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"When the money runs out": capital depletion and transition out of self-funded care

BACKGROUND

Self-funders pay higher fees for care home placements than do local authorities, sometimes even within the same care home. Those self-funding care may also find it difficult to find support and information to help them to make key decisions.

In particular, self-funders have anxiety about using up all of their savings, and what will happen to them if this happens. Moving into an expensive care home, not claiming the benefits that a person is entitled to, and paying for a greater level of care than is strictly needed will all mean that savings are used up faster than is necessary.

KEY FINDINGS

- Some older people worry about "running out of money" from the point of moving into residential care, but are unlikely to be offered a financial assessment until after funds have depleted below the upper capital limit.
- Older people with funds above £23,250 approaching local authorities for support with choosing a care home and advice regarding finance are seemingly sent away with little more than a list of care providers.
- The prospect of the resident having to move to a different care home is distressing, particularly for the family.
- Fee negotiations can be protracted and time consuming.
- Participants used phrases relating to battles and fighting when referring to fee negotiations and efforts to keep the resident within their current care home.

AIMS AND METHODS

Those self-funding social care can find it difficult to find information and support. One fear they may have is "running out of money". Linked to this is the fear of having to leave a care home in which they feel settled. A team comprising of researchers from the Universities of Birmingham and York, with involvement by Age UK Solihull, conducted qualitative interviews to find out more about what happens when "the money runs out".

Five stages were identified in a typical process: **(1) searching for a care home; (2) paying care home fees; (3) reaching the UCL and asking for help; (4) fee negotiation between the council and the existing care home; (5) the outcome (whether or not the resident moves). See flowchart on page 3.**

Helping residents (and families) to know what point they are at and what to expect next will assist them in identifying relevant sources of support and information.

FINDINGS

Despite differences in the circumstances and outcomes of our participants, analysis identified five distinct 'phases' of the capital depletion process.

Within these five phases there were common 'touchpoints' that either most people experienced and/or which were impactful for some stakeholders. Some touchpoints were necessary to confirm care arrangements, such as the needs assessment and financial assessment at stage C.

Other touchpoints were 'optional', such as engaging with an independent financial advisor at Stage A. Whether people did or should experience these touchpoints depends on a range of factors, such as the resident and family's circumstances, the local authority's policy regarding fee rates (essentially, willingness to pay) and other practices, decisions made at previous stages and the quality of information informing those, and the care home's occupancy and characteristics.

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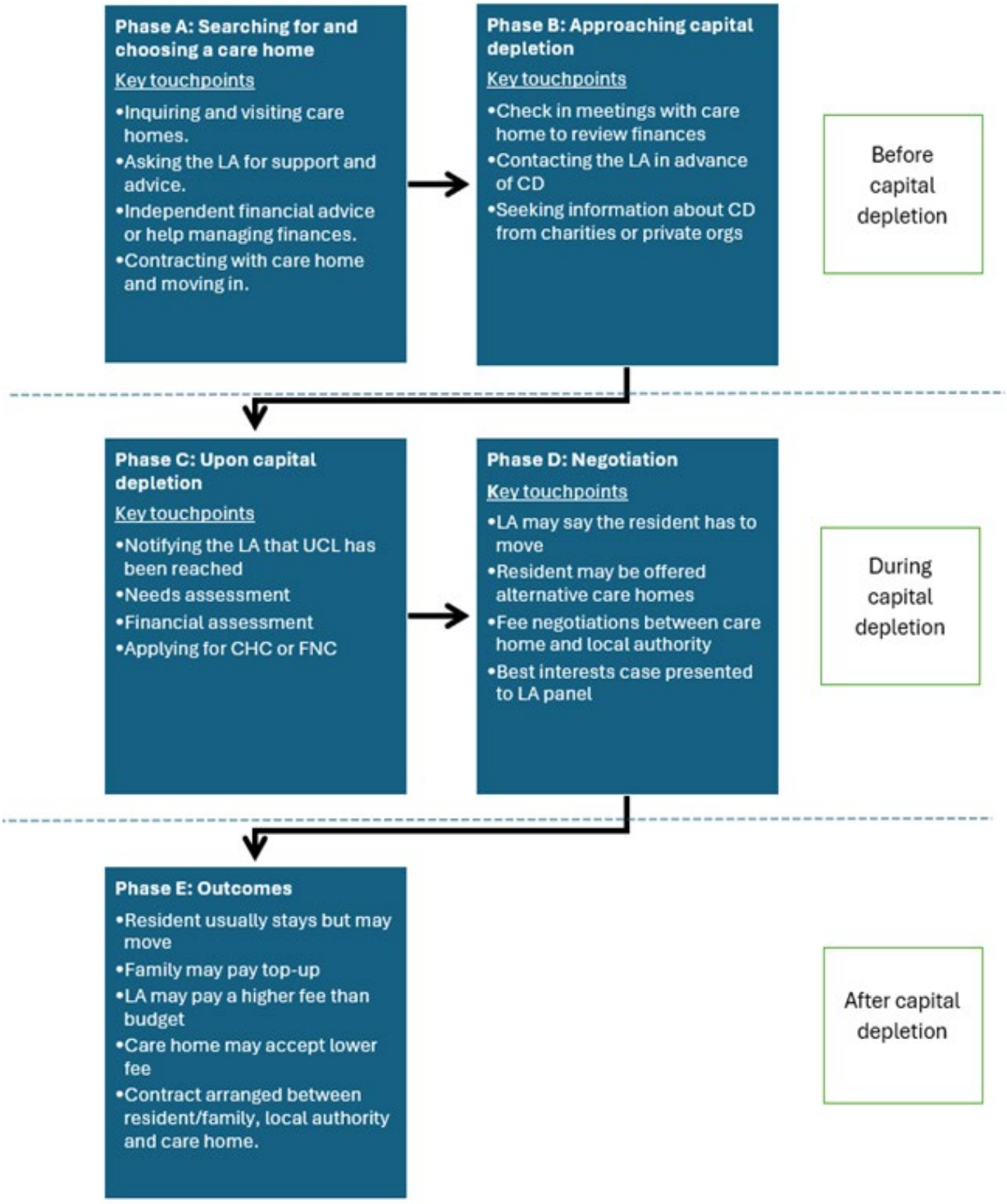
Experiences, issues and sources of support at each stage

