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Research into proposed reforms of UK care funding published

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The cost implications of the UK government's recent plans to reform the funding system for care and support in England are analysed in a new research paper, which also considers the effects of options to give more help to lower income care home residents.

The paper, by the London School of Economics and Political Science (LSE) and the University of East Anglia (UEA), provides detailed estimates of the public expenditure costs of the government's plans. It projects that the government's current proposals, with a cap of £75,000, would add £2 billion (2010 prices) to public expenditure by 2030. This is in contrast to a projected extra £3.3 billion cost of the Dilnot Commission's proposals, which had recommended a cap of £35,000.

Under the current system people with savings above an upper threshold of £23,250 are not generally eligible for publicly funded care and support. There is also a lower threshold of £14,250 below which savings are completely disregarded in the means test for social care. The Dilnot Commission recommended a substantial increase in the upper threshold for care home residents and a cap – that is a lifetime limit – on people's liability to meet the costs of their care.

Higher income care home residents gain the most from the government plans - the richest fifth of residents aged 85 and over gain £52 a week on average, compared to £20 for the poorest fifth.

The research shows that changes to how capital is treated in the means

test for care home residents who have assets below the upper threshold would benefit lower income care home residents. The government plans to increase this threshold from £23,250 to £118,000 in 2016. The paper shows the effects of either increasing the lower capital threshold to £41,600 or halving the rate of user charge levied in respect of savings between the two thresholds from £1 per week per £250 of assets to £1 per week per £500 of assets.

Lower income care home residents would gain since they are more likely than those with higher incomes to have assets in the range affected by these options. The total cost of either of these changes would be approximately an additional £150 million by 2030.

Raphael Wittenberg, Principal Research Fellow at LSE's Personal Social Services Research Unit, said: "The government's reforms will, we estimate, directly help over 100,000 care home residents at any time. They will tend to provide greater benefit to relatively better off older people, primarily because they currently have to pay the most for their care. Our research highlights two possible ways to modify the reforms, if resources permitted, in order to provide more help for those on relatively low to modest means."

Professor Ruth Hancock, of UEA's Health Economics Group, said: "We estimate that for a modest increase in public costs, the government's reforms could be made more beneficial to lower income care home residents. We hope that the government and other stakeholders will study our analysis and that, if further resources become available for reforming the funding system, they will consider the two variants we have examined."

More information: The paper Long-term care funding in England: an analysis of the costs and distributional effects of potential reforms is available at www.uea.ac.uk/medicine/health- … group/working-papers

and www2.lse.ac.uk/LSEHealthAndSocialCare/PDF/DP2857.pdf