Social Impact Assessment Series

Nursing Home Support Scheme (NHSS)

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This paper has been prepared by IGEES staff in the Department of PER. The views presented in this paper do not represent the official views of the Department or Minister for PER.
Executive Summary

Features of NHSS

- A Social Impact Assessment (SIA) is an evidence-based methodology which attempts to assess the impact of a particular policy on a cohort of targeted individuals. The Nursing Home Support Scheme (NHSS), also known as the Fair Deal, is a targeted service for residents in Ireland who require long-term nursing home care. Individuals make a means-assessed contribution to the cost of their care, paying 80% of assessable income and 7.5% of the value of any assets held annually. The State funds the difference in this contribution and the cost of a nursing home place.

- It is within the context of a small but growing elderly population, that has a comparatively high life expectancy at 65 years, that this paper focuses on the impact of public expenditure on the NHSS. Budgetary expenditure for NHSS has increased in line with an increase in numbers and applications. In the six years to 2019, Exchequer expenditure on the NHSS grew by almost €100 million or 11%.

- This analysis is a point-in-time exercise which identifies numbers in receipt of this financial support and the characteristics of these recipients in order to generate a baseline profile of beneficiaries. This paper forms part of the Social Impact Assessment (SIA) series of DPER publications.

- In addition to those accessing the State support element of the Scheme, there is an increase in those applying for Ancillary State Support – the ‘Nursing Home Loan’. The majority of applications to the NHSS come from the acute hospital setting (44%) followed by referrals from the community (38%).

Key findings

- **Profile of those in receipt of NHSS**
  - The cohort of females in the NHSS greatly exceeds males at 66% to 34%. This follows through from general population trends, which show males in Ireland have a slightly lower life expectancy at 65 with 18.6 years compared with their female counterparts at 21.1 years.
  - An individual in the NHSS is most likely to be aged over 80 years of age.
  - The highest percentage of leavers in the NHSS exit the Scheme after 2 to 4 years and just 3.5% are resident over 10 years.
  - In a county comparison, Leitrim has the highest percentage of elderly people in their population and the highest uptake of the NHSS from the elderly cohort, second only to Offaly. Donegal has the lowest uptake of the NHSS in their elderly population despite a comparatively high percentage of elderly in the county. Donegal not only has a low uptake of the Scheme but within
the cohort that are in NHSS, it has one of the lowest uptake of the Nursing Home loan option.

- **Assets of those in receipt of NHSS**
  - A financial assessment is made on admission to the Scheme and this self-reported application is subject to random audits. Revenue have permission under the NHSS Act (2009) to review applications with Social Welfare consulted with regards any social welfare allowances a client receives. Total declared assets for clients in NHSS at 31 December 2018 was €4 billion.
  - The average cash assets of Scheme participants, presented in this analysis, is based on declared assets prior to the calculation of allowable deductions. The average value of these cash assets rose from €49,590 in 2014 to €64,420 in 2018 (12%). The average value per client of other relevant assets, which includes the principal private residence and other property, stood at €88,941 in 2014 and increased to €134,589 by 2018 (35%).

- **Client contributions**
  - The contribution based on land or property may be deferred and collected from the individual’s estate within 12 months of them exiting the Scheme. In other words, clients can opt to defer the portion of their contribution from their principal private residence (PPR). This optional element of the Scheme is legally named Ancillary State Support (A.S.S.). The percentage of those in NHSS receiving the nursing home loan, A.S.S., has increased by 5% since 2014.
  - The greatest percentage of those in NHSS opting for the nursing home loan are in areas where the value of that PPR asset are comparatively higher.
  - The average weekly declared income for a single person applying for NHSS was €297 in 2018 and €605 for a couple.
  - The average weekly client contribution in 2018 was €301 with the average weekly cost of a nursing home bed €1,280.

**Characteristics of the average NHSS participant**

- The characteristic NHSS participant is;
  - Referred from the Acute hospital setting
  - Applying for both State Support along with ASS
  - Waiting under 4 weeks for funding approval;
  - Is a female over 80 years of age
  - Remaining 2 to 4 years in the Scheme.
1. Introduction

1.1 Overview

A Social Impact Assessment (SIA) is an evidence-based methodology which attempts to assess the impact of a particular policy on a cohort of targeted individuals. 79% of private nursing home residents in Ireland are NHSS funded. This paper focuses on the impact of public expenditure on the Nursing Home Support Scheme (NHSS). It undertakes a point-in-time exercise which identifies numbers in receipt of this financial support and the characteristics of these recipients in order to generate a baseline profile of participants of the Scheme. This paper forms part of the Social Impact Assessment (SIA) series of DPER publications.

The objectives of this paper are to:

- Look at numbers participating in NHSS;
- Establish a profile of recipients distinguishing them based on age, gender, location and average length of stay;
- Compare regional participation in the Scheme;
- Outline the income, assets and loans that clients in the Scheme hold;
- Identify further analysis which could be undertaken in this space in light of the findings of this paper and the potential impacts of future policy change.

1.2 Data Sources

This analysis is based on data collated from NHSS applications and Health Service Executive (HSE) NHSS reports provided to the Department of Public Expenditure and Reform (DPER) on a monthly basis. Central Statistics Office (CSO) statistics are utilised to provide an overview of the elderly population resident in Ireland along with Census data which records the overall numbers of those residing in nursing homes in Ireland. Revenue collects funds in relation to the nursing home loan as the administrator and so this administrative data is used to assess this aspect of the Scheme.

