

For information
on 14 February 2017

LEGISLATIVE COUNCIL

**PANEL ON WELFARE SERVICES
PANEL ON HEALTH SERVICES**

JOINT SUBCOMMITTEE ON LONG-TERM CARE POLICY

Pilot Scheme on Residential Care Service Voucher for the Elderly

Purpose

This paper briefs Members on the progress of the preparation for implementing the Pilot Scheme on Residential Care Service Voucher for the Elderly (Pilot Scheme).

Background

2. In January 2014, the Chief Executive (CE) announced in his Policy Address that the Elderly Commission (EC) would be tasked to study the feasibility of introducing residential care service voucher (RCSV). A team of consultants from the Department of Social Work and Social Administration of The University of Hong Kong, comprising also members of other Universities, was engaged to assist with this task. EC submitted its final study report¹ to the Government in June 2016. The key findings of the study are summarised as follows –

- (a) A RCSV scheme, adopting the “money-following-the-user” principle, would provide an additional choice for elderly persons in need of residential care service (RCS);
- (b) By allowing those elderly persons who have more means to co-pay with the Government the RCSV value and even to top-up the RCSV value, a RCSV scheme would enhance the choice of the consumers (who are elderly persons) and their purchasing

¹ The “Feasibility Study on Introducing a Voucher Scheme on Residential Care Services for the Elderly – Final Report” is available at EC’s website (www.elderlycommission.gov.hk/en/library/).

power, incentivise the provision of higher quality of services, channel public fund to those most in need, encourage sharing of responsibility of RCS users and shorten the waiting time for services;

- (c) A significant percentage of elderly persons on the Central Waiting List (CWL) are residing in non-subsidised places in private residential care homes for the elderly (RCHEs) and are recipients of the Comprehensive Social Security Assistance (CSSA). They would benefit significantly from a RCSV scheme (if they choose to opt for RCSV in lieu of CSSA) where the voucher value (paid by the Government) would be pegged to the required service standard, but not to CSSA rates and they would have greater choices of service providers;
- (d) There should be sufficient demand for vouchers and supply of suitable RCS places to support the roll-out of a pilot scheme. A pilot scheme on RCSV with 3 000 vouchers would be manageable in testing out the receptiveness to RCSV, the practicality of the implementation mechanism, any adverse consequences and whether the scheme could achieve its objectives and desired effects;
- (e) A series of measures were proposed to address the concerns of stakeholders and the public over service quality; and
- (f) While there were concerns that a RCSV scheme might induce price increases and stimulate premature or unnecessary institutionalisation, these possible unintended consequences would either have a limited effect or could be minimised by introducing appropriate mechanisms in the scheme design to counteract the potential undesirable consequences².

3. In the light of the key findings above, the study concluded that introducing RCSV would be both desirable and feasible.

² To avoid the undesirable effect of participating RCHEs marking up the price level without improving service quality and to ensure that the service quality would reach the required standard, the Social Welfare Department (SWD) could prescribe the space and staffing standards of participating RCHEs as well as specify a “standard service package” for the service providers. As to possible premature or unnecessary institutionalisation, the risk was not considered to be high. Only elderly persons who have passed the Standardised Care Need Assessment Mechanism for Elderly Services (SCNAMES) and who are waitlisted on CWL would be eligible for RCSVs. It is also noted that as a matter of fact, the elderly persons on CWL continue to indicate a strong preference for ageing at their homes should circumstances allow.

The Pilot Scheme

4. The consultant recommended, and EC agreed, that a Pilot Scheme on RCSV should be designed to test whether RCSV can:

- (a) provide elderly persons in need with a viable alternative for financial support other than CSSA so that they may receive RCS from eligible private or RCHEs run by non-governmental organisations (NGOs);
- (b) allow those financially more capable elderly persons and their families to share part of the service costs in accordance with their financial ability;
- (c) offer eligible elderly persons a wider choice of RCS, thereby better utilising the capacity of private RCHEs and enhancing their service quality; and
- (d) encourage the overall participation of private and self-financing RCHEs in the provision of elderly services with a view to making available more quality care places in the medium to long term.

5. The Government has accepted the recommendations put forward by the consultant team and as endorsed by EC. The key features of the Pilot Scheme are as follows –

(a) Eligibility criteria

Voucher users of the Pilot Scheme will be elderly persons who have been assessed under SCNAMES to be moderately impaired and are waiting for care-and-attention (C&A) places on CWL.

(b) Recognised service providers (RSPs) and scope of service

RCHEs participating in the Pilot Scheme have to provide non-subsidised C&A places and meet the minimum requirements of EA1 homes under the Enhanced Bought Place Scheme (EBPS) on space standard (i.e. a minimum per capita area of 9.5 square metres for each resident) and staffing requirements. The Pilot Scheme only covers non-subsidised places of RSPs. The scope of service to be provided under a RCSV will be comparable to that of a subsidised C&A place offered under EBPS in order to

meet the basic care needs of elderly persons.

