the discharge. Audit also found that as at 30 June 2014, some 148 admissions to day care services were still outstanding. Of these 148 outstanding cases, 30% had been outstanding for more than one month, with six cases even outstanding for more than two months. The Committee asked for the reasons for such non-compliance cases and how SWD would address the problem.

49. **Assistant Director of Social Welfare (Elderly)** explained that of the cases that failed to comply with the timeframe for admission as set out in the SWD Manual, most of them were due to the service providers' inability to proceed with the intake process. The reasons included difficulty in contacting the elderly persons

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<sup>3</sup> ICS was introduced in 1996 to enhance support in subvented RCHEs (later including the private RCHEs participating in EBPS). RCHEs made use of ICS for employing qualified staff to enhance the care of the needy residents of the subsidized places. The eligibility of ICS for the elderly persons is to be confirmed by the Community Geriatric Assessment Teams of the Hospital Authority.

*Provision of long-term care services for the elderly*

and/or their relatives (e.g. relatives were busy or away from Hong Kong), elderly persons were sick or hospitalized, etc. Besides, some relatives might need more time to persuade the elderly persons, particularly those suffering from dementia, for admission to day care services. On the part of service providers, some cases needed more time in arranging transport or volunteers to escort the elderly persons to DEs, or in arranging full-time services according to the needs of the elderly persons.

50. **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that among the 1 608 cases admitted to day care services from July 2013 to June 2014, 23 cases took the longest time of over 60 days after SWD's placement referral. As at 30 June 2014, some 148 admissions to day care services were still outstanding, among which six cases took more than 60 days after SWD's placement referral. The reasons for these 23 and 6 cases requiring longer time for admission are as follows:

	<b>Reason</b>	<b><u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014<sup>4</sup></b>	<b><u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014<sup>4</sup></b>
(a)	Difficult to contact the elderly persons and/or relatives	9	2
(b)	Elderly persons were away from Hong Kong, sick or hospitalised	9	2
(c)	More time required in persuading the elderly persons for using the services	2	1
(d)	Service providers needed more time to arrange transport/escort service by volunteers, or could not arrange full-time services	4	2
(e)	Elderly person or relatives requesting admission at a later date	2	2

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<sup>4</sup> Some cases have more than one reason and so the total number does not equal to 23 or 6.

*Provision of long-term care services for the elderly*

	<b>Reason</b>	<b><u>23 cases</u> requiring more than 60 days for admission from July 2013 to June 2014<sup>4</sup></b>	<b><u>6 cases</u> taking more than 60 days and still pending admission as at 30 June 2014<sup>4</sup></b>
(f)	Others (e.g. relatives unable to submit physical examination reports, home removal)	4	1

51. On measures to enhance communication between SWD and the service operators of CCS and RCS, **Director of Social Welfare** said at the public hearing and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that the SWD Manual had clearly set out the arrangements in handling application, small pool operation and discharge from RCS and CCS. To improve the service allocation, matching and admission arrangement, as well as to fine-tune the workflow with a view to reducing lead time, such as putting in place a check-and-balance mechanism for more effective monitoring, SWD had implemented the following arrangements:

- for RCS, issued a letter to residential care homes in December 2014, reminding them to observe the time frames stipulated in the SWD Manual in reporting discharge, including temporary discharge of elderly residents. An acknowledgement mechanism would be put in place in LDS Office to ensure that when service provider reported discharge, including temporary discharge, of residents to LDS Office within two working days through facsimile, LDS Office would stamp the date of receipt on the notification form and send the form back to the service provider by facsimile for record. If service provider failed to receive acknowledgement from LDS Office within three working days, service provider would contact LDS Office for clarification;
- for CCS, issued a letter to all CCS service providers in December 2014 urging them to comply with the SWD Manual in reporting admission/discharge of cases timely. Besides, in order to enhance communication with CCS service providers, SWD had implemented some measures including re-issuing the reminder to urge the service providers to return the admission result as soon as possible if no reply was received within seven working days after the issue date of the

<sup>4</sup> Some cases have more than one reason and so the total number does not equal to 23 or 6.

reminder; revision of the reporting form so that service providers were obliged to provide reason(s) if the scheduled admission date was more than seven working days from the date of the SWD referral; upon receipt of the discharge notification from the service providers of DEs/DCUs, SWD would stamp the date of receipt and instantly send the notification to the service providers by facsimile for record purpose, and the service providers should phone SWD to enquire if such acknowledgement was not received in three working days; and

- the new LDS, which started redevelopment in November 2014, would provide a tracing and record system to monitor the forms or documents submission, accept e-forms in data transmission and set up a monitoring system to ensure compliance with procedures and time frame requirements outlined in the SWD Manual.

52. The Committee enquired if SWD had manpower resources problem in monitoring the compliance of CCS and RCS operators and service providers with the notification requirements as stipulated in the SWD Manual. **Director of Social Welfare** said that SWD would regularly review the manpower situation and would request for additional manpower when necessary according to the Government's established mechanism. **Secretary for Labour and Welfare** said that he would ensure SWD had the sufficient manpower to carry out its work.

#### Need for a more strategic approach to implement CCS

53. The Committee noted from paragraphs 3.26 and 3.27 of the Audit Report that similar CCS were provided to the frail elderly under three different schemes, namely EHCCS, the Integrated Home Care Services ("IHCS") and the Pilot Scheme on Home Care Services for Frail Elders and asked if the Administration had planned to conduct a strategic review on these three schemes with a view to providing the elderly with better and integrated CCS and to achieving a better value-for-money for CCS.

54. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the Pilot Scheme on Home Care Services for Frail Elders, IHCS and EHCCS, though with different background and funding modes, were

*Provision of long-term care services for the elderly*

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similar in their target users and service content. SWD would actively explore the possibility of integration of CCS so as to better utilize the resources and maximize their functions;

- upon the expiry of the Pilot Scheme on Home Care Services for Frail Elders by end-February 2015, its major service content (including elder sitting and on-site carer training) will be integrated with that of EHCCS so as to further enhance the support and care for frail elderly persons living at home;
- as the existing 24 EHCCS contracts and the 10 new EHCCS contracts would expire by end-February 2017 and end-February 2018 respectively, SWD would continue to examine the integration of IHCS and EHCCS and would come up with a proposal before the expiry of EHCCS contracts. Given that the development of the two schemes were different, with IHCS covering both ordinary cases and frail cases whereas EHCCS only covers frail cases, SWD had to examine carefully the care needs of those non-frail cases when planning for service integration. Hence, careful deliberation was required in integrating IHCS and EHCCS; and
- EC's Elderly Services Programme Plan would conduct projection for the demand and facilities required for all subsidized elderly services (including CCS) till 2030.

**D. Residential care services**

Service standards and quality of RCHEs in the private sector

55. The Committee noted with concern from paragraphs 4.7 and 4.8 and Table 3 of the Audit Report that the disparities in quality standards, including spacing and staffing requirements, arose because different types of RCHEs were subject to different service quality requirements. Given that the Administration spent around \$2.1 billion a year on allowance payments under CSSA to 25 700 elderly living at non-subsidized places of RCHEs, mostly private RCHEs, these elderly persons had to live in an environment of lower quality standards. The Committee asked whether the Administration would review the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) ("RCHE Ordinance") with a view to upgrading the statutory minimum requirements in the RCHE Ordinance (such as the spacing and staffing requirements) which had not been revised in the past 18 years.

56. **Director of Social Welfare** advised that the Administration had no timetable to review the statutory minimum requirements in respect of the spacing and staffing requirements in the RCHE Ordinance as private RCHEs had catered for different elderly persons. Moreover, private RCHEs could meet the housing needs of some elderly without going through the standardized care need assessment, such as those receiving CSSA. Upgrading the statutory minimum requirements would have a side effect of pushing up the operating costs and some private RCHEs might be forced out of business. The RCS Voucher System, which was being studied by EC, could promote further development of quality self-financing/private RCHEs and provide more flexibility for the elderly to choose RCS places that could suit their needs.

57. In response to the Committee's enquiry on the measures to enhance the service standards and quality of RCHEs in the private sector, **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- in collaboration with the Department of Health ("DH") and HA, SWD organized training workshops to enhance the caring skills and knowledge of RCHE staff. The Visiting Health Teams ("VHTs") of DH also provided on-site training at RCHEs for their staff. VHTs also collaborated with SWD to provide talks, workshops and training programmes;
- various training institutes also provide courses for RCHE staff. Training topics included care for residents with dementia, caring and communication skills in RCHE. To enhance the caring capacity and service quality of RCHEs, SWD also provided guidelines in the major areas of RCHE care for reference of RCHE staff; and
- SWD would only purchase EA1 places (i.e. places with higher standard of staffing and space provision) and resources had been earmarked to upgrade EA2 places to EA1 places with a view to providing high quality EBPS places.

58. The Committee enquired how the Administration would address the manpower shortage problem facing RCHEs in the private sector and public sector. **Secretary for Labour and Welfare** provided in his letter dated 29 December 2014 (in Appendix 15) the various measures to tackle the manpower shortage problem.

Granting of sites by private treaty

59. The Committee noted from paragraph 4.25 and Case 3 of the Audit Report that a PTG site was granted at nominal premium to an NGO for operating RCHE 5 but SWD had not exercised the rights reserved in PTG to nominate persons for admission to RCHE 5. However, it was found that RCHE 5 had a 30% vacancy rate. The Committee enquired whether SWD would explore how to make better use of the site for the provision of additional subsidized RCS places and agree with the grantee of RCHE 5 on the admission quota to be provided to the Administration.

60. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** supplemented in his letter dated 29 December 2014 (in Appendix 15) that:

- the site relating to Case 3 was granted to NGO A by way of PTG in December 1975 for operating a non-profit-making RCHE. NGO A later planned to re-develop the RCHE but eventually decided not to proceed with the redevelopment and surrender the site to the Government;
- at that time, NGO B was operating a non-profit-making RCHE in an adjacent site with good service record. NGO B, after learning the intention of NGO A to drop the redevelopment plan and surrender the site to the Government, applied to secure the site by way of PTG at nominal premium to operate a non-profit-making RCHE thereon. The then Health, Welfare and Food Bureau supported the application on the conditions that NGO B was able to build and operate RCHE with its own resources, without any capital or recurrent provision from the Government and that the site could not be used for other purpose. The Planning Department had no objection to the PTG application as far as the site would be kept in its original use, i.e. RCHE. The site was eventually granted to NGO B by way of PTG for operating a self-financing non-profit-making RCHE, which commenced service in August 2007. According to its Licence of Residential Care Home for the Elderly, the maximum number of persons that the RCHE is capable of accommodating is 88; and
- currently, non-subsidized RCHE could, with due considerations on the service need, manpower arrangement and other operational concerns, decide on an operational capacity within the licensing capacity. As the concerned RCHE was located at a remote area with no direct public



transport available, it had difficulty in recruiting enough manpower or admit more elderly persons. On the other hand, the places provided by the RCHE were non-subsidized ones which could provide a suitable option apart from the public subsidized service for frail elderly persons with residential care need. SWD had no plan to purchase residential care place from the concerned RCHE at the current stage.

### Premium Concession Scheme

61. The Committee noted from paragraphs 4.28 to 4.29 of the Audit Report that no RCHE under the Premium Concession Scheme had come into service and enquired if the Administration planned to conduct a review on the effectiveness of the Scheme. In response, **Director of Social Welfare** advised that the Lands Department had signed an agreement with an RCHE in Tuen Mun under the Scheme and the RCHE was expected to come into service in 2017. Given that the places provided by RCHEs under the Scheme were non-subsidized ones and there were vacant RCS places in the RCHE private market, the Administration would review the need for the Premium Concession Scheme.