2. Overview of NHSS

2.1 What is the NHSS?

The Nursing Homes Support Scheme (NHSS), also known as the Fair Deal, is a targeted service for residents in Ireland who require long-term nursing home care. It was introduced with the aim of providing financial support for accessing long-term nursing home care for all who are deemed to be in need. This support replaced the pre-existing Subvention scheme. The primary objective of the NHSS, a co-funding model between the State and individual, is to ensure that long-term nursing home

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4 The Nursing Home Subvention Scheme was introduced in 1993 under the Health (Nursing Homes) Act, 1990.
care is accessible and affordable for all, regardless of age and income, and that people are cared for in the setting most appropriate to their needs.

Established under the Nursing Home Support Scheme Act (2009) and signed into law 1st July 2009, the Scheme came into effect 27th October 2009. It was amended by the Health (Amendment) Act 2013 and the Health (General Practitioner Service) Act 2014 amongst others. Administration of the Scheme lies with the HSE.

Under NHSS, a prospective client undergoes a care needs assessment and a financial assessment to establish if they require long-term nursing home care, and if such care is required, how much they will contribute to the cost of this care.

The **Care Needs Assessment** ascertains whether an individual is in need of long-term nursing home care. It is carried out by the HSE and assesses the ability of an individual to undertake daily tasks such as bathing, dressing and mobility. It also takes a rounded view of family, community and social supports and makes an assessment to determine if these are adequate for the applicant’s needs or if long-term nursing home care is required. The assessment evaluates whether an individual requires long-term care in a nursing home setting or if support packages would allow them to continue to live in the community. The care needs is undertaken using the standardised common summary assessment report (CSAR). When the care needs assessment has been completed, a report, the CSAR summarises the findings of the healthcare professional. In November 2018 88.5% of clients had their CSAR processed within 6 weeks.

The next step, **Financial Assessment** ascertains how much an individual will contribute to the cost of his/her care. The application form is self-assessed and the applicant must include documentary evidence. The value of an applicant’s contribution is determined in accordance with their income and assets held and State support covers the balance of the cost of care. Under the Act, generally, the only qualifying criteria for participation in the Scheme is whether long-term residential care services are required, on the basis of the care needs assessment.

**Individuals make a means-assessed contribution to the cost of their care, paying 80% of assessable income and 7.5% of the value of any assets held annually.** Applicants for whom the level of their statutory contribution is assessed to be higher than the cost of care are not deemed eligible for State support under the Scheme. However, they can apply for the Scheme and pay, fully with no State contribution, the NHSS rate that a nursing home charges. They can also apply for the Ancillary State Support ‘nursing home loan’.

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5 Principal residence contribution was raised from a three year cap of 15% to 22.5% for a single individual. For a couple this rate raised to an annual contribution of 11.25% from 7.5%.

6 The term ‘Transferred Asset’ was extended from an asset that has been transferred from ‘5 years prior to’ the date of application to ‘5 years prior to or at any time on or subsequent to’ the date on which an application for State support is first made.

7 Those already in a nursing home prior to applying to the scheme will not be subject to this care needs assessment.

8 Clients retain 20% of their income or 20% of the maximum weekly State Pension whichever is greater. The remainder (80%) contributes to the cost of their nursing home care.

9 The first €36,000 worth of assets, or €72,000 in the case of a couple, are not included in the financial assessment. An individual’s principal residence is included for the first three years of care only.
The capital value of an applicant’s principal private residence contributes to the cost of care for the initial 3 years of care. Where assets include land or property, the contribution based on the value of these assets may be deferred and collected from the individual’s estate within 12 months of them exiting the NHSS. This optional element of the scheme is legally referred to as Ancillary State Support (A.S.S.).

The average client contribution to the costs of a Nursing Home is 24%\(^{10}\). The cost of a nursing home place itself is the price of a place in a given nursing home, agreed between the nursing home and the National Treatment Purchase Fund (NTPF) in the case of a private or voluntary nursing home and set by the HSE in the case of a public nursing home. Any nursing home can be chosen as long as the nursing home is an approved home for the purposes of the Scheme, there is availability and the home has the ability to support an individual’s needs. A client in NHSS residing in a public nursing home pays the contribution to the HSE, with the balance of the cost of care funded by the HSE. In a private nursing home their contribution is paid directly to the nursing home, with the HSE paying the balance to the private home.

Over time the scheme has remained relatively unchanged. Some minor amendments have been enacted, mostly regarding the application process. One significant amendment was the Health (Amendment) Act 2013, which increased the percentage contribution of assets in the financial means assessment from 5% to 7.5%.

There is a policy change recently approved by Government in relation to farm and business assets. The three year capitation on contributions from these assets currently only applies if there is a sudden adverse event such as the sudden illness of the owner. A Memorandum for Government in June 2019, the Nursing Home Support Scheme (Amendment) Bill, approved the proposed policy change to the NHSS to treat farm and relevant business assets in the same manner as the PPR. This is discussed in further detail in Section 6.4.

2.2 Spend on NHSS 2013-2018

The 2019 budget for NHSS is €986 million. Figure 1 below shows that spend on NHSS has increased year on year since 2014.