Moreover, the RCHEs participating in the Pilot Scheme must meet the following requirements related to their track record:

- (i) the RCHE has been licensed under the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) (RCHE Ordinance) for at least one year prior to the application;
- (ii) the RCHE has no record of conviction under the RCHE Ordinance or of any criminal offence directly related to the operation of the RCHE in the five years preceding the application; and
- (iii) the RCHE has a clean record in the six months preceding the application and has received no more than two warning items³ in the year prior to the application.

(c) Number of vouchers

The Pilot Scheme will be implemented in three phases with a total of 3 000 RCSVs to be issued within a period of three years from 2017 to 2019 by five batches and each batch with a specified quota. The implementation schedule is at **Annex**. The actual number of RCSVs offered in each batch may be adjusted having regard to the availability of voucher places and the actual take-up rate at that time.

(d) Voucher value

The voucher value is pegged to the monthly cost of an EA1 place in urban area under EBPS (i.e. the sum of Government subsidy and user fee). For 2016-17, the monthly cost of an EA1 place in urban area is \$12,416.

A sliding scale of co-payment at eight levels (Level 0 to Level 7) is adopted. Users will be assessed on an individual basis in the means test and both income and asset will be taken into account in determining the co-payment level⁴.

³ “Two warning items” refers to two different items in one warning letter or, in the case of two warning letters received, two warnings on the same item or two warnings on two different items.

⁴ Given the voucher value of \$12,416 at 2016-17 price level and MMDHI of the third quarter of 2016,

For the income test, the monthly income of the user is benchmarked against the latest Median Monthly Domestic Household Income (MMDHI) for singleton households. For Level 0 (i.e. the level with zero amount of co-payment) users, their monthly income should not be more than 50% of the latest MMDHI for singleton households. For Level 7 (i.e. the level with the highest amount of co-payment) users, there is no limit on their monthly income.

For the asset test, the asset limit for Level 0 users is pegged to the limit for singleton elderly persons under CSSA. As for Levels 1 to 6 users, the asset limits are pegged to the limit for singleton elderly persons applying for public rental housing. There is no asset limit for Level 7 users.

(e) Top-up payment

The Pilot Scheme allows voucher users to make top-up payments up to an amount of 75% of the voucher value to purchase enhanced or value-added services. For example, as the voucher value in 2016-17 is \$12,416, elderly persons and their families may make top-up payments with a maximum amount at \$9,312 to purchase enhanced or valued-added services outside the

the levels of co-payment are as follows:

Level	Income limit		Asset Limit (\$)	User Co-payment		Government subsidy (\$)
	MMDHI [Note 1]	Amount (\$)		Ratio	Amount (\$)	
0	50%	4,300	47,000 [Note 2]	0%	0	12,416
1	75%	6,450	484,000 [Note 3]	10%	1,242	11,174
2	100%	8,600		20%	2,483	9,933
3	125%	10,750		30%	3,725	8,691
4	150%	12,900		40%	4,966	7,450
5	200%	17,200		50%	6,208	6,208
6	300%	25,800		62.5%	7,760	4,656
7	No limit		No limit	75%	9,312	3,104

Note 1: The MMDHI of the third quarter of 2016 was \$8,600.

Note 2: The asset limit under CSSA is \$47,000 effective from February 2017.

Note 3: The asset limit for singleton elderly persons to apply for public rental housing is \$484,000 effective from April 2016.

standard service package. Top-up services include additional physiotherapy/occupational therapy sessions, single-room/double-room dormitory, acupuncture, Chinese medicine and massage service, etc.

(f) Case management service

SWD will provide case management service for voucher users. Case managers will assist voucher users in selecting a suitable RSP, and will provide them with follow-up support after their admission to RSPs (e.g. conducting regular visits to users, monitoring the users' adjustment to the new environment and helping the users to switch to other RSPs when necessary, etc.).

(g) Trial period

The Pilot Scheme will provide a six-month trial period for first-time voucher users. A voucher user's status on CWL will be changed to "inactive" once a voucher is issued to him/her. If the user decides to opt out of the Pilot Scheme during the trial period or the user has not used the voucher in the trial period, his/her status on CWL will be "reactivated" and the original position will be resumed. If the user decides to continue using the voucher after the trial period, he/she will be considered as having withdrawn from CWL. A user may switch to another RSP throughout their participation in the Pilot Scheme. If a user withdraws from the Pilot Scheme after the trial period, he/she may still apply for subsidised RCS and community care service (CCS) again as a new application. He/she may also return to the community with the support of a CCS voucher subject to availability.

(h) Service assurance

A monitoring mechanism will be put in place under the Pilot Scheme to ensure the service quality of RSPs. Visits, random checks, auditing of records, as well as complaint investigations, etc. will be carried out by SWD. Besides, RSPs participating in the Pilot Scheme will be required to join SWD's Service Quality Group Scheme, and to be subject to monitoring from community stakeholders.

If an RSP is found to have breached the service agreement, warnings or sanctions will be imposed. Specifically,

- (i) if an RSP has received more than two warning items in any one-year period, its status as RSP under the Pilot Scheme will be suspended for at least six months;
- (ii) if an RSP has been convicted under the RCHE Ordinance or of any criminal offence directly related to the operation of the RSP, its status as RSP under the Pilot Scheme will be suspended for at least three years; and
- (iii) if the licence of an RSP is being terminated or not renewed, its status as RSP under the Pilot Scheme will be terminated.