### Inspections of RCHEs

62. The Committee enquired about the monitoring work of the operation of RCHEs and sought details of the warning letters issued against RCHEs and offences of RCHEs successfully prosecuted in the past five years.

63. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the Licensing Office of Residential Care Homes for the Elderly ("LORCHE") of SWD monitored the operation of RCHEs through surprise inspections, and had adopted a risk-based approach in conducting inspections, i.e. the frequency of inspection would be adjusted based on the performance and risk level of individual RCHEs to render closer monitoring of RCHEs with high risk. Apart from conducting routine inspections, upon receiving a complaint, LORCHE would immediately conduct surprise inspection and investigation. If non-compliance was detected, LORCHE would request the RCHE concerned to make rectifications. Depending on the severity of the

non-compliance, LORCHE would issue to the RCHE concerned advisory or warning letter or direction under RCHE Ordinance to request it to carry out remedial measures, and would arrange follow-up surprise inspections to monitor the rectification progress of the RCHE to safeguard the welfare of the elderly residents;

- in 2013-2014, there were 748 RCHEs in Hong Kong, among which 424 were private RCHEs which had not participated in the EBPS. In 2013-2014, 351 warning letters were issued by LORCHE. Of these, 284 warning letters were issued against 192 private RCHEs above, of which 127 private RCHEs received one warning letter; 45 private RCHEs received two warning letters; 15 private RCHEs received three warning letters; and five private RCHEs received four to six warning letters. Operational experience showed that most RCHEs having received advisory or warning letters would make related improvement or remedial measures. Only a small proportion of RCHEs had not made the necessary rectification;
- for RCHEs with continued non-compliance, LORCHE would take prosecution action as appropriate pursuant to RCHE Ordinance or the Residential Care Homes (Elderly Persons) Regulation ("RCHE Regulation") (Cap. 459A). For offences successfully prosecuted under RCHE Ordinance or RCHE Regulation, the maximum penalty is a fine at level 6 (currently, a fine at level 6 is from \$50,001 to \$100,000) and imprisonment for 2 years and a fine of \$10,000 for each day during which the offence continues. From 2009-2010 to 2013-2014, 35 RCHEs had been successfully prosecuted, involving 46 offences against RCHE Ordinance and RCHE Regulation, and the penalty imposed by the court for each offence was respectively \$1,000 to \$6,000 for 40 offences and \$6,001 to \$12,000 for six offences; and
- to enhance the transparency of information on RCHEs, SWD had uploaded information of all RCHEs onto its website to enhance the knowledge of service users and the public and the uploaded information included, amongst others, licensing conditions of all licensed RCHEs, letters issued by SWD to RCHEs and RCHEs that were successfully prosecuted.

64. In response to the Committee's enquiry, **Director of Social Welfare** said that there was room for improvement for LORCHE to meet the target of conducting one non-office hour inspection for each private RCHE every year, as paragraph 4.33(c) of the Audit Report revealed that non-office hour inspections had not been conducted for 132 private RCHEs in operation during 2013-2014.

## **E. Way forward**

### Special scheme on privately owned sites for welfare uses

65. The Committee noted that according to the Administration's planning, the number of RCS and CCS places could be increased significantly in the next five to ten years through the Special Scheme. The Committee enquired about the details of the Special Scheme and the latest progress.

66. **Secretary for Labour and Welfare** explained at the public hearings and in his letter dated 29 December 2014 (in Appendix 15) that:

- if the proposals submitted by the social welfare organizations under the Special Scheme<sup>5</sup> are technically feasible and could come to fruition smoothly, there would be an additional provision of elderly service places in the coming five to ten years or longer. This should effectively ease the pressure on service demand and shorten the waiting time. Based on the rough estimation of the applicant organizations under the Scheme, there were preliminarily 33 RCHEs providing about 7 000 places and 38 DEs/DCUs providing about 2 000 places; and
- the preliminary proposals received were at different planning stages. The feasibility of implementing the proposed projects would depend on various factors, including the site's location and its surrounding environment, communal facilities and transport facilities, the requirements prescribed in the land lease conditions and restrictions stipulated in the outline zoning plan on use and development intensity, the feedback received from local consultations, the distribution of existing services as well as the demand and supply of the proposed services, etc. Depending on the time taken to complete the necessary development and planning procedures (e.g. outline zoning plan amendment, planning permission, lease modification, etc.), it may take

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<sup>5</sup> Under the Special Scheme, the Administration has received preliminary proposals from about 40 social welfare organizations involving about 60 projects covering welfare services for, inter alia, the elderly.

several years or even longer to implement these projects. Nonetheless, the Administration would monitor the implementation of each project and provide all necessary assistance to realize these projects, in order to shorten the waiting time of the elderly persons for service.

#### Long-term care services delivery system

67. The Committee noted that the monitoring work by SWD on the allocation and admission of CCS and RCS places would be strengthened with the redevelopment of the existing LDS and enquired about the new features of the new LDS as well as the expected timeframe for the commissioning of the new system.

68. **Director of Social Welfare** said at the public hearings and **Secretary for Labour and Welfare** stated in his letter dated 29 December 2014 (in Appendix 15) that:

- the existing LDS captured information for processing and matching of applicants to LTC services including the applicants' personal particulars, information of referring offices and service providers, service application details (such as location and diet preference), results of assessment (such as level of impairment and recommended service types), information of application processing (such as status and stage of process), small pool lists and matching lists. There were currently 96 SWD services units and 988 NGOs or HA units as referring offices and/or service providers. Residential homes/service providers as well as referring offices of NGOs and HA submitted documents via facsimile to LDS Office and SCNAMO(ES)s for processing of applications. The staff in LDS Office and SCNAMO(ES)s needed to input the information into LDS manually;
- SWD had started the redevelopment of LDS in November 2014 to replace hardware and software to safeguard the smooth operation of the system, improve system security and data protection, and enhance its usability, operation efficiency and service level of CWL;
- the new system would come into service in the first quarter of 2017 and provide the following functions:

- (a) to provide a web-based platform to allow e-form transmission from 988 NGO referring offices and service providers for service application and allocation;
- (b) to allow accredited assessors to submit assessment results in electronic form to respective SCNAMO(ES)s for quality check;
- (c) to minimize manual labour and human errors by strengthening data validation, enhancing security over paper form, keeping proper track and record of form submission and reduce use of paper;
- (d) to allow online enquiry of the status of applications and enhance the statistics report functions. The new system will provide usable management information for planning and monitoring purposes; and
- (e) to enhance workflow control and bring up notifications to minimize human errors and to strengthen compliance with requirements in accordance with the SWD Manual and business rules.