\(^{10}\) See Section 6.5.
From 2013 to 2019 the Exchequer expenditure on the Scheme grew by almost €100 million or 11%. The largest increase in funding occurred between 2015 and 2016 when a decision was taken (in early 2015) to fully fund the NHSS.

![Figure 1 Exchequer expenditure NHSS 2013-2019](image)

In 2011 5% of the elderly population in Ireland (65 and over) were in a Nursing home and almost 18% of the 85+ age group. This percentage fell in the five years to 2016 when the Census showed that 4% of those aged 65 and over are resident in a Nursing Home and 15% of those aged over 85 years of age in a nursing home. One could assume this to be a reflection of an elderly population who are less inclined to require residential care or have greater access to non-residential supports such as home support allowing them to reside in their home for longer. Previous analysis found no significant correlation in changes in the size of the elderly population and the demand for NHSS funding (Campbell and Connors, 2015).

3. Demographic overview of elderly population

Census 2016 showed the average age in Ireland to be increasing with the projected old age dependency ratio is also set to rise from 20% in 2016 to 28% by 2031.

The elderly population saw the largest increase in population since 2011, rising by 19.1%. 13.5% of the population in Ireland is categorised as elderly, up from 10.8% in 2008. Elderly in this context is any individual over 65 years of age. The CSO forecast this to increase to 18.5% by 2031. To put this in context, the percentage of persons that are considered elderly in the EU 28 currently is much higher at 19.4%. In other words, Ireland has a relatively small but growing proportion of elderly in the population. Life expectancy for those 65 years and over in Ireland is almost on par with the EU (28 countries) average of 20 at 19.9 years, meaning an individual in Ireland at 65 is expected to live until they are 85.

The Economic and Social Research Institutes (ESRI) Projections of Demand for Healthcare in Ireland 2015-2030, found that the demand for places in nursing homes and other settings for long as well as intermediate term periods is forecast to increase by between 40% to 54% from 2015-2030. Over the same period, demand for home help hours is estimated to increase in the range of 38% to 54%.

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13 The number of persons over 65 as a percentage of the working age population
is in line with the European Commission’s 2015 Ageing Report which forecasts that by 2060 public expenditure in long-term care will increase by a proportionately greater extent than total expenditure on healthcare.

It is within this context of a small but growing elderly population that has a comparatively high life expectancy at 65 (the cohort that this policy is most applicable to) and the forecasted increase in demand for nursing home places that this paper outlines who is participating in the NHSS.

4. Numbers in NHSS

4.1 Scheme demand

Applications to the NHSS come from a variety of sources, such as mental health facilities, those in nursing home care but not in the Scheme and hospital care. The trend in the percentage breakdown of source of application referrals has remained consistent since 2012. Figure 2 graphs the source of applicants to the NHSS scheme. The majority of applications to the NHSS come from the acute hospital setting (44%) followed by referrals from the community (38%). A 2017 report, 'Planning for Health' found that in 2015 48% of delayed discharges in acute hospitals for those aged 65 and over was due to the individual waiting on home care package support or to enter the NHSS. In 2010 the CSO found that 4 in 10 people look after a parent or parent-in-law with one third caring for someone due to old age, which could explain the almost 40% referrals from a community setting.

Figure 2 Application Referral Source 2018

Source: Department of Health

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14 An individual who is in a hospital setting and no longer requires acute care, but may need long-term care can apply to the NHSS to receive such care in a nursing home setting.

15 If an individual was receiving subvention prior to 27 October 2009 they can choose to continue with subvention or move onto the NHSS scheme.
Applicants to the NHSS can apply for State support alone or State support along with Ancillary State Support (the nursing home loan). In the twelve months of 2018, 10,221 applications were received to the NHSS; 3% more than for the same period in 2017 and 1.8% (or 182 applications) higher than expected levels for 2018. The driver behind this peak in applications has not been validated although it has been suggested that a combination of extreme weather events and a virulent flu season may have contributed.

Since 2012 State support only applications fell by 0.8% with the joint State support and Ancillary State Support (A.S.S.) applications rising by over 4%. Figure 3 below shows that, State support only fell from 84% of all applications in 2013 to 76% in 2017 and began to rise again to 83% of all applications in 2018. In 2012 16% of applications for NHSS applied for both State support and the nursing home loan. This had risen to 24% by 2017. In other words, those applying for NHSS are increasingly applying for co-funding in the semblance of State Support along with the A.S.S.

### Figure 3 Number of NHSS Applications Received 2012-2018 and the percentage change year on year

![Graph showing the number of NHSS applications from 2012 to 2018 and the percentage change year on year.](image)

Source: Department of Health

### 4.1 Funding Approvals

A total of 8,725 individuals were approved for NHSS funding in the twelve months of 2018 compared to 8,168 people approved in the same period in 2017; a 7% increase in approvals year on year.

The target of maintaining the wait time for funding approval at no more than 4 weeks has been consistently achieved since 2015 when NHSS became a fully funded scheme; a significant reduction from peak wait times of 15 weeks in October 2014.

