Northgate
Healthcare

Making our home, your home

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Support to help you plan

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Introduction

It is important that you have the long-term care that is right for you, and that meets your needs. But the guidelines and rules about paying for long-term care are complicated, and not always easy to follow.

That is why we have gathered together the advice in this booklet, explaining in clear terms the different ways you can obtain and pay for long-term care, whether you are using local authority funds or paying for the care yourself.

We should start by saying that everyone's situation is different. Care is personal. It depends on what you need and what you would prefer as an individual. Therefore, once you have read this booklet, we recommend that you obtain independent advice about what is best for you.

As you may know, your local authority may be willing to help pay for your long-term care, but will want to make an assessment of your ability to fund that care yourself before it makes a decision.

If you have more than a set amount of capital and income, you will be expected to pay some or all the costs of the accommodation and personal care provided.

Note about terminology

We refer, in this booklet, to care homes. This term covers residential homes, which provide personal care, and nursing homes, which provide both personal care and nursing care. Where the difference between these two types of home influences funding decisions, we explain that in the relevant section.

How much do care homes cost?

There are many different types of care homes, catering for people with a range of needs, tastes and incomes. That is why it is not so easy to answer the question: how much do care homes cost?

In general, a nursing home will cost more than a residential home, because it will provide additional professional medical care, based on the needs of the people who live there.

However, other factors that affect the cost of care are the location of the care home, and the quality of its facilities, the size and style of your room and the additional services provided, such as entertainment, external visits and therapeutic treatments.

Fees can range from £450 to £1,200 per week, subject to personal assessment, though they could be more.

However, many elderly people in long-term care do not have to pay the full cost of that care, as they qualify for support from their local authority or the NHS.

For example, people who need nursing care are likely to receive a Registered Nursing Care Contribution, which will reduce costs by £109.79 per week.

Local authority or private funding?

You may be eligible for a contribution from your local authority or the NHS (in England and Wales). The amount you can claim depends on the value of your capital (savings and other assets, such as property) and income (money you earn or is paid in a pension). It should be noted, that contributions depend, also, on whether you live in England, Wales or Scotland.

It is important to point out that the help you are eligible to receive may change over time, for example, your capital may fall below the upper capital limit, or your nursing needs may increase.

Funding in England

- Your local authority will pay for the cost of your care, if your capital is less than £14,250
- Your local authority will still pay, but not fully, if your capital is between £14,250 and £23,250. For every £250 you have over £14,250, they will subtract £1 a week from the amount they will pay. You will have to make up the amount as your contribution
- You will have to pay the full cost of your accommodation and personal care if your capital is over £23,250
- Your weekly income may also be taken into consideration. If your capital is less than the upper limit, but your weekly income is more than your care home fees, plus a weekly allowance of £23.50 added together, you will have to pay the full cost.

Registered Nursing Care Contribution

The NHS in England contributes to the care of people who are assessed as needing it. The registered nursing care contribution (RNCC) applies whether care is funded by you or the local authority.

The NHS pays the money directly to the care home or via the local authority. The standard amount for a RNCC is £109.79. The rest of the cost, for accommodation and personal care, is met by you, as the care home resident, or the local authority.

If you are moving into a care home because you have a medical condition, you should check to see if you qualify for a fully funded NHS continuing care (see below).

NHS Continuing Care

People with particular nursing needs may be entitled to full NHS funding for their care home. This is called NHS continuing care in England. NHS continuing care is regularly reassessed and may be withdrawn if your medical circumstances change. If you are in hospital, your needs should be assessed before you are discharged.

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Assessment of needs

There are a number of circumstances where your needs will be assessed – or where you should ask that your needs be assessed. These are:

- If you think you are eligible for help with your care from your local authority. You should make your request to the social services department. The care plan they produce will recommend whether you need care at home, you need to go into a care home, or you need nursing care.
- If you think you may need to ask your local authority to contribute towards your care costs in the future, if your capital falls below the upper limit, or your income changes.
- If you think you need nursing care.

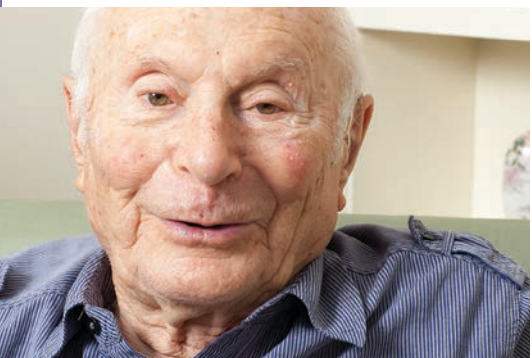
If you move into a care home, social services will carry out a financial assessment to work out how much you need to contribute to the costs. Even if you pay for care in a home yourself, the care home will want to carry out an assessment to make sure your needs are being met.