## **F. Conclusions and recommendations**

<b>Overall comments</b>
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### 69. The Committee:

- expresses grave concern and finds it unacceptable that the Labour and Welfare Bureau ("LWB"), as the responsible policy bureau for the long-term care ("LTC") services for the elderly, and the Social Welfare Department ("SWD"), as the responsible department for implementing various services, have failed in making sufficient efforts in the discharge of their responsibilities as evidenced by the following:
  - (a) despite the substantial resources allocated by the Administration to provide community care services ("CCS") and residential care services ("RCS"), the number of elderly on the waiting list for CCS and RCS has been increasing and new subsidized CCS and RCS places could not meet the needs of the growing elderly population;

*Provision of long-term care services for the elderly*

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- (b) the existing limited subsidized RCS and CCS places available had not been put to optimum use as 375 subsidized RCS places were still vacant in private residential care homes for the elderly ("RCHEs") under the Enhanced Bought Place Scheme ("EBPS") by end-November 2014 and there were inefficiency and wastage in the allocation of, and admission to, subsidized RCS and CCS places;
  - (c) the present LTC services have failed to align with or effectively serve the Administration's declared policy of "ageing in place as the core" for the elderly, which was evidenced by insufficient resources, ancillary and support services for CCS. The Administration has consistently used the policy of "ageing in place" as a pretext for its insufficient efforts in addressing the problem of the shortfall in the supply of RCS for the elderly; and
  - (d) there have long been significant disparities in the service levels in terms of minimum area per resident and staff requirements between different types of RCHEs. While the Committee considers that lower service levels for private RCHEs should only be transitional and as stop-gap arrangements, LWB and SWD have no timetable and plan to review the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) ("RCHE Ordinance") to upgrade the service levels of private RCHEs;
- expresses deep regret and sadness that 5 700 elderly on the Central Waiting List for subsidized LTC services ("CWL") had passed away while waiting for RCS places in 2013-2014;
  - recognizes the important contribution of the elderly population to the community and the need for providing proper and quality CCS and RCS as required to enable them to live in dignity and to promote their sense of belonging, sense of security and sense of worthiness;
  - notes that:
    - (a) in 1997, the then Chief Executive has made "Care for the Elderly" a Strategic Policy Objective of the Government of the Hong Kong Special Administrative Region. The incumbent Chief Executive stated in his election manifesto for the Chief Executive Election 2012, regarding his policy for the elderly services, that he would formulate LTC strategies, strengthen home care and day respite services, streamline and enhance RCS to shorten the waiting time,

and encourage the relevant service providers to provide services at different fee levels to satisfy the requirements of different strata of society but the Administration's efforts and work so far have failed to live up to the policy objectives; and

- (b) as with an ageing population, the number of elderly people aged 65 and above in Hong Kong was projected to increase from about one million (14% of the population) in 2013 to around 1.45 million by 2021 and around 2.56 million by 2041, representing 19% and 32% of the population respectively. The life expectancy of Hong Kong's population has also continued to increase. On average, men and women in Hong Kong today are expected to live 81 years and 86 years respectively;

Growing demand for subsidized long-term care services

- notes that:
  - (a) the Administration's LTC policy for the elderly is underpinned by the following principles: (i) promoting "ageing in place as the core, institutional care as back-up"; (ii) promoting a continuum of care in subsidized RCS; and (iii) offering assistance to most needy elderly citizens;
  - (b) the Administration's recurrent expenditure on the provision of subsidized RCS and CCS for the elderly in 2013-2014 was \$4.38 billion and an additional \$2.1 billion was paid in the same year on allowances under the Comprehensive Social Security Assistance ("CSSA") Scheme to the elderly who were living in non-subsidized RCS places in RCHEs; and
  - (c) a Joint Subcommittee on Long-term Care Policy formed under the Legislative Council ("LegCo") Panel on Welfare Services and the Panel on Health Services published a report in July 2014 recommending, among others, various improvement measures in respect of the policy of and planning for LTC, RCS and CCS for the elderly;
- expresses grave concern and finds it unacceptable that the increase in the provision of new subsidized CCS and RCS places could not match with the growing demand as evidenced by the following:

*Provision of long-term care services for the elderly*

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- (a) against an increase in the capacity of subsidized CCS places of 35% over the five years from 2009-2010 to 2013-2014, the number of waiting cases for CCS had increased by 84% for the same period;
  - (b) there was a long waiting list of around 31 000 applicants for RCS places as at August 2014 and the average waiting time for care and attention ("C&A") places at subvented/contract RCHEs and nursing home ("NH") places as at August 2014 was at 36 and 32 months respectively;
  - (c) the number of subsidized RCS places had only increased by 20% in 14 years from 21 600 as at end-March 2000 to 26 000 as at end-March 2014; and
  - (d) the number of elderly on CWL who had passed away while waiting for RCS places had increased from "4 000 to 4 500" a year before 2010 to 5 700 in 2013-2014;
- acknowledges that the Administration has launched a number of new initiatives, including Pilot Residential Care Services Scheme in Guangdong, Special Scheme on privately owned sites for welfare uses ("Special Scheme") and the feasibility study of introducing a RCS voucher scheme, to cope with the increasing ageing population and the growing demand for subsidized LTC services and has tasked the Elderly Commission to prepare an Elderly Services Programme Plan within two years. Some additional 230 places for day care service as well as 1 500 new places for home-based care service will be provided from March 2015 onwards and there would be provision of about 1 580 new RCS places from 2014-2015 to 2016-2017;
  - expresses grave concern and finds it unacceptable that all the new initiatives implemented are not and will not be effective in meeting the growing demand for CCS and RCS as a result of the ageing population;
  - strongly urges LWB and SWD to:
    - (a) consider setting, with reference to the three-year average waiting time target for general applicants for public rental housing, a similar admission target indicator for the reference of applicants on CWL;



