

Residential Care Service Voucher Scheme for the Elderly

The Audit Commission (“Audit”) conducted a review of the Residential Care Service Voucher Scheme for the Elderly (“RCSV Scheme”) administered by the Social Welfare Department (“SWD”).

2. Adopting the principles of “money-following-the-user” and “users pay in accordance with affordability”, RCSV Scheme provides elderly persons with greater flexibility to freely choose and switch among residential care homes for the elderly participating in the Scheme (i.e. recognized service providers (“RSPs”)), and allows elderly persons who can afford less to receive more subsidies. Since the launch of RCSV Scheme in 2017 and up to 2023-2024, the total amount of subsidies for the Residential Care Service Voucher for the Elderly (“service voucher”) was about \$2,424.4 million.

3. The Committee noted the following Audit’s findings:

Administration of service vouchers

- as of March 2024, of the 7 110 service vouchers issued, 3 110 (44%) were cancelled and 4 000 (56%) remained valid. According to SWD, for those 3 110 cancelled service vouchers, the main reason for the elderly persons leaving RCSV Scheme was deceased (73%);
- the timing of utilization of the service vouchers was dependent on the voucher holders. As long as the number of the service vouchers issued was more than the quota, there was a possibility that the resources provided for service vouchers might be exceeded;
- there was no specified time frame for completing the processing of applications for service vouchers by SWD. For the 5 704 applications received in 2022-2023 and 2023-2024, Audit noted that as at 31 March 2024:
 - (a) the processing of 3 179 (56%) applications was completed with service vouchers issued. The time lapse between the application dates and issuance dates of the service vouchers ranged from the same day to about seven months;
 - (b) 330 (6%) applications were under processing. The time lapse between the application dates and 31 March 2024 ranged from three days to about five months; and

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- (c) the processing of 2 195 (38%) applications was completed without issuance of service vouchers, which included 1 882 (86%) withdrawn, 94 (4%) rejected, and 219 (10%) with the applicants passing away. For these 2 195 applications, the time lapse between the application dates and the processing completion dates ranged from the same day to about nine months;
- according to SWD guidelines, SWD staff was required to contact the case workers to obtain the valid results of the Standardised Care Need Assessment Mechanism for Elderly Services of the applicants within seven working days upon completion of service briefings for the applicants. However, the timing of the service briefings and the first contacts with the case workers was not readily available;
- Audit examined the records of 5 992 service vouchers with the trial period expired, and noted that: (a) for 12 service vouchers, the decisions of the voucher holders on whether to opt in or out from RCSV Scheme was not recorded in the Residential Care Service Voucher System; and (b) for 228 service vouchers with holders' decisions recorded in the above system, the opt-in or opt-out dates were one day to about nine months after the expiry of the trial period;
- according to SWD guidelines, the service vouchers would become invalid if they were not used for three consecutive months. As at 31 March 2024, there were 4 000 voucher holders, of which 17 were discharged from RSPs for 92 days to about 2.6 years. While the service vouchers concerned were not used for more than three consecutive months and became invalid, they were not yet cancelled;
- RSPs charged voucher holders for bed fees covering fees for voucher services and top-up payment for upgraded dormitory (if applicable). The voucher value was adjusted annually, and RSPs needed to reply to SWD whether their fees would be adjusted accordingly. For voucher value adjustment effective from April 2024, while documentation for scrutinizing the fees by SWD was not available as of August 2024, all 15 RSPs examined by Audit (including 11 RSPs who made no reply to SWD) were reimbursed with the subsidy based on the updated voucher value since April 2024;
- Audit examined add-on service fees charged by 10 contract homes, and noted that their add-on services were similar to the additional services, consumable items and incidental charges items provided by other types

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of RSPs (e.g. private homes). Contrary to the normal practice in which these charges were paid by voucher holders (who were given the option to buy these items/services at their discretion), the add-on services provided by contract homes were fully or partly subsidized by the Government regardless of the preference of the voucher holders. There was also large variation in price levels for some similar add-on services among these contract homes;

- RSPs needed to submit forms on their fee-charging items and price lists to SWD for scrutiny. For the 15 RSPs examined by Audit, the scrutinized fees for similar additional services, consumable items and incidental charges items varied among these RSPs. For the latest fee-charging forms submitted by these 15 RSPs, SWD's scrutiny records for seven (47%) RSPs were not available;

Monitoring of RSPs

- Audit examination of the relevant records of 30 voucher holders from April 2023 to March 2024 revealed that: (a) consumable items were overcharged in six cases (totalling \$2,703); (b) the justifications for charging consumable items not on the price list were not documented in four cases (totalling \$34,225); and (c) voucher holders receiving care supplement subsidy were charged for the relevant care supplements payable by the Government in two cases (totalling \$1,155). From October 2023 to March 2024, the justifications for not providing the required daily quantity of diapers to voucher holders receiving care supplement subsidy for diapers were not documented in seven cases;
- Audit examined the staff attendance records for March 2024 of three RSPs, and noted that for two RSPs, the shortfall in attendance rates for some types of staff ranged from 1% to 14%, contrary to the required attendance rates of 100% stipulated under the service agreements;
- as of March 2024, service monitoring visits conducted by SWD to 59 RSPs (out of 203 RSPs) had been overdue. Audit joined five service monitoring visits cum on-site supervisory checks to five RSPs in June and July 2024, and noted that in one visit, non-compliances with the service agreement (e.g. over-charging consumable items and incidental charges items) were not identified by SWD officers;

Other related issues

- from July 2023 to May 2024, for 2 155 monthly reimbursement forms for service voucher subsidies submitted by RSPs, there were delays in the submission of 559 (26%) forms. For 625 (29%) forms, re-submission of the forms by RSPs was required;
- according to SWD, there were many reasons inducing several submissions/re-submissions of monthly reimbursement forms, which included, among others, technical problems of RSPs. According to SWD, RSPs had been provided with user manual, training and video demonstration on the Voucher Information System for the Elderly to facilitate the reimbursement process;
- from March to May 2024, there was a total of 607 records on the bed vacancy information updated by 206 RSPs through the Voucher Information System for the Elderly. Audit noted that 148 (24%) records were updated on time, but the remaining 459 (76%) were not updated on the last day of every month as required; and
- as of March 2024, for 90 (44%) of 203 RSPs, the percentage of vacant beds open for accommodating voucher holders was 10% or less. The number of service vouchers had increased by 1 000 since 11 June 2024, but the number of beds for voucher holders only increased by 668 as of August 2024 (against the position in March 2024).

4. The Committee did not hold any public hearing on this subject. Instead, it asked for written responses to the issues raised by Audit. The replies from the **Director of Social Welfare** are in *Appendix 15*.

5. The Committee wishes to be kept informed of the progress in implementing Audit's recommendations.