Direct payments

Since April 2003 every local council has offered people who needed help to stay in their own home money instead of arranging services for them. These direct payments enable you to choose how to organise the help you need in a flexible way.

Your local authority will have more information about direct payments.

Direct payments are intended to pay for independent living, not residential care. However, in some circumstances, they can be used to pay for short stays in a care home, if your local authority agrees that is best for you.



Paying for your own care

If you have capital over £23,250 (in England) you will have to pay full accommodation and personal care costs, and are free to choose any home within your budget, as long as it meets your needs.

The care home you choose should give you a contract. You should check the contract carefully, taking independent advice if necessary, to ensure you understand all aspects of costs and specific services provided.

If your capital falls below the upper limit

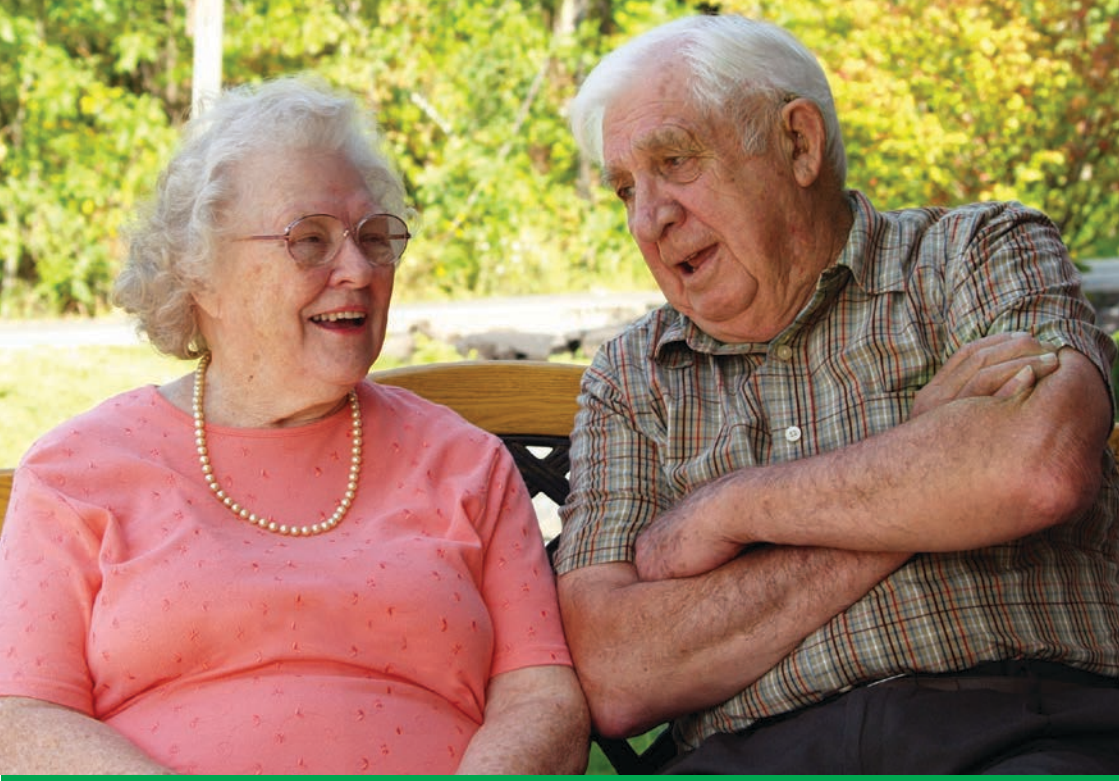
If your capital falls below £23,250, you can apply to your local authority for help with the costs of your care. The council will carry out a financial assessment (see pg 8), so contact social services in plenty of time.

If the care home you have selected costs more than what the local authority would normally pay, you may have to arrange for someone to make a third party payment (see pg 9). Therefore, as part of your selection process, you should consider if you can afford the home available in the long-term, to avoid having to move in the future.

Also, you need to check if the care home of your choice will accept local authority funding.

Changes in financial circumstances

If your capital or income change significantly between annual assessments (most local authorities review financial assessments annually), you should inform the local authority. This is because the amount you have to contribute to the cost of your care may change, depending on the level of your capital between £14,250 and £23,250, and if it falls below these sums.



Insurance to pay for care

In the past, it was possible to take out long-term care insurance, paid for over a long period of time before care is needed. These insurances polices are now much less common. But if you still hold one, it should still be valid and honoured by the insurance company.