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16 Ancillary State Support can be applied for prior to or at any time an individual is resident in a nursing home.
The numbers on the placement list (funding approved but not yet released) also saw numbers waiting for funding release fall post 2014. It was 530 at end 2018 – a significant reduction in the numbers\(^\text{17}\) and time spent waiting post 2014. The list of those whose funding has been approved but they have yet to take up their placement in long term care has risen each year since 2013, 55% over the period.

To take an overall view of applications, the time between approvals and funding being made available has become shorter but the time it’s taking clients to take up their placement once funding has been approved and released is rising.

4.2 Number of people funded under NHSS scheme

The number of those who enter nursing homes depends on a number of variables not least dependency levels, the availability of informal or community care and the availability and access to home care supports.

New entrant numbers (numbers entering NHSS in a given year) were up by 12% year on year between 2017 and 2018; from 8,073 to 9,028.

Despite the increase in new entrants in 2018, the number of people supported under the NHSS at end December 2018 was just below the HSE forecasted outturn of 23,334 people, as the number of leavers from the Scheme also increased significantly in 2018.

Figure 4 Number of people funded under NHSS 2012-2018

![](image)

Source: Department of Health

Figure 4 shows that the trend in the number of individuals funded in the NHSS from 2012 to 2018 has increased by 1,240 or 6%. It has remained relatively flat since 2015, only increasing by 1% or an average of 77 persons a year. 23,042 people are projected to be in NHSS support by end 2019.

\(^\text{17}\) In October 2014 the number of approvals awaiting funding to be released peaked at 2,135 (NHSS, Monthly Monitoring Reports).
4.5 Total number of leavers

The number of leavers exiting the NHSS has increased consistently year on year since 2014, with leaver numbers increasing by almost 24% (12% from 2014-2015 alone). The high number of leavers from the Scheme in 2017 can, in part, be attributed to the influenza outbreak that year. 2018 saw a further 4% increase in leavers. The number of those who exited the scheme (8,565) in the twelve months of 2018 was 715 (9%) more than expected.

Figure 5 Total number of leavers

![Chart showing total number of leavers from 2013 to 2018. The number of leavers increased from 7,302 in 2013 to 8,565 in 2018.]

Source: Department of Health

The majority of clients exited the system having been participants for on average 3 years. Just 3.5% of residents are part of the Scheme for over 10 years. Many of these are clients from before the commencement of the Scheme as the Scheme is in operation just under a decade. Average length of stay is discussed in further detail in Section 5.

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18 ‘Leavers’ for the purpose of this paper are those who exit the Scheme for any reason and who are no longer in support of this NHSS State funding.

19 The expected number of levers are based on trends over the 5 year period from 2013 to 2017.
In 2017\(^\text{20}\) 84% of exits from the NHSS were due to death. 10% appear to have left the Scheme but remain in long-stay hospital care. An example of this would be a client who has been discharged from a nursing home to an acute hospital setting due to illness or disease progression.

### 5. Profile of Recipients

This section will look at the profile of NHSS recipients. It will include characteristics such as age, gender, region and average length of stay, along with an estimate of the average income and assets of clients.

#### 5.1 Age

**An individual in the NHSS is most likely to be aged over 80.** Individuals aged 80 years or over make up 70% of NHSS clients; 50% of clients are over 85. The population 80 years and over, who are the core NHSS clients, is forecast to rise to between 470,000 and 484,000 by 2046.

<table>
<thead>
<tr>
<th>Age</th>
<th>Under 40</th>
<th>40-64</th>
<th>65-69</th>
<th>70-74</th>
<th>75-79</th>
<th>80-84</th>
<th>85-89</th>
<th>90-94</th>
<th>95 and older</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of residents</td>
<td>0.3%</td>
<td>5.2%</td>
<td>4.2%</td>
<td>7.6%</td>
<td>12.7%</td>
<td>20.5%</td>
<td>24.7%</td>
<td>17.9%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

*Source: Department of Health, Long Stay Activity Statistics 2017*

Table 1 shows that the age cohort with the largest percentage of clients, for both males and females, is the four year age bracket from 85 to 89 years of age. Not surprisingly, the age group with the lowest percentage of residency at just 0.3% is the under 40 age group. Clients under 40 years require long

term residential care for numerous reasons including early onset dementia or acquired brain injury. 3% of the elderly population in Ireland are NHSS funded.

5.2 Gender Profile

In the general population overall, there is on average a 50:50 split in males and female. However, Figure 8 shows that as you move through the age groups, the female to male ratio increases. 66% of the population over 85 is female.

Figure 7: Older population by sex and age group, 2017

Source: Central Statistics Office (CSO)

On average there are more females than males in receipt of NHSS funding. Figure 8 below graphs the elderly population by age cohort and gender in the NHSS. In the under 65 year old cohort in the NHSS, there is a higher percentage of males at 53%. However, as with the general population an increase in age shows an increase in the female to male ratio. From age 75 and older, the male-female ratio declines. 58% of those aged over 75 in the NHSS are female.

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21 CSO annual population estimates based on 2016 Census [https://www.cso.ie/en/census/]
On average, across all ages, the female population in NHSS greatly exceeds male at 66% to 34%. This follows through from general population trends, which show males in Ireland have a slightly lower life expectancy at 65 with 18.6 years compared with their female counterparts at 21.1 years.