*Provision of long-term care services for the elderly*

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- (b) expedite the formulation of a medium-term and long-term planning for the LTC policy for the elderly taking into account the projections on the proportion and growth of elderly population in the future and their needs;
- (c) expeditiously implement various new initiatives to increase new CCS and RCS places substantially to shorten the waiting time on CWL;
- (d) further strengthen their efforts to provide more subsidized CCS and RCS places in a timely manner to meet the growing demand;
- (e) maximize the effective use of the limited subsidized CCS and RCS places available as short-term measures to address the imminent LTC needs of the elderly population; and
- (f) strengthen the provision of subsidized CCS places in order to align with the Administration's LTC policy of "ageing in place as core";

*Waiting list*

- expresses dissatisfaction and disappointment that:
  - (a) the information about the actual number of applicants on CWL was incomplete as 6 800 "inactive" elderly persons which had been assessed as "RCS only" or "dual option" (i.e. either RCS or CCS is equally appropriate for the applicant) but were using CCS were not included in CWL. Information about these inactive cases had not been properly disclosed when the waitlisting information was reported to LegCo and/or posted onto the SWD website; and
  - (b) given that these "inactive" elderly can opt at any time for RCS, with their priority on CWL not being affected by the "inactive status", they represent a hidden, but not negligible, demand which would have implications on the planning for the provision of RCS places;
- strongly urges SWD to properly disclose the "inactive" cases on CWL to LegCo and on the SWD website and to take into account the need for such "inactive" cases in service planning;

*Maximize the effective use of limited subsidized RCS and CCS places available*

- expresses grave concern and finds it unacceptable about:
  - (a) delays in the reporting of discharge cases by RCHEs, the SWD placement referrals, admissions of applicants by RCHEs and reporting of temporary discharge cases by RCHEs had resulted in inefficiency and wastage in the allocation of, and admission to, subsidized RCS places; and
  - (b) the long time for admission of an elderly to CCS after receiving a placement referral and some 148 outstanding admissions to day care services as at 30 June 2014 reflecting that CCS places available have not been put to the best use;
- notes that SWD has implemented measures to strengthen the current mechanism of allocation, matching and admission of RCS and CCS places as detailed in paragraph 2.36 of the Audit Report;
- considers that SWD should enhance communications with relevant RCHEs and CCS operators on the notification requirements in the Manual of Procedures on Registration and Allocation of LTC Services ("SWD Manual") on subsidized RCS and CCS places and take appropriate follow-up actions with those non-compliant RCHEs and CCS operators;
- acknowledges that SWD's redevelopment on the Long Term Care Services Delivery System ("LDS") would strengthen compliance in processing applications and service allocation in accordance with the SWD Manual;
- strongly urges SWD to review whether its manpower is sufficient to implement the new measures and take up an effective monitoring role on RCHEs and CCS operators for compliance with the notification requirements and LWB to provide the necessary resources to SWD for such purposes;

*Management of agency quota*

- expresses grave concern and finds it unacceptable that:
  - (a) contrary to the undertaking by the Administration to the LegCo Finance Committee in 1995 that non-governmental organizations

*Provision of long-term care services for the elderly*

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("NGOs") which operated the subvented RCHEs would not be given any discretion to admit applicants other than those on the waiting list managed by SWD, some 1 805 RCS agency quota ("AQ") places which were fully subsidized by the Administration were still managed and allocated by NGOs outside CWL as at December 2014 and some 193 AQ places were not utilized as at June 2014; and

- (b) the discretion allowed for NGOs to allocate AQ places outside CWL might lead to inequitable allocation;
- notes that SWD had discussed with the NGOs which operated the subvented RCHEs about the arrangements for the AQ places and as a result around 1 575 AQ places (up to December 2014) have been returned to SWD since 1995;
- acknowledges the undertaking by the Director of Social Welfare to follow up with NGOs to enhance the transparency on the availability of AQ places or the latest turn of placement by posting the relevant information on their websites;
- strongly urges SWD to:
  - (a) continue to do its utmost to negotiate with the relevant NGOs on the feasibility of clawing back the AQ places for central allocation under CWL, bearing in mind that the legal advice obtained by SWD indicated that SWD had no obligation to grant or continue to grant subvention for the AQ places and taking back the subvention for the AQ places would not constitute a breach of the private treaty grant ("PTG") or the agreement in correspondence; and
  - (b) discuss with the relevant NGOs proactively on putting vacant AQ places to a better use, including deploying the AQ places for allocation under CWL;

Community care services

*Pilot CCS Voucher Scheme*

- expresses grave concern and finds it unacceptable about the usage and acceptance of the Pilot CCS Voucher Scheme which was aimed at testing the new "money-follows-the user" approach for the eligible elderly;

*Provision of long-term care services for the elderly*

- notes that the Pilot CCS Voucher Scheme had only been implemented for one year and SWD has commissioned the Sau Po Centre on Ageing of the University of Hong Kong to conduct an evaluation study on the Pilot CCS Voucher Scheme;
- awaits with keen interests the findings of the evaluation study which will be available by June 2015 to improve the CCS Voucher Scheme to better meet the needs of the elderly population. The Administration has undertaken to report the findings to the Panel on Welfare Services;