More common now is immediate care insurance. This is designed to help if you think you might have to move into a care home. You pay a single lump sum at the time you decide you need care. The insurer will base this single premium on an assessment of how long you will need care for, and the level of care you will need. This lump sum may seem very large, but it will pay for care for as long as you need it, so will protect any other assets you have.

You should speak to a trusted independent financial adviser about these insurance products before using them.

Private medical insurance

Private medical insurance is not likely to cover long-term care costs, but it may provide funding for limited periods of convalescence in a care home. Your insurer will be able to advise you about your policy.

Local authority payments towards your care costs

Carrying out a financial assessment

Your local authority may carry out a needs assessment and decide you need residential care. If this happens, they will carry out a financial assessment. They will tell you the maximum amount they are willing to pay for your care. This should be based on your personal care needs. The council will then assess your finances to decide if you should contribute to the cost, an amount called the resident contribution.

The financial assessment should be a detailed calculation, based on your full income and capital, not just a rough estimate of either amount.

The local authority will explain arrangements for making this payment. If you are assessed as needing nursing care, you will be eligible for the registered nursing care contribution.

Your choice of care home

Local authorities should give you a genuine choice of where to live, as long as:

- It is suitable for your needs
- Accommodation is available
- The accommodation satisfies the local authority's terms and conditions
- The home does not cost more than the local authority would usually pay for someone assessed as having your needs.

You do not have to move into a local authority home. The local authority should give you a list of homes in your area that meet your care needs. There will be a number of independent homes that have agreed to provide care at the local authority's agreed rate, or will accept third party contributions. However, you do not have to go into a home on that list.

If you want to live in a care home not on that list, the local authority should look at whether the home costs more than they would expect to pay, taking account of your specific needs. If the home does cost more, or there is no cheaper alternative, the local authority should pay for you to live there, or allow a third party to pay the difference. The home would have to agree to enter into a contract with the local authority to provide your care at the agreed price.

If the local authority says the home of your choice is too expensive, it must demonstrate that your needs can be met properly in a less expensive home.

Third party contributions

If the care home you want to live in costs more than the local authority is willing to pay, based on your personal care needs, someone else can pay the difference on your behalf. This could be a relative, a friend, or an organisation, such as a benevolent fund. This is called a third party contribution or top up.

Most care homes will accept funding from a number of different sources, for example a local authority, a relative and a benevolent fund. If your needs assessment says you need more expensive care, your local authority must pay the higher cost. These assessed needs can be medical, cultural or personal, for example, it is decided you should remain living in a particular community.

The person or organisation who agree to make a third party contribution should understand they will have to agree to enter into a contract and must show they are likely to maintain payments, which could increase.

Moving to a different part of the country

When your local authority in England or Wales agrees to fund your care in a care home, you can choose to live anywhere in England or Wales. However, if the home is more expensive than the local authority would usually pay for your needs, the advice in the previous section of this booklet applies.

You should make sure that your individual reasons for wanting to move to a specific area are covered in your needs assessment and care plan. If your local authority agrees to the move, it will continue to pay for your care.

Financial assessment

The Department of Health issues guidelines about how your contribution to your care should be assessed. Local authorities have to follow these guidelines.

Capital and income – what is the difference?

Capital

Capital is defined as property, savings or investments you own. These could be inside or outside of the UK. It includes one-off or lump sum amounts, such as an inheritance or the proceeds from an investment policy.

Capital usually includes the value of your home, except in certain circumstances. Usually, personal possessions, such as jewellery, are not counted as capital.

Capital is valued at its current market value, less any debts or mortgages secured against it. So if an asset would be difficult or impossible to sell, its market value could be low. If there are costs associated with selling an asset, 10 per cent is deducted from the value, until the precise costs are calculated.

Income

Income is usually defined as payments which are made for a particular period – for example, a month or a year. They form part of a regular series of payments. These include state, occupational and personal pensions, benefits and welfare allowances.

Interest on savings is not counted as income, but is treated as capital from the date you are due to receive it. There are also other types of income and capital which are ' disregarded' for the purposes of carrying out a financial assessment.

