

The Actuarial Profession
making financial sense of the future

Health and Care Conference 2010
Ian Sissons



**Social Care
Beyond the Green
Paper**

14th May 2010

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Outline of the Presentation

Sections

- Why the focus on Social Care
- The Green Paper
- The White Paper
- What happens next?

Why the focus on Social Care?

The history

- Problem known for at least 20 years
- Several attempts to address the issues
- No political consensus.

What is the problem?

You are

What is the problem?

The demographic perfect storm

- High birth rates from 1950s to 1970s
- Falling birth rates after 1970s
- Increase in age at first birth
- Greater longevity
- Asset rich older population
- Asset poor younger population.

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What is the problem?

Consequences

- Elderly become a greater proportion of the population
 - By 2026 number over 65 doubles (Green Paper)
- Support ratio changes
 - 4 under 65 to 1 over (2010)
 - 2 under 65 to 1 over (2060)
 - (Source – White Paper)

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What is the problem?

Consequences

- Deliver more care
- Reduce the need for care
- Provide advice
- More carers
- Address the financial issues
 - May be different for different generations
- Meet society's need for fairness and choice.

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What is the problem?

Or who is the problem?

- Everyone currently alive
- Yes that includes you
- Are you also part of the solution?

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The Green Paper Shaping the Future of Care Together

Major topics

- Prevention
- National Assessment
- Joined-up services
- Information and advice
- Personalised care and support
- Fair funding.

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The Green Paper Shaping the Future of Care Together

Major topics

- Prevention has greatest impact
 - But slightest coverage
 - “...right support to help you stay independent..” (Green Paper)
- Fairness given great weight
 - No postcode lottery
 - “...support people fairly wherever they live...” (Green Paper)
- Funding received the greatest scrutiny.

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The Green Paper Shaping the Future of Care Together

Major topics - funding

- Pay for yourself (ruled out)
- Partnership
- Insurance
- Comprehensive
- Tax funded (ruled out).

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The Green Paper Shaping the Future of Care Together

- **Major topics – funding - partnership**
- State pays proportion (eg 25%)
 - Only of care costs – not accommodation
- Could be very high cost to individuals.

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The Green Paper Shaping the Future of Care Together

Major topics – funding - insurance

- State pays proportion of costs
- Discretionary insurance covers the rest
 - Could be state insurance scheme
 - Or could be private insurance
- Suggested cost £20,000 to £25,000 (Green Paper).

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The Green Paper Shaping the Future of Care Together

Major topics – funding - Comprehensive

- Pay into state insurance scheme at retirement
 - Suggested £17,000 to £20,000 (Green Paper)
 - Payment could vary with ability to pay
 - Payment could be deferred to death
- Covers all care needs , but not accommodation

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The White Paper Building the National Care Service

The funding options

- Comprehensive – 41%
- Partnership – 35%
 - Leaves exposure to very high costs
- Insurance – 22%
 - Expect low take up rate so inherent inequity.

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The White Paper Building the National Care Service

The financial solution

- Comprehensive
- Personal Care at Home Bill
 - Free personal care at home for high needs
 - Estimated 280,000 persons
- Free care after 2 years in residential care
 - Excludes accommodation costs
 - Effective from 2014.

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The White Paper Building the National Care Service

The financial solution - funding

- Cost estimate £800M (White Paper)
 - After reduced spending on Attendance Allowance
- Part of NHS budget released from integration
- Extending working lives
- Fair contributions from all
 - Commission to determine fair and sustainable funding.

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The White Paper Building the National Care Service

The Commission's remit

- Outline only
- Ability to pay
- Intergenerational fairness
- Consider retirement implications
- Funding through savings or payment at death
- Cost effectiveness.

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The White Paper Building the National Care Service

Other salient points

- Lead role for Local Authorities
- Close working between NHS and NCS
- Deferred payment arrangements
 - Eg if have to sell home to meet accommodation costs
- National rules for assessment of care needs
- Still weak on preventative measures
 - Where is the insurance industry thinking on this?

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What happens next?

The great unknown

- Nothing has changed
 - The issues are still the same
- The problems remain to be solved
 - We have the core skills to help
- The only issue is timing.

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Summary

- **Sections**
- Why the focus on Social Care
- The Green Paper
- The White Paper
- What happens next?

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Social Care

Beyond the Green Paper

- Thank you for your attention
- I hope to see many of you involved in this subject in future.

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