Residential care services

- notes and reiterates a similar concern made in the Committee's Report No. 39 about the significant disparities in the service levels in terms of minimum area per resident and staff requirements between different types of RCHEs providing C&A places as set out in Table 3 and Appendix D of the Audit Report. This would affect the attractiveness of different types of RCHEs to the elderly, resulting in a long waiting time for RCS places in subvented/contract RCHEs. The disparities in spacing and staffing level requirements of contract RCHEs, private RCHEs in EBPS and private RCHEs not in EBPS providing C&A places are highlighted in the following table:

	Contract RCHEs	Private RCHEs in EBPS	Private RCHEs not in EBPS
Average net floor area per resident	20.8 m <sup>2</sup>	8.9 m <sup>2</sup>	7.5 m <sup>2</sup>
	Average number of staff per 100 residents		
Nurse	7.7	2.6	0.2
Health worker	4.6	5.8	3.4
Care worker	18.7	14.7	8.4
Ancillary worker	8.7	7.0	3.0
Other staff	2.6	1.9	1.3
Total	42.3	32.0	16.3

- considers it unacceptable that the elderly living in non-subsidized places of private RCHEs, the majority of whom are receiving allowance payments under the CSSA Scheme of SWD, have to accept an environment with substantially lower level of service in terms of area and staffing requirements and strongly urges the Administration to implement measures to address this problem;

- expresses grave concern and finds it unacceptable that:
  - (a) the statutory minimum requirements in the RCHE Ordinance in respect of spacing and staffing requirements had not been revised in the past 18 years; and
  - (b) there was a high vacancy rate of EBPS places purchased by the Administration which meant that for 2012-2013 and 2013-2014 financial years, good value had not been realized for some \$50 million spent a year;
- notes that:
  - (a) it has been the SWD's policy to upgrade the quality standards of private RCHEs through EBPS as RCHEs offering EBPS places are required to meet enhanced standards as stipulated in the purchase agreements and these standards apply to all subsidized and non-subsidized places in the RCHEs; and
  - (b) SWD has introduced a new measure to utilize vacant EBPS places for residential respite services for the elderly;
- considers that:
  - (a) LWB and SWD should review the RCHE Ordinance as well as revise and raise the service standards of private RCHEs to live up to public expectation; and
  - (b) SWD should strengthen its efforts to promote EBPS to the elderly so that the vacant EBPS places could be used to meet the needs of the applicants on CWL, including residential respite services.

<b>Specific comments</b>
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70. The Committee:

- expresses grave concern and finds it unacceptable that:
  - (a) with the ageing population, there is a rapid growth in the demand for subsidized LTC services which comprises CCS and RCS;

*Provision of long-term care services for the elderly*

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- (b) although the Administration has made efforts to increase the LTC capacity, the prevailing waiting lists and waiting times for the subsidized CCS and RCS places remain long. The demand for subsidized RCS places had outgrown the capacity for a number of years;
  - (c) the reported demand for subsidized RCS places had however not yet taken into account a significant number of elderly who were classified as "inactive" in status on CWL and were using CCS, but could opt for RCS at any time without affecting their priority on CWL;
  - (d) apart from spending \$3.41 billion in 2013-2014 on providing 26 000 subsidized RCS places, the Administration had also spent \$2.1 billion in the year on allowances paid under the CSSA Scheme to another 25 700 elderly who were living in non-subsidized RCS places in RCHEs. Nonetheless, the service quality of these non-subsidized RCS places were generally lower and more needs to be done to address the residential care needs of these CSSA elderly; and
  - (e) the Administration has launched various initiatives in more recent years to cope with the rising demand. Examples included the Special Scheme launched in September 2013 to encourage NGOs to make better use of the land they owned through in-situ expansion or redevelopment to provide necessary welfare facilities (including elderly facilities), the pilot voucher schemes for CCS and RCS implemented/about to be introduced, and tasking the Elderly Commission to prepare an Elderly Services Programme Plan within two years. Nonetheless, there are challenges ahead in their implementation and the results are yet to be seen;
- strongly urges the Secretary for Labour and Welfare and the Director of Social Welfare to:
- (a) continue to expand the subsidized CCS and RCS to meet the rising demand, shorten the waiting lists by reducing the waiting times for subsidized LTC services;
  - (b) endeavour to maximize the effective use of the limited subsidized RCS places available, taking on board the Audit's findings and

recommendations in paragraphs 2.29 to 2.60 and 5.10(h) of the Audit Report; and

- (c) closely monitor the implementation of the various new initiatives more recently embarked and make sure that they can be timely and effectively implemented and can meet their intended objectives;

Growing demand for subsidized long-term care services

- expresses grave concern and finds it unacceptable that:
  - (a) the overall capacity for CCS had increased by 35% over the five years of 2009-2010 to 2013-2014, but the waiting cases had increased by 84% for the same period, with long waiting times for both day care and home care services. For subsidized CCS which are allocated on a district basis, the waiting time for CCS in different districts was uneven, reflecting the need for SWD to do better planning at district level;
  - (b) for subsidized RCS, as at end-August 2014, there were some 31 000 elderly on CWL which had outgrown the capacity of 26 000 subsidized RCS places and the waiting time for C&A places in subvented and contract RCHEs remained long at 36 months and that for NH places at 32 months;
  - (c) the waiting list for subsidized RCS as reported/published by SWD had not included the number of "inactive" elderly who were on CWL and were using CCS, but could opt for RCS at any time. As reported in paragraph 2.18(a) of the Audit Report, as at end-August 2014, there were 6 800 such elderly who had not been taken into account when reporting the number of 30 690 elderly on the waiting list;
  - (d) SWD's statistics for 2013 also revealed that elderly staying in subsidized RCS places had a longer life span than those still on CWL awaiting RCS places, and the number of elderly on CWL who had passed away while waiting for RCS places had reached 5 700 in 2013-2014 as compared with "4 000 to 4 500" a year before 2010;
  - (e) when reporting the waitlisting information to LegCo and/or posting such information onto its website, SWD had not disclosed its methodology adopted for calculating the waiting list and waiting