Capital limits for help with the costs of care* (For more details see Local authority or paying for your own care section)
Your local authority will still pay for the cost of your care if your capital is less than: **England** £14,250 **Scotland** £15,500 **Wales** £23,250
Your local authority will still pay, but not fully, if your capital is between: **England** £14,250 and £23,250 **Scotland** £15,500 and £25,250
For every £250 you have over the lower limit they will subtract £1 a week from the money they contribute.
You will have to pay the full cost of your accommodation and personal care if your capital is over: **England** £23,250 **Scotland** £25,250 **Wales** £23,250
If your capital is less than the upper limit but your weekly income is more than your care home fees and the personal allowance of £23.50 (£24.00 in Wales) added together, you will have to pay the full cost

*** Correct at the time of print**

Tariff income

In England, if you have capital of between £14,250 and £23,250, you will be expected to contribute to the cost of your care. The amount is calculated by assuming that, for every £250 capital, or part of £250, you have between the lower and upper amount, you have an income of £1 per week, which is called the tariff income.

Personal expenses allowance

Only capital and income held in your own name will be counted in the assessment as belonging to you. Savings and capital held jointly will be assumed to be shared equally, so only half will be counted as belonging to you. If you do not consider this to be fair, you should seek independent professional advice as to how you might correct the situation.

If you are both moving into a care home, you will be assessed as individuals, even if you are living in a shared room. This means you both have the upper capital limit before you have to fund the full cost of care.

Pensions

If you are married, the local authority will not take into account half the value of any occupational pension, personal pension, or annuity, as long as you pass at least this amount to your husband or wife, and they are not living with you in the care home.

You do not have to take this action, and you should weigh up the consequences of your spouse receiving this money, for instance in terms of the impact on benefits.

If unmarried couples want part of their pension to support their partner at home, they must ask for their personal expenditure allowance to be increased. Local authorities have the power to do this, at their discretion.

If you live on your own

If you own your own home, its value will usually be assessed as being part of your capital. If the value places you above the upper capital limit, you will have to pay the full cost of your care fees. You may have to sell your home to do this. The value, for the purposes of the assessment, should be based on the amount you would receive from a 'quick' sale, not the property's highest possible value.

If someone still lives in your home

You cannot be forced to sell your home if your husband or wife still lives there. Also, there are circumstances in which your home is not counted as part of your capital, even if it is in your name. This is known as an 'infinite disregard'. For example, if your home is lived in by:

- Your spouse or partner
- A close relative aged 60 or over
- A close relative aged under 60, if incapacitated
- A child under 16 you are responsible for supporting

Local authorities also have discretion if the person does not come under these categories. An example, is if has someone given up their own home to look after you.

If you own your home jointly with someone else

If you own your home with someone else, the local authority will calculate the likely value of your share and assess it as being part of your capital. However, this value depends on the sale price and your ability to sell it.

If the other owner is not willing or able to sell the house, or buy your share of it, the value of your share, that can be considered as part of the assessment, may be small. Rules covering this aspect of the assessment depend on terms of ownership, for example, whether the property is owned jointly or as tenants in common. The local authority may seek an agreement with you to obtain a charge over your home.

Three month property disregard

A three month property disregard refers to the first 12 weeks you are in a care home. During this period, the value of your home is not counted as part of your capital. Therefore, it will not affect how much you pay as a contribution to your care. This is to give you time to sell your property, or convalesce before returning home.

Legal charges and deferred payments

Your local authority may agree to help you obtain the care you need through entering into a deferred payment agreement. In doing so, it is in effect lending you the money to pay for your care. This is then repaid through the sale of your house, either when you sell it, or after your death.

This is an option as long as you have capital of less than £23,250 in England, apart from your home, and do not have enough income to pay for the care home fees.

The local authority is not obliged to enter such an agreement. You will be building up a debt that will have to be repaid. The arrangement may also affect some benefits you are receiving.

If you have to move into a care home, the local authority may seek to make a legal charge on your property to recover the cost of your care. This allows it to make a claim on the value of the property once it is sold.

Such a charge may be made if:

- If you are not willing or not able to make your contribution, perhaps because you have few savings
- Or you cannot or are not willing to sell your home.

Moving into a care home at short notice

A local authority has up to eight weeks to carry out a financial assessment. If you have to move into a care home at short notice, it can charge you a reasonable rate until the assessment is carried out. The rate will then be adjusted, and any underpayments or overpayments corrected.

Giving away assets

Giving away assets, or knowingly selling them for less than their true value, to seek to qualify for contributions to the cost of your care is called 'deliberate deprivation'.

There are no set rules for deciding if this has been done. The local authority will take into consideration personal circumstances, such as timing of events.

If it believes you have deliberately deprived yourself of assets, it can assess your contribution to your care as if you still owned those assets, which it calls 'notional capital'.

You should seek professional advice before transferring or selling assets as part of the process of moving into a care home. Remember, if you have less capital, you may not have the funds to move into a more expensive care home of your choice.