In addition, to encourage RSPs to join accreditation schemes, RSPs which apply for the first time and have successfully acquired accreditation under an accreditation scheme that has been accredited by the Hong Kong Accreditation Service will be reimbursed 50% of the accreditation fee.

(i) Evaluation and review

An evaluation will be conducted to assess the effectiveness of the Pilot Scheme. The evaluation would cover aspects such as the level of acceptance of RCSV by users and service providers, users' satisfaction, and whether the scheme can incentivise RCHEs to improve their service, etc.

Latest Position

6. In November 2016, SWD invited eligible RCHEs, namely subvented homes, contract homes and NGO-run self-financing homes, to submit applications for joining the Pilot Scheme as RSPs under the First Phase, which consists of the first batch of vouchers. The First Phase of the Pilot Scheme draws a positive response from eligible homes. SWD is now vetting the applications received. It is estimated that the list of RSPs will be announced in February 2017.

7. SWD will invite eligible elderly persons on CWL to consider joining the Pilot Scheme, with invitations to be prioritised according to

their application dates for LTC services. Tentatively, a maximum of 250 RCSVs will be issued in the first batch (under the First Phase). If the number of applications received upon the close of application exceeds the quota, SWD will prioritise the applications according to the applicants' position on CWL and CSSA status⁵. Successful applicants will be issued with RCSVs from late March or early April 2017 onwards.

8. SWD will continue to implement the Pilot Scheme having regard to the recommendations of the study.

Conclusion

9. The Government would like to reassure the community that RCSV would provide a choice of RCS additional to, but not in substitution of, the existing choices of RCS and CCS made available for eligible elderly persons on CWL. Piloting RCSV will not detract the Government's commitment to enhancing CCS and providing subsidised RCS through a multi-pronged approach, including, among others, the construction of new contract homes and day care centres/units for the elderly and the implementation of the Special Scheme on Privately Owned Sites for Welfare Uses (Special Sites Scheme). SWD is planning to implement 25 development projects for provision of new contract homes and day care centres/units for the elderly. It is estimated that about 2 100 residential care places (including subsidised and non-subsidised places) and about 820 day care places for the elderly will be newly provided. As for the Special Sites Scheme, based on the rough estimation of the applicant NGOs, if all the projects thereunder could be implemented smoothly, about 9 000 additional service places for the elderly would be provided, including about 7 000 residential care places and about 2 000 day care places.

10. The following initiatives have been announced by the CE in his 2017 Policy Address to enhance the residential care services for the elderly: (a) to increase the funding for Infirmary Care Supplement and Dementia Supplement; (b) to implement a pilot scheme under the Lotteries Fund to provide specialised residential care service for elderly persons with special needs at designated RCHes; and (c) to extend the

⁵ The study recommended that if the number of applications received exceeds the quota for a particular batch, allocation of vouchers may be prioritised according to relevant factors. Following this recommendation, on top of the general principle that vouchers are to be issued to applicants according to their position on CWL, a certain number of vouchers out of the total quota for the first batch will be set aside for CSSA recipients. The vouchers designated for CSSA recipients will also be issued to applicants according to their position on CWL.

Pilot Residential Care Services Scheme in Guangdong for three years.

11. The Government will continue to promote the policy of “ageing in place as the core, institutional care as back-up”. Indeed, ageing in place is the cherished wish of most elderly persons. As set out in the 2017 Policy Address, before completion of the report on the Elderly Services Programme Plan in the second quarter of 2017, we will seize each and every opportunity to improve elderly services, with the introduction of the following new initiatives to promote ageing in place –

- (a) to invite the Community Care Fund (CCF) to implement a pilot scheme to provide transitional care and necessary support for elderly persons discharged from public hospitals after treatment;
- (b) to invite CCF to implement a pilot scheme to provide home care and support services for elderly persons with mild impairment; and
- (c) to provide an additional 2 000 vouchers under the Second Phase of the Pilot Scheme on Community Care Service Voucher for the Elderly to support ageing in place for elderly persons with moderate or severe impairment.

12. The Government is conscious of the immense challenges posed by our rapidly ageing population. We will continue to work closely with the stakeholders and the community as a whole, in a continuing process of improving our support for the elderly persons.

**Labour and Welfare Bureau
Social Welfare Department
February 2017**

**Implementation Schedule of
the Pilot Scheme on Residential Care Service Voucher for the Elderly**

Phase	Number of months	Recognised service providers	Batch	Number of vouchers to be issued ^[Note]	Cumulative number of vouchers issued
I	1 - 6	Subvented/contract/self-financing homes meeting entry requirements	1	250	250
II	7 – 12	Subvented/contract/self-financing homes and existing EA1 homes meeting entry requirements	2	500	750
	13 – 18		3	500	1 250
III	19 - 24	All RCHEs meeting entry requirements	4	500	1 750
	25 - 30		5	1 250	3 000

Note : The actual number of vouchers to be issued in each batch may be adjusted subject to response and actual number of places available.