Phase A – Searching for and choosing a care home

Reaching the decision that an individual would enter residential care was often stressful and emotionally loaded.

A number of providers told us their standard practice was to conduct affordability checks with prospective self-funding residents, usually asking for evidence of funds sufficient to pay at least

Figure 1: Capital depletion flowchart and touchpoints



2 years of fees. There was variation though: some providers asked for more than 2 years' proof, but others did not ask, or would still accept people with funds only likely to last a few months.

One of the main issues identified at Phase A was a lack of support. Many of our family and resident participants approached the local authority at this stage and asked for help, but were typically either turned away, or given a list of care homes with no indication of whether these would be paid for by the local authority following capital depletion. People also felt they had not been well supported by the local authority with the selection or shortlisting of care homes and deciding their suitability – they were simply given a list and sent away.

Although local authorities told us that they want to identify and support self-funders at an early stage, there is a clear disconnect between this stated intention and self-funders' reported experiences.

Some local authority participants and stakeholders expressed concern about people moving into residential care before options to care for the person at home have been exhausted (essentially, the person "over consuming" care).

B – Approaching capital depletion whilst self-funding in a care home.

Some care homes held regular meetings to review finances and in general, these were helpful for anticipating what might be needed for the next phase. A common experience during this phase was that residents and family members often contacted the local authority in advance of reaching the Upper Capital Limit (UCL), but were turned away and told to return when their funds had fallen below £23,250, creating a 'waiting game' during which many residents were anxious already about the outcome, and a rushed process later on. The resident below describes this:

"... I wanted to get in touch with the local authority, but they didn't want to know. ... And they said, 'Well, when you get down to £23,000, that's when we want to know.' But I'm thinking, 'Well, I'm paying £9,000 a month, so how do you time it so that you're left with the £23,000?' ... And also, peace of mind. I mean, I wasn't 100% sure they were going to fund me. I didn't know whether they were or they weren't. So, from a year out, you know, I didn't know what was going to happen, until the very last minute, when they did get involved." RE001

During this stage, often the main source of support for people was the care home manager. Care home managers often tried to reassure residents that they would most likely be able to stay, although were unable to guarantee this.

C – Upon Capital Depletion

Residents would often approach the care home owner/manager in the first instance (i.e. when funds first fell below the UPC), and were signposted by the care home to the local authority. Because residents are unlikely to have a named social worker, this involved residents/families searching for contact details on local authority websites.

Financial assessments can be conducted relatively quickly if all of the necessary evidence is available, but where this was not the case (e.g. where Lasting Power of Attorney had not been arranged but the resident lacked capacity or when family were unable or reluctant to share documents), there could be significant delays. Delayed financial assessments could delay care needs assessments.

D – Fee Negotiation

Phase D emerged as the most stressful and time-consuming phase for all stakeholders, with many cases taking between 3-6 months to resolve; others took over a year. If it was agreed that the resident had eligible needs, the local authority would calculate the resident's contribution from their remaining savings and income.