Figure 9 shows that the overall average ratio of females to males participating in the NHSS is greater in every CHO region and overall national ratio of 66:34 in long-stay beds\textsuperscript{22}. CHO 6 and 9 have the largest percentage of women in the NHSS, both of which include the Dublin region.

\textsuperscript{22} based on 23,154 figure at end 2017
5.3 Average length of stay

The average length of stay measures how long an individual is in the NHSS prior to exiting the Scheme, for reasons discussed in Section 4.5. Almost two-thirds of NHSS residents stay for longer than a year. The highest percentage of leavers exit the Scheme after 2 to 4 years. Just 3.5% are resident over 10 years, although it should be noted that these are legacy residents as the Scheme has only been in place for just under 10 years.

![Percentage Distribution of Leavers by Length of Stay](image)

**Figure 10 Percentage Distribution of Leavers by Length of Stay 2017**

<table>
<thead>
<tr>
<th>Time</th>
<th>&lt; 3 months</th>
<th>3-6 months</th>
<th>6-12 months</th>
<th>1-2 years</th>
<th>2-4 years</th>
<th>4-6 years</th>
<th>6-10 years</th>
<th>Over 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>14.8</td>
<td>9.0</td>
<td>13.2</td>
<td>16.3</td>
<td>22.1</td>
<td>12.4</td>
<td>8.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Discharged</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Department of Health*

Over a fifth of individuals in each CHO stay 2-4 years in the NHSS. CHO 4, Kerry, North Cork, North Lee, South Lee, West Cork, has the highest proportion of residents in NHSS with a length of stay of less than 3 months. CHO 6, which includes Wicklow, Dun Laoghaire and Dublin South East, has the highest proportion of clients in NHSS for 6 years or more.

Not only is there a higher proportion of women in the system overall but women have a longer average length of stay than men. **On average, a female NHSS client stays in the system 9 months longer than her male counterpart.**
The length of stay for both male and female clients has increased since 2012 by approximately a month for each gender. In 2012 the average length of stay for both was 2 years 10 months and has risen to 3 years.

![Figure 11: Average length of stay (years) by gender 2012-2018](source: Department of Health)

The average length of stay for a client in the NHSS is just over 3 years. However, 1.6% of total NHSS population, at end 2018, were clients that entered prior to NHSS being introduced in 2009. They may have entered residential care at a relatively young age with acquired brain injury or dementia-type condition. By 2018 those clients who entered long-term residential care prior to the introduction of NHSS were spending an average of 12 years in the NHSS. This means that the average length of stay for those who entered since 2009 is less than 3 years. A calculation of Scheme participants, in other words post 27 October 2009 clients, shows the average length of stay to be 2 and a half years.

5.4 Geographic Profile

3% of the elderly population of Ireland are NHSS funded. CSO data shows that the age profile of counties on the West coast of Ireland are generally older. Individuals in this elderly cohort are the main beneficiaries of the NHSS.

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23 Legacy is a term used by the HSE that refers to those nursing home residents that pre-date NHSS. Within this cohort there are: Contract: where prior to NHSS the HSE/Health Boards would have purchased beds in private nursing homes for residents; Savers: refers to people who were in public and voluntary nursing homes or contract beds in private nursing homes paying in-patient charges or the equivalent rate prior to the Scheme commencing; and Subvention: referring to people on the Subvention Scheme and elected to stay on that arrangement when NHSS came in.
In a county comparison, Leitrim has the highest percentage of elderly people in their population and the highest uptake of the NHSS from the elderly cohort, second only to Offaly. Leitrim also has the highest percentage of its population in NHSS as a percentage of their total population, followed by Roscommon.

Donegal and Kilkenny have the lowest percentage of their elderly population in NHSS.

Donegal has the lowest uptake of the NHSS in their elderly population despite a comparatively high percentage of elderly in the county. Just 0.4% of their population, and 2% of their elderly population, is in NHSS despite almost 19% of the population being elderly. Kilkenny, along with Donegal, has the lowest uptake rate of the Scheme at just 2% of their elderly population in NHSS and 0.3% of its population in the NHSS – the lowest of any of the 26 counties.

Although less than 0.5% of the under 65 age group of each of the 26 counties are in the NHSS, Kilkenny has the lowest uptake of NHSS in the under 65 age cohort as well as the over 65 years of age group. This highlights that there is potentially a factor which is deterring those in Kilkenny from engaging with this policy and entering the NHSS irrespective of age. This may warrant further analysis in a future evaluation.
% of elderly in NHSS as a percentage elderly population  
Under 65’s in NHSS as % of under 65 population

Source: CSO Census 2016

NHSS Monthly Monitoring Reports, Dec 2018.

6. Profile of Assets of clients in NHSS

This section details the average value of assets of NHSS participants. Assets can consist of cash assets, stocks and shares, land, property or businesses held. These assets are assessed and a percentage of their value contributes towards an individual’s cost of nursing home care.

A financial assessment is made on admission to the Scheme and this self-reported application is subject to random audits. Revenue has permission under the NHSS Act (2009) to review applications with Social Welfare consulted with regards any social welfare allowances a client receives. **Total declared assets for clients in NHSS on 31 December 2018 was €4 billion.**

Under Section 27 of the Nursing Homes Support Scheme Act 2009, a Schedule of Assets must be submitted to the HSE in respect of a deceased person who receives financial support under the Scheme. This is reviewed to identify and calculate any overpayment of financial support that is repayable to the HSE pursuant to Section 42 of the Act.
Recent reviews of the Schedules of Assets[^24], required to be submitted by the estates of clients who received financial support under Fair Deal, identified €6 million in assets not declared in 2018. Three quarters of the cash assets not declared were bank accounts. It was not possible to calculate the rate of non-compliance in assets declared from HSE data provided.

