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Panel on Welfare Services and Panel on Health Services

Joint Subcommittee on Long-term Care Policy

**Updated background brief prepared by the Legislative Council Secretariat
for the meeting on 14 February 2017**

Pilot Scheme on Residential Care Service Voucher for the Elderly

Purpose

This paper gives an account of past discussions regarding the feasibility study on introducing a voucher scheme on residential care services for the elderly ("the Feasibility Study") conducted by the Elderly Commission ("EC"), and the Administration's proposal to implement the Pilot Scheme on Residential Care Service Voucher for the Elderly ("the RCSV Pilot Scheme") at meetings of the Panel on Welfare Services ("the Panel") and the Subcommittee on Issues Relating to the Future Development of Elderly Services Schemes under the Panel of the Fifth Legislative Council ("LegCo").

Background

2. According to the Administration, in view of an ageing population and increasing longevity, there will be a pressing need for the Administration to devise a viable financing model for long-term care ("LTC") services with due emphasis on residential care services ("RCS") and community care services ("CCS"). This includes, among others, a voucher that enables senior citizens and their families to exercise greater choice and control of their utilization of LTC services, which will also have the effect of incentivizing improvements to both RCS and CCS, as part of a longer-term strategy for providing elderly services in a sustainable manner.

3. The subject of an RCS voucher scheme was considered in the Consultancy Study on RCS for the Elderly commissioned by EC in 2009, followed by EC's Consultancy Study on CCS for the Elderly released in 2011. Having taken on board EC's recommendation, the Administration implemented the four-year Pilot Scheme on CCS Voucher for the Elderly ("the CCSV Pilot Scheme") in September 2013. It aimed to experiment a new funding mode whereby the Administration provided subsidy directly for service users instead of service providers so that money followed the users. The Administration considered that as the CCSV Pilot Scheme had been implemented, it would be opportune to explore the feasibility of introducing a voucher scheme on RCS for the elderly, leveraging on the experience of designing the CCSV Pilot Scheme. As announced by the Chief Executive ("CE") in his 2014 Policy Address, EC would conduct the Feasibility Study and report to the Administration in a year's time. CE also announced that the Administration had earmarked about \$800 million to meet the expenses incurred for issuing a total of 3 000 RCS vouchers in three phases during a three-year period if EC considered that it was feasible to run an RCS voucher scheme.

4. Since July 2014, the Working Group on LTC Model ("WGLTCM") under EC has commenced the Feasibility Study. The consultant team commissioned by EC made preliminary recommendations with respect to the Feasibility Study in January 2015 and conducted a series of public engagement events from February to March 2015 to consult stakeholders about their views on the preliminary recommendations. In view of the public's concern about the service quality of residential care homes ("RCHs"), WGLTCM invited the consultant team to further examine the preliminary recommendations, especially on aspects including the quality assurance mechanism, complaint handling procedures and case management arrangements of the RCSV Pilot Scheme in June 2015. After further examination of the preliminary recommendations in early 2016, the consultant team submitted the revised findings and recommendations to WGLTCM and EC in March and June 2016 respectively. Subsequently, EC endorsed at its meeting on 7 June 2016 the consultant's final report,¹ which was then submitted to the Administration for consideration. At the Panel meeting on 25 June 2016, the Administration briefed members on the findings of the Feasibility Study and the implementation details of the RCSV Pilot Scheme.

¹ The final report of the feasibility study on introducing a voucher scheme on residential care services for the elderly has been uploaded to the website of the Elderly Commission (www.elderlycommission.gov.hk/en/library/).