*Provision of long-term care services for the elderly*

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time, including any revisions it had made to the methodology. For example, it was not known that the waiting time was calculated based on the time taken between the waitlist date and the admission date for admission cases only and "complicated" admission cases were excluded from the calculations since December 2013;

- (f) SWD is taking longer time to complete its care need assessment of the elderly, the result of which is used to determine the elderly's level of impairment to match with appropriate subsidized LTC services, namely "RCS only", "CCS only" and "dual option". For example, in 2013-2014, it had taken on average 27 days to complete an assessment, against a target of "within 21 days" as set in the SWD Manual and an average of 7 days taken in 2009-2010, but in extreme cases, it had taken more than two months to complete the assessments. As at end-July 2014, SWD had also accumulated a backlog of some 2 900 cases awaiting assessment and re-assessment;
- (g) although SWD's care need assessment mechanism acts as the "gate-keeper" and plays a very important role in the Administration's provision of subsidized LTC services, the whole mechanism is overdue for review/fine-tuning because:
- the assessment tool in use has been adopted for over 13 years;
  - there was an extremely uneven distribution of assessment workload as only 850 of 2 700 accredited assessors were involved in conducting assessments and 70% of the assessments were conducted by 36 accredited assessors working in the five regional Standardized Care Need Assessment Management Office (Elderly Services) of SWD; and
  - with the completion of some 25 000 assessments a year, conducting altogether only ten random quality checks (home visits or interviews) by the five regional offices of SWD is far from adequate;
- (h) while the Administration has continuously allocated substantial resources to the provision of LTC services to cope with the rising demands, particularly for RCS, and had spent \$4.38 billion in 2013-2014 on the provision of subsidized CCS and RCS to the



*Provision of long-term care services for the elderly*

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elderly, the overall increase in the number of subsidized RCS places was not significant. As pointed out in paragraph 2.24 of the Audit Report, the number of subsidized RCS places had only increased by 20% in 14 years, i.e. from 21 600 as at end-March 2000 to 26 000 as at end-March 2014;

- (i) in spite of the reduction of RCS capacity by 3 900 places as a result of the conversion programme launched since 2005-2006 to upgrade RCS places in homes for the aged and self-care hostels to C&A places in order to provide a continuum of care, the Administration was not able to increase the RCS capacity at a greater pace because of various constraints including, as pointed out in paragraph 2.26 of the Audit Report:
- contract RCHEs had generally taken a long time (could be over 10 years) to construct, yet the 22 contract RCHEs currently in operation provided only 1 670 subsidized RCS places;
  - SWD could not purchase the target numbers of RCS places under the two purchase schemes it operated, namely EBPS and the NH Place Purchase Scheme; and
  - the "50% cap" requirement set by SWD on the number of EBPS places to be purchased from individual RCHEs, notwithstanding that some of RCHEs might have vacant non-subsidized places and there were demands for subsidized places in these RCHEs;
- (j) in 2013-2014, a subsidized RCS place cost the Administration \$7,900 to \$15,600 a month. With the long waiting lists and waiting time for subsidized RCS places, coupled with the constraints faced by the Administration in bringing forth more rapid expansion of the RCS capacity, the Administration should have made good efforts to maximize the effective use of the limited subsidized RCS places available. However, various inadequacies were found in the provision, allocation and monitoring of the limited RCS places, as mentioned in paragraphs 2.29 to 2.60 of the Audit Report. Examples include:
- some 550 to 590 EBPS places were found to have remained vacant during the two years of 2012-2013 and 2013-2014.

*Provision of long-term care services for the elderly*

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According to the Administration, the vacancy figure has lowered to 375 as at end-November 2014;

- in 2013-2014, one-third (39) of the RCHEs participating in EBPS could not achieve the 92% enrolment rate set by SWD for their subsidized places with three of them having an enrolment rate of below 50% and ten having an enrolment rate of "50% to 80%";
  - inefficiency and wastage were found in the allocation of, and admission to, subsidized RCS places, such as late reporting by RCHEs of discharge cases, SWD placement referrals were sometimes made long after receiving the vacancy notifications, and RCHEs' delay in arranging the elderly's admissions; and
  - on one hand, some 1 290 elderly were assessed as in need of care at "Beyond NH" and were awaiting RCS places on CWL. On the other hand, of the 580 infirmary unit places provided by 19 subvented RCHEs (which cost the Administration some \$52 million in 2013-2014), 62 places, on average, had been vacant for at least five years, with five RCHEs each having 4 to 14 vacant infirmary unit places;
- (k) whilst noting that the provision of AQ places to NGOs was a historical development, SWD's continued practice of allowing NGOs to allocate the 1 805 AQ places available as at December 2014 to elderly outside CWL requires reconsideration in the light of the following:
- the growing demand for, and the acute shortfall of, subsidized RCS places the Administration is now facing and the 100% subvention provided by the Administration for the AQ places (costing some \$25.5 million a month);
  - the admission of elderly by NGOs outside CWL allows some applicants to be admitted ahead of other needy elderly still on CWL and provides opportunities for inequitable allocations;
  - the commitment made by the Administration to the LegCo Finance Committee in March 1995 that NGOs operating subvented RCHEs would not be given any discretion to admit

applicants other than those on the then waiting list managed by SWD;

- the legal advice obtained by SWD that the latter had no obligation under the PTG to grant or continue to grant subvention for the AQ places and taking back the AQ subvention would not constitute a breach of PTG or the AQ commitment as agreed with the NGOs in correspondence, as mentioned in paragraphs 2.40 and 2.50(d) of the Audit Report; and
  - the low enrolment rate of 70% for AQ places allocated by NGOs themselves as a whole, as compared with the overall yearly target of 95% enrolment rate set for subvented RCHEs;
- (l) notwithstanding the commitment made by the Administration to LegCo in March 1995 that NGOs operating subvented RCHEs would not be given any discretion to admit applicants other than those on CWL, SWD had continued to grant AQs, without keeping LegCo informed, to 25 subvented RCHEs which were planned before 1995 but commenced operation between 1995 and 2002 and, similar to other RCHEs granted with AQs, these RCHEs were allowed to allocate their AQ places outside CWL. As at June 2014, there were still 19 such subvented RCHEs which were providing 607 AQ (33% of 1 812 at the time) places; and
- (m) the public might not have been aware of the availability of AQ places as many of the NGOs had not posted information onto their websites on the availability of AQ or their latest turn of placement for AQ places;
- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.10 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.11 of the Audit Report;
  - requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.11 of the Audit Report and to inform the Committee the progress, among others, of the following:

*Provision of long-term care services for the elderly*

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- (a) the waiting lists and waiting times for different types of LTC services;
- (b) the three-year project to enhance the LTC infrastructure, including updating the care need assessment tool and redeveloping LDS;
- (c) the utilization of AQ places and the result of their review on the possibility of clawing back AQ places for central allocation under CWL;
- (d) the preparation by the Elderly Commission of the Elderly Services Programme Plan;
- (e) the utilization of the vacant subsidized infirmary unit places available in RCHEs; and
- (f) the progress on the provision of new subsidized RCS places;

Community care services

- expresses grave concern and finds it unacceptable that:
  - (a) in 2013-2014, it cost the Administration about \$7,100 a month for a day care service place. Both the waiting lists and waiting times for day care services are long. With the limited number of 2 750 day care service places available, the fact that some service operators had taken unduly long time to report the discharge of the elderly from services and to admit them to services is unsatisfactory. The same applies to home care service places;
  - (b) one year since the implementation of the Pilot CCS Voucher Scheme in September 2013, some 310 of the 1 200 elderly users still participating in the Scheme had not commenced using the services, with 180 vouchers already issued more than three months ago and should have become void, and 27% of the elderly users who had once participated in the Scheme had withdrawn from the Scheme; and
  - (c) similar CCS are provided to frail elderly under three different schemes which are operating under different funding and operational modes. They are namely the Enhanced Home and Community Care Services ("EHCCS"), Integrated Home Care Services ("IHCS") and

*Provision of long-term care services for the elderly*

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the Pilot Scheme on Home Care Services for Frail Elders, with EHCCS and IHCS operating by largely similar NGOs. There is a need to consider integrating them in order to provide one-stop services to the frail elderly;

- notes that SWD has commissioned the University of Hong Kong to conduct an evaluation study of the Pilot CCS Voucher Scheme and subject to the outcome of the study, SWD will fine-tune the Scheme;
- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.12 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.13 of the Audit Report;
- requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.12 of the Audit Report;

Residential care services

- expresses grave concern and finds it unacceptable that:
  - (a) although SWD is responsible for effective regulation of RCHEs and is paying substantial money to CSSA elderly living in non-subsidized RCS places of private RCHEs (involving \$2.1 billion in 2013-2014), the Audit Commission has however found that:
    - the service quality of most of RCHEs in the private sector which did not participate in EBPS were not on par with those provided by subvented/contract RCHEs and by private RCHEs participating in EBPS (see (b) below), with many of these private RCHEs having merely met the statutory minimum standards;
    - the Administration had been slow in upgrading the minimum requirements set in the RCHE Ordinance which had not been revised in the past 18 years;
    - over 80% of the warning letters issued by SWD in 2013-2014 for non-compliance with the licensing requirements were issued against RCHEs in the private sector not receiving any

*Provision of long-term care services for the elderly*

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- subventions from the Administration (although they accounted for only 57% of the total RCHEs);
- even with the subsidized places provided by private RCHEs participating in EBPS, only some 5% of the elderly on CWL are willing to take up the EBPS places; and
  - high rentals and manpower shortage are two major problems facing many RCHEs in the private sector;
- (b) different types of RCHEs vary significantly in their service quality standards, particularly in their spacing and staff provision per resident, as mentioned in Table 3 in paragraph 4.7 and Appendix D of the Audit Report, and the disparities had arisen because different types of RCHEs are subject to different service quality requirements. For example, subvented/contract RCHEs and RCHEs offering EBPS places are required to meet, in addition to the statutory minimum standards as laid down in the RCHE Ordinance, enhanced standards in the Funding and Service Agreements/service contracts/purchase agreements signed between the Government and the RCHE operators whereas private and self-financing RCHEs not providing any subsidized places are required to meet the statutory minimum standards only;
- (c) notwithstanding the acute shortfall of subsidized RCS places the Administration is facing, SWD had however not exercised the rights reserved in the PTGs granted to NGOs at nominal premium to agree with the grantees on the admission quotas to be provided to the Government, and had not always nominated elderly for admission to self-financing RCHEs established on the sites;
- (d) although the Administration had launched the Premium Concession Scheme as early as 2003, more than ten years later, as at June 2014, no RCHE under the Scheme had come into service and, although the Administration had undertaken to keep the Scheme under review and assess its effectiveness, no such review had been conducted; and
- (e) inspection targets set by SWD to ensure compliance with the licensing requirements had not always been met and follow-up inspections of some RCHEs assessed with higher risk were not conducted within the target timeframe;

- notes that the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.14 of the Audit Report and had already started to implement some of the Audit's recommendations with details in paragraph 5.15 of the Audit Report;
- requests the Secretary for Labour and Welfare and the Director of Social Welfare to set a timetable for implementing the various measures they have undertaken in paragraph 5.14 of the Audit Report;

Way forward

- notes that:
  - (a) the Administration had launched a number of initiatives to cope with the ageing population and the rising demand for subsidized LTC services and various challenges are lying ahead in their implementation;
  - (b) the Secretary for Labour and Welfare had tasked the Elderly Commission to prepare an Elderly Services Programme Plan within two years, which will take on board the Audit's findings and recommendations in the Audit Report; and
- the Director of Social Welfare had agreed with the Audit's recommendations in paragraph 5.16 of the Audit Report.

<b>Follow-up action</b>
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71. The Committee wishes to be kept informed of the progress made in implementing the various recommendations made by the Committee and the Audit Commission.