### 6.1 Cash Assets[^25] and Income

The average cash assets of Scheme participants, presented in this analysis, is based on declared assets prior to the calculation of allowable deductions.

Of the clients in the Scheme at end December 2018, 14% of clients had no cash assets to declare on application. For those who did declare, the average value of these cash assets is estimated at €64,420. These cash assets are Gross Value of declared Cash Assets and would be subject to allowable deductions or asset disregard threshold of €36,000 for a single person prior to contributions being calculated. 82% of clients were assessed as single in 2018. Therefore an increase in this figure does not automatically translate into higher client contribution.

<table>
<thead>
<tr>
<th>Type of Asset</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average cash assets</td>
<td>€64,420</td>
</tr>
<tr>
<td>Average weekly declared income (not including cash assets) Single</td>
<td>€297</td>
</tr>
<tr>
<td>Average weekly declared income (not including cash assets) Couple</td>
<td>€605</td>
</tr>
</tbody>
</table>

*Source: HSE *proxy*

Table 2 above shows the average assets of clients in the NHSS in 2018. The table shows average cash assets, the value of other relevant assets and average weekly income. The average declared income[^26] on a single person basis per week was €297 in 2018 (before allowable deductions). For applicants assessed jointly as a couple, this was €605.

The percentage of Scheme applicants that have no declared income other than the State Pension (Non-Contributory) is not available from the HSE. This level of detail is not easily extracted from the NHSS IT system and so was not provided.

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[^24]: The Schedule of Assets Office (SAO) office was set up in 2016.
[^25]: Those in care as of 31st December 2018, regardless of when entered (post 2009). There is no data held for those in nursing homes prior to 2009 on the NHSS database.
[^26]: Not including cash assets
However, CSO data shows that Donegal and Leitrim have the highest proportion of households where the State Pension is the majority of income. This is in line with earlier findings that these are counties with a comparatively high elderly population.

6.2 Primary Principal Residence (PPR) Contribution

As with cash assets, the asset valuation for PPR is made at time of application, as per legislation. 11% of NHSS clients have no cash or other relevant assets, including PPR. The average value per client of other relevant assets, which includes the principal private residence and other property was €134,589 in 2018 (before allowable deductions or asset disregard).

The total value of PPR along with other property and other relevant assets of those in Scheme at 31 December 2018 was €2.7 billion. 89% or €2.4 billion of this was the total PPR value of participants. We know that, as of 31 December 2018, 11% of clients had no declared cash or other relevant assets. However, data that disaggregated the numbers of participants who did not have a PPR was not provided.

To calculate an estimated average contribution per client of the principal private residence (PPR) value, this paper looks at average house prices nationally. The average list price for a home nationwide at end 2018 was €254,000. 7.5% per year for three years (22.5%) is the contribution required to be made to the Scheme by participants.

<table>
<thead>
<tr>
<th>Average house price</th>
<th>Average client contribution per annum (7.5%)</th>
<th>Average contribution if in Scheme for 3 yrs+ (22.5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The average client contribution per annum is an estimate based on PPR value. However, for a single individual €36,000 would be deducted from the value of the house prior to the contribution being calculated if this deduction has not been made to any other cash or relevant asset. If the participant has no cash or other assets the €36,000 disregard is then taken from the value of the PPR prior to the percentage contribution being calculated.

### 6.3 Ancillary State Support Scheme (ASS) – Nursing Home Loan

The contribution based on land or property may be deferred and collected from the individual’s estate within 12 months of them exiting the Scheme. In other words, clients can opt to defer the portion of their contribution from their principal private residence. This optional element of the Scheme is legally referred to as Ancillary State Support (ASS).

The maps below show that the greatest percentage of those in NHSS opting for the nursing home loan are in areas where the value of that PPR asset is comparatively higher.

<table>
<thead>
<tr>
<th>County</th>
<th>House Asking Price</th>
<th>Percentage of Clients in NHSS in Receipt of A.S.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nationwide</td>
<td>254,000</td>
<td>19,050</td>
</tr>
<tr>
<td>Silkstone, Longford, Leitrim</td>
<td>137,000</td>
<td>10,275</td>
</tr>
</tbody>
</table>

Source: Daft.ie, HSE

Reviewing the numbers in receipt of A.S.S. by CHO region, CHO 9, which includes Dublin central, north and North West, had the highest percentage of clients in receipt of this loan option. The next closest

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28 The 22.5% falls due for repayment following client exiting the NHSS scheme and must be repaid within 12 months from the date of death. If property is sold while client is still alive, the loan must be repaid within 6 months. If it has not been repaid after those time limits, interest applies.
also includes Dublin regions. A 2018 Daft.ie report shows Dublin City, North and South along with Wicklow as having the most expensive prices to purchase a house at an average of €418,000 over the four areas. Roscommon, Sligo, Longford and Leitrim had the lowest at €137,000. **Donegal not only has a low uptake of the Scheme but within the cohort in NHSS, it has one of the lowest uptake of the nursing home loan option.**