Deliberations by members

Feasibility study on introducing a voucher scheme on residential care services for the elderly

5. Members had all along urged the Administration to enhance RCS for elderly persons. Nevertheless, they had divergent views on the Feasibility Study. Some members raised no objection to the exploration of an RCS voucher scheme. They, however, considered it necessary to have a clear policy direction for RCS, including the weighting of vouchers in RCS and the ratio of self-financing places and subsidized places in RCHs for the elderly ("RCHEs"). In addition, services provided under an RCS voucher scheme should be comparable to services provided by subsidized RCHEs. Moreover, a voucher scheme should cover both elderly persons and persons with disabilities who were in need of institutional care. In any event, the Administration should allow more time for discussion of an RCS voucher scheme before consulting members on any proposals. Some other members expressed strong reservations about the Feasibility Study and wondered why the Administration had to explore the feasibility of an RCS voucher scheme when the first phase of the CCSV Pilot Scheme, which had a low participation rate, was still under review. They said that the results of EC's Consultancy Study on RCS for the Elderly conducted in 2009 did not recommend the introduction of an RCS voucher scheme as it might encourage some elderly persons who had no pressing need for institutional care to use RCS. These members therefore did not support the Feasibility Study.

6. The Administration advised that according to the 2014 Policy Address, apart from carrying out the Feasibility Study in a year's time, EC was also tasked to draw up the Elderly Services Programme Plan ("ESPP") within two years. EC would take forward the aforesaid two tasks concurrently so that ESPP would provide a wider context for an RCS voucher scheme while an RCS voucher scheme would serve as an input to ESPP. Besides, the feasibility exploration of an RCS voucher scheme would leverage on the experience in designing the CCSV Pilot Scheme. The Administration stressed that the introduction of the RCSV Pilot Scheme would be subject to the outcome of the Feasibility Study and EC's recommendation. Should EC's study recommend the RCSV Pilot Scheme, the Administration would consult the Panel on the scheme before seeking the necessary funding approval from the Finance Committee of LegCo.

7. Some members expressed concern about the participation rate and the service quality of the RCSV Pilot Scheme if the service under the Scheme would be provided mainly by RCHEs meeting the standards of the Enhanced Bought Place Scheme ("EBPS"), of which the service quality was not on par with that of the subvented/contract RCHEs. While the RCSV Pilot Scheme could improve

the unit subsidy and occupancy rate of participating RCHEs, these members took the view that it was not an effective solution to the problem of acute shortage of RCS. Noting that a means test was suggested for users on an individual basis under the RCSV Pilot Scheme, these members did not agree to the suggestion as they were worried that the Scheme would pave the way for the introduction of a means test to the existing subsidized CCS and RCS in future.

8. The Administration advised that the RCSV Pilot Scheme aimed to enable elderly persons, particularly those who were admitted to private RCHEs and were receiving Comprehensive Social Security Assistance, to receive better services. It also sought to reduce the waiting time for RCS by making use of places offered by self-financing RCHEs and private RCHEs. Since the "money-following-the-user" approach as well as the co-payment and top-up arrangements would be helpful to the sustainability of and the Administration's long-term commitment to the provision of RCS, the RCSV Pilot Scheme would test the viability of this new funding mode. Stressing that the conduct of the Feasibility Study would not affect the Administration's present commitment to providing subsidized RCS for elderly persons, the Administration would continue its efforts to secure suitable sites for the construction of RCHEs and was actively following up on the projects under the Special Scheme on Privately Owned Sites for Welfare Uses to increase the supply of subsidized RCS places.

9. Noting that the proposed RCS voucher value might be about two times of the CCS voucher value, some members were worried that the attention of social workers and elderly persons might be attracted to the RCSV Pilot Scheme, thereby affecting the provision of CCS. It might also trigger some participants of the CCSV Pilot Scheme to switch to the RCSV Pilot Scheme. In view of the inadequacy of resources committed to CCS and the uncertainty of service demand faced by CCS providers, these members considered that elderly persons with assessed care needs should be given service vouchers of a single value, with which they could choose to receive either CCS or RCS.