Usually, but not always, there was a significant gap between what the resident was paying the care home as a self-funder, and what the local authority was prepared to pay for that package of care. In the first instance, the care home might be asked to accept the local authority's rate. We saw fee differences ranging from £300 to over £1000.

Although not all residents had a strong preference to stay in the current care home, most did, and as a result the anxiety for the resident (family members), as well as the care home, centred around whether the resident would be moved to another care home more aligned with the local authority's budget.

As part of the negotiations, local authorities are obligated to find alternative care packages that met the person's needs at the 'best value'. Different care homes may assess the resident, before confirming with the local authority whether they could meet the resident's needs (at the fee being offered by the local authority).

Families may be asked to make 'top-up' payments to make up the difference in price. Families can refuse to do this, but many feared that if they did not, their relative would be moved against their wishes.

If these alternative care homes are not seen as suitable, the family must make a case as to why, and the social worker should present such a case to a senior panel at the local authority for them to stay in the current care home, arguing that it is the only place that can meet their needs without significant impacts on the resident, thus making it the 'best value' option regardless of its higher price.

E. Outcomes & Impact

Administrative burden and emotional strain

We heard repeatedly about the impacts of the process in terms of stress and anxiety. Family members talked about the administrative burden of completing assessments at stage C, multiple phone calls and points of contact, and uncertainty about the outcome of the Stage D negotiation process.

Family members described losing hair, being on antidepressants and seeking counselling due to the stress of the whole process.

Care home owners and managers also told us they witnessed and felt the stress of the resident and family, and often took over parts of the process for them, as well as taking a financial hit if fees could not be paid while assessments happened.

Financial Impact

There were also clear financial impacts; providers experienced significant cash flow issues and lost income whilst they waited for assessments to be completed or for an agreement to be reached with the local authority. In the example below, a care

home was owed £32,000 in fees accrued during delays:

"So that one particular case where the money depleted, they didn't realise so they got in touch with the council. It took ages for the Financial Assessment to get done – so we didn't get any money for them at all. Once they'd agreed to fund that person after the Financial Assessment, then they would pay the lowest rate, not our rate" (Care home owner)

Other care home owners described making conscious decisions not to accept new local authority funded residents because of the losses from previous capital depletion cases, and the low rates they would be paid in comparison to what they needed to keep functioning as a business.

Residents could find their capital depleting even more rapidly as they used their remaining funds for 'extras' that weren't calculated as part of their care package and cost more than their remaining personal allowance:

"She's got £23,500 and then she keeps £23.50 a week out of her pension. What that means in real terms is that Mum's remaining capital - £23,500 – is actually depreciating as well... because £23 a week doesn't cover Mum's incidental costs..." (FR002)

Sense of 'fight': competing interests and impossible situations

Throughout the capital depletion process there are conflicts of interest, particularly for care home managers: trying not to compromise the care home's financial situation whilst simultaneously supporting and advising family members and residents. One resident felt they couldn't trust the care home manager because of her position, where others felt the care home manager was the only person who truly helped them.

Conflicts of responsibilities for local authorities were balancing budget pressures and a need to demonstrate best value for money with the needs and wellbeing of residents.

Social workers in particular found themselves in highly pressured situations, trying to argue on behalf of the resident, whilst knowing that their local authority was struggling for funds – some authorities were declared bankrupt during the course of the study.

CONCLUSIONS AND IMPLICATIONS FOR PRACTICE

Finding 1: Some residents (and families) have anxiety about running out of money from the moment they start searching for a care home. It can be difficult for those self-funding care to find information and support. Participants reported approaching the council for help, but being sent away with just a list of care homes or told to come back when they have spent down more of their savings.

Implication 1: Residents and families need better information and advice, from when they first start paying for their own care. Councils could do more to help with this. We have created resources that councils can share and promote.

Finding 2: If residents have not arranged Lasting Power of Attorney and are later deemed to lack capacity, or if family are unable to find relevant financial documents, this will delay the financial assessment. There are self-assessment tools that will give residents (families) an indication of whether they will be entitled to financial support, but the expert experience of a Financial Assessment Officer may identify assets not considered by the resident (family). It was common for funds to already have fallen below the UCL before a financial assessment was completed.

Implication 2: Options should be explored to facilitate a move away from static, snapshot financial assessments and instead towards models of continuous monitoring/ update/dialogue.

Finding 3: Some people move into a care home only months before their savings will fall below the UCL.

Implication 3: Councils should help the resident organise their care (including negotiating fees) in cases where capital depletion will occur within 6 months.

Finding 4: There is variation in the willingness, ability and confidence of different stakeholders to negotiate, which may lead to variation in outcomes.

Implication 4: There should be minimum standards and consistency of advocacy to support the well-being of residents.

STUDY INFORMATION

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