Revenue is responsible for the collection of funds in relation to ASS. In the interim, the HSE pays the nursing home on behalf of the client. Revenue recoup the Ancillary State Support contribution from the estate of the client and it goes directly into the General account upon a client’s departure from the Scheme. **A.S.S. recouped contributions do not get directly fed back into the NHSS itself and do not contribute to the funding of the Scheme.**

There has been an on-going increase in the number of clients in receipt of A.S.S. and the average value of A.S.S. paid monthly since 2015. **The percentage of those in NHSS receiving the nursing home loan, A.S.S., has increased by 5% since 2014.** The 2017 HSE Annual Report records 13.2% of clients in the NHSS as in receipt of Ancillary State Support; 1.5% above 2016. 2018 saw this rise by a further 1.2% to 14.4%.

### 6.4 Non-residential Productive Assets

A productive asset has the ability to generate cash flow and potentially profit. It is subject to the financial assessment of the Scheme. Farms are businesses are productive assets. Currently farm and relevant business owners in the NHSS, who remain in the Scheme for longer than 3 years, contribute 7.5% on the productive asset on an annual basis for the length of their stay.

- 3% (688) of NHSS clients have a farm asset. Of that, 36% (248) of them are in the scheme longer than three years.
- 0.4% (100) of NHSS clients are relevant business owners with 36% (36) of them remaining resident in the scheme longer than three years.

The three year capitation on contributions from these assets currently only applies if there is a sudden adverse event such as the sudden illness of the owner. A Memorandum for Government in June 2019, the *Nursing Home Support Scheme (Amendment) Bill*, approved the proposed policy change to the NHSS to treat farm and relevant business assets in the same manner as the PPR; to cap contributions towards the cost of care from such productive assets at three years, where a family successor commits to working the productive asset. Appendix 1 details the potential impact of this policy in further detail.

### 6.5 Client contributions

29 Appendix A discusses this in further detail
30 Department of Health, 2017.
While it is not possible to attribute the origin of client contributions from the type of assets held, the average weekly client contribution made to the NHSS is available.

The client and State contributions for private nursing homes is consistently higher than public nursing homes over the analysis period. However, table 4 shows that private contributions grew by just 0.3% from 2016 to 2018 while the gross weekly average cost of a bed rose by 4%. In the same period the public client contribution rose by 10%, 1% higher than the growth in the gross weekly average cost of a public bed.

Contributions by NHSS clients in a private nursing home have fallen from 32% of the total cost of care in 2016 to 30% in 2018. Despite this client contributions to private nursing homes have remained higher than the contributions of those in a public nursing home which have remained at 18% of the total cost of care since 2016, as weekly contributions rose along with the weekly cost of a bed.

Table 4 Client and State weekly Contributions, public and private nursing home beds per week

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Variance 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Client Contribution</td>
<td>299</td>
<td>291</td>
<td>300</td>
<td>0.3%</td>
</tr>
<tr>
<td>State Contribution to private nursing home</td>
<td>647</td>
<td>666</td>
<td>684</td>
<td>6%</td>
</tr>
<tr>
<td>Gross weekly average cost of private bed</td>
<td>946</td>
<td>957</td>
<td>984</td>
<td>4%</td>
</tr>
<tr>
<td>Public Client Contribution</td>
<td>260</td>
<td>276</td>
<td>286</td>
<td>10%</td>
</tr>
<tr>
<td>State Contribution to public nursing home</td>
<td>1,186</td>
<td>1,236</td>
<td>1,289</td>
<td>9%</td>
</tr>
<tr>
<td>Gross weekly average cost of public bed</td>
<td>1,446</td>
<td>1,512</td>
<td>1,575</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: NHSS monthly monitoring reports

The average net cost of care (State contribution) in a private or voluntary nursing home at end 2018 was €684 per week; 70% of total cost of care. The average net cost of care (State contribution) in a public nursing home was €1,289 per week in 2018; 82% of the cost of care.

6.6 The Vacant Residential property debate and NHSS

According to Census data, on a national level, 2.3% of vacant homes are related to people residing in Nursing Homes. The majority of these are in cities other than Dublin. Just 3% of vacant homes in Dublin city and suburbs are vacant due to an owner being in a Nursing Home.
The data suggests that rural areas suffer from a comparatively larger share of long-term vacancies than urban areas. Of the vacancies due to nursing homes, 54% are in rural areas or small towns, not rent pressure zones. 31% are in cities and suburbs, potential rent pressure zones.

<table>
<thead>
<tr>
<th>Reason for vacancy</th>
<th>Dublin City &amp; suburbs</th>
<th>Other cities</th>
<th>Large towns</th>
<th>Small towns</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing Home</td>
<td>865</td>
<td>409</td>
<td>625</td>
<td>428</td>
<td>1,838</td>
<td>4,165</td>
</tr>
<tr>
<td>Total vacant homes</td>
<td>28,188</td>
<td>14,233</td>
<td>25,475</td>
<td>27,700</td>
<td>87,716</td>
<td>183,312</td>
</tr>
<tr>
<td>Nursing homes as a percentage of all vacant homes</td>
<td>3.0%</td>
<td>2.8%</td>
<td>2.5%</td>
<td>1.5%</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>


Other potential vacancies which may be commonly associated with the elderly are those ‘in hospital’ which accounted for less than 1% of home vacancies, ‘with relatives’ 0.5% and ‘deceased’ 5% of home vacancies nationally.

The Governments *National Vacant Housing Reuse Strategy, 2018-2021* outlines a plan for cross-departmental engagement, examining measures to address vacant homes when an owner moves into the NHSS. It further states that it will explore possible taxation measures and review Local Authority legislation to bring such vacant properties back into use.

### 7. Key findings, conclusions and future analytical work

This section discusses the findings of the SIA and next steps. Overall there is good data available on the NHSS, partly due to it being in place for just a decade. However, the data system is set up in a manner to calculate payments. It is not established for statistics and so can have reporting issues. Although the analysis found that some counties are engaged in the Scheme more than others, there does appear to be similarities across counties in terms of age, gender and average length of stay.

In terms of the profile of recipients this paper has the following findings:

- Programme recipients are generally in the elderly population, more specifically in the 85 year old plus age category.
- The gender balance of those in NHSS is 2:1 female to male.
- The counties with the highest percentage of their elderly population in the NHSS are Leitrim and Roscommon.
Kilkenny has a low uptake of the scheme at all ages which may warrant further investigation.

<table>
<thead>
<tr>
<th>The characteristic NHSS beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Referred from the Acute hospital setting</td>
</tr>
<tr>
<td>➢ Applying for both State Support along with ASS</td>
</tr>
<tr>
<td>➢ Waiting under 4 weeks for funding approval;</td>
</tr>
<tr>
<td>➢ Is a female over 80 years of age</td>
</tr>
<tr>
<td>➢ Staying 2-4 years in the Scheme</td>
</tr>
</tbody>
</table>

NHSS is a policy set out to allow any individual to access long-term nursing home care regardless of income in a setting most appropriate to their needs. It aims to make care in public, private and voluntary settings accessible for all and provide affordable access to long-term care based on means.

Budgetary expenditure for NHSS has increased in line with an increase in numbers and applications. The introduction of NHSS has proven to be successful and despite a growing elderly population, no large spikes in demand have materialised. The Scheme has proven to be financially sustainable, which is of key importance for the functioning of the Scheme going forward.

In addition to those accessing the State support, there’s an increase in those applying for the Nursing Home Loan. Increasing the contribution of assets held from 5-7% per annum for three years in 2015 does not appear to have deterred participation in this element of the Scheme. And the three year cap is in line with the average length of stay. It appears that A.S.S. uptake is increasing as house prices increase; potentially because owners do not have the percentage contribution of high valued principal private residence to hand as the contribution required from the asset is higher than their current liquid assets.

Contributions made from the value of housing assets held by clients entering the Scheme are a key driver of the sustainability of the NHSS. With an increasing elderly population, any fall-off in residential owner-occupier numbers has the potential to warrant a review of contribution calculations. Only 1 in 3 private sector workers have pension coverage which could also change the contributions of participants to the Scheme significantly going forward. However, the introduction of auto-enrolment by 2022 may minimise this risk.

8. Appendix A Farms and Small Business – non-residential productive assets

Table 1 below shows that 30% of farm holders in Ireland are elderly (over 65). With 137,500 farms, that’s 41,250 elderly owned farms. Using the Census figure of 4% of over 65’s are in nursing homes, we get a proxy of 1,650 farm holders are in nursing home care.
Table 1 Age of farm holders 2010, 2013, 2016

<table>
<thead>
<tr>
<th>Age</th>
<th>2010</th>
<th>2013</th>
<th>2016</th>
<th>% of farm holders in each age bracket (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;35</td>
<td>8,700</td>
<td>8,200</td>
<td>7,400</td>
<td>5%</td>
</tr>
<tr>
<td>35-44</td>
<td>24,600</td>
<td>22,800</td>
<td>21,400</td>
<td>16%</td>
</tr>
<tr>
<td>45-54</td>
<td>34,600</td>
<td>34,800</td>
<td>32,500</td>
<td>24%</td>
</tr>
<tr>
<td>55-64</td>
<td>35,100</td>
<td>35,600</td>
<td>34,700</td>
<td>25%</td>
</tr>
<tr>
<td>65 and over</td>
<td>36,600</td>
<td>37,700</td>
<td>41,200</td>
<td>30%</td>
</tr>
</tbody>
</table>

Total number of farm holders 139,600 139,100 137,200

Source: CSO

The Government recently approved to change to how farms and other businesses are treated under the NHSS financial assessment.

36% of farm owners in the NHSS remain in the NHSS for longer than 3 years and are therefore subject to contributing 7.5% on that productive asset on an annual basis. The same is true for small businesses.\(^{31}\) The three year capitation on contributions from these assets currently only applied if there is a sudden adverse event such as the sudden illness of the owner.

It is proposed that, provided that a family member successor is taking over ownership of the asset for any reason, the 3 year cap can then be applied to the farm or small business so long as the successor works the farm for a minimum period of six years.

The proposed change is intended to address the uncertainty for families around the uncapped liability and protect the viability of these businesses and those who work these productive assets. If this come into effect, eligible NHSS clients would see the contribution they make to their costs of care be reduced significantly and the State meeting the balance. With