10. The Administration advised that given the scopes of CCS and RCS were different, the services provided under the two voucher schemes would not overlap. The Administration was also aware that some elderly persons might choose to receive CCS while waiting for subsidized RCS, and some elderly persons were assessed by the Social Welfare Department ("SWD")'s Standardised Care Need Assessment Mechanism for Elderly Services as eligible for both CCS and RCS. The consultant team had therefore been asked to study whether the RCSV Pilot Scheme would affect the CCSV Pilot Scheme or bring out unintended consequences such as premature institutionalization. Furthermore, the Feasibility Study also put a heavy focus on measures to assist elderly persons in making informed decisions on the type of services they would receive, such as through the provision of case management services for voucher

users. On the value of the RCS voucher, the Administration advised that the proposed RCS voucher value was not the same as that of a CCS voucher as the unit costs of RCS and CCS were different.

11. Some members considered that as private operators would be invited to join the RCSV Pilot Scheme, implementation of the Scheme would be a move towards privatization of subsidized services. Expressing grave concern about the quality of services provided by private RCHEs, these members called on the Administration to provide a specific timetable for strengthening its monitoring of private RCHEs. These members also requested the Administration to consider providing a wage supplement for frontline staff of private RCHEs to enhance their service quality. In addition, the Administration was requested to introduce an evaluation system for RCHEs, and allow public access to evaluation results for individual RCHEs.

12. The Administration advised that private RCHEs, which had participated in and had been accredited under the relevant service quality accreditation schemes, would be accorded higher scores under the selection process of EBPS. Similar to EBPS, it was expected that specific requirements in terms of manpower provision and spatial standard would be set under the RCSV Pilot Scheme. To strengthen the regulatory work of private RCHEs, resources would be allocated to SWD to take targeted measures such as putting its Licensing Office of RCHEs and the Licensing Office of Residential Care Homes for Persons with Disabilities under the management of a single branch of SWD with additional manpower. The Administration would also take measures, such as stepping up inspections at RCHEs with unsatisfactory performance and enhancing training for staff of private RCHEs, to strengthen the monitoring of and enhance the service quality of RCHEs. The Administration also appealed to operators of private RCHEs to enhance self-monitoring of the service quality of their residential care places so as to give more confidence to stakeholders in using their services. Besides, the Administration would expand the work of the Service Quality Group Scheme on RCHEs, under which community personalities paid regular unannounced visits to different types of RCHEs.

13. While agreeing that the RCS voucher was an important mode for the provision of LTC services, the Panel noted with concern that the social services sector and many elderly persons opposed the implementation of the RCSV Pilot Scheme. Some members were also concerned that according to the preliminary data provided by the Administration, only a tenth of the elderly persons on the Central Waiting List ("CWL") were willing to consider the RCS voucher and agree to a means test. At its special meeting on 28 March 2015, the Panel passed a motion urging the Administration to temporarily suspend the implementation of the RCSV Pilot Scheme, reinstate an in-depth discussion and planning with the social services sector, elderly persons, their families and

various stakeholders, and pre-empt the use of the allocated resources by assigning them to CCS to enhance both home care and day care services, with a view to gearing the service direction towards ageing in place.

Proposed implementation of first phase of Pilot Scheme on Residential Care Service Voucher for the Elderly

14. At the Panel meeting on 25 June 2016, members noted that the Administration planned to launch the first phase of the RCSV Pilot Scheme around the fourth quarter of 2016 or first quarter of 2017, taking into account the findings and recommendations of the Feasibility Study as endorsed by EC on 7 June 2016. Some members considered the RCSV Pilot Scheme worth a try as it would serve as an additional choice of RCS for eligible elderly persons on CWL. The majority of members, however, shared the concern of the majority of deputations attending the aforesaid meeting about the unsatisfactory quality of some private RCHes, which had given rise to frequent occurrence of incidents of suspected elderly neglect and elderly abuse. Besides, these members considered the existing requirements on staffing establishment and spacing of RCHs unsatisfactory. As there was neither improvement in the monitoring system for RCHes nor enhancement of staff and standard of service premises under the law, the Panel passed a motion objecting to the implementation of the RCSV Pilot Scheme.

15. Some members shared the suggestion of some deputations that the Administration should deploy the \$800 million earmarked for the implementation of the RCSV Pilot Scheme to enhance CCS, with a view to addressing the gross shortage in this regard. According to the Administration, it would continue to take various measures to enhance CCS (e.g. providing 1 666 additional places of the Enhanced Home and Community Care Services which had already commenced service from mid-2015, providing additional 2 000 places under Phase II of the Pilot Scheme on Living Allowance for Carers of Elderly Persons from Low Income Families to make a total of 4 000 beneficiaries for the two phases of the aforesaid Scheme, and increasing the number of vouchers to be issued under the CCSV Pilot Scheme from 1 200 vouchers in the first phase to 3 000 vouchers in the second phase). The Administration stressed that the \$800 million was an additional resource earmarked for the implementation of the RCSV Pilot Scheme, which would provide an additional option for eligible elderly persons to choose RCS that suited their needs, but would not detract from the Administration's commitment to enhancing CCS.

16. Some members had time and again urged the Administration to conduct a comprehensive review of the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) ("the RCHE Ordinance") and the Code of Practice for RCHEs, with a view to addressing the quality problem of private RCHEs. The Administration advised that it would start working on a review of the relevant legislation, taking into account the findings of the report on ESPP which was expected to be submitted to the Administration by the second quarter of 2017. Some members, however, called on the Administration to review the RCHE Ordinance irrespective of the outcome of ESPP, given that the Ordinance had been enacted for over 20 years.

17. Given that many stakeholders gave a negative response to the proposal to implement the RCSV Pilot Scheme, some members asked if the Administration would consider further revising the proposal instead of insisting on implementing the Scheme as currently designed. The Administration advised that EC had widely consulted and taken into account the views of stakeholders on the Scheme, e.g. the long-standing request of the social welfare sector for enhancing the case management service, before the Administration decided to introduce the RCSV Pilot Scheme. The Administration would keep in view the implementation of the Scheme and consider refining the implementation details as appropriate such as the number of vouchers to be issued for the future phases of the Scheme. In addition, evaluation of the RCSV Pilot Scheme would be conducted.

Latest development

18. As announced by CE in his 2017 Policy Address, the Administration will implement the RCSV Pilot Scheme from the first quarter of 2017 by adopting a "money-following-the-user" approach, with a view to offering elderly persons in need of RCS with an additional choice. Under the Scheme, a total of 3 000 RCS vouchers will be issued from 2017 to 2019. At its meeting on 14 February 2017, the Joint Subcommittee on Long-term Care Policy will meet with deputations and the Administration on the RCSV Pilot Scheme.

Relevant papers

19. A list of the relevant papers on the LegCo website is in the **Appendix**.

**Relevant papers on
Pilot Scheme on Residential Care Service Voucher for the Elderly**

Committee	Meeting date / Issue date	Paper
Panel on Welfare Services	23 January 2014 (Item II)	Agenda Minutes
	10 March 2014 (Item IV)	Agenda Minutes
	10 November 2014 (Item IV)	Agenda Minutes
	9 February 2015 (Item V)	Agenda Minutes
	23 March 2015 (Item I)	Agenda Minutes
	28 March 2015 (Item I)	Agenda Minutes
Subcommittee on Issues Relating to the Future Development of Elderly Services Schemes	22 March 2016 (Item I)	Agenda Minutes
Panel on Welfare Services	25 June 2016 (Item II)	Agenda Minutes
Subcommittee on Issues Relating to the Future Development of Elderly Services Schemes	12 July 2016	Report LC Paper No. CB(2)1902/15-16
Panel on Welfare Services	13 July 2016	Report LC Paper No. CB(2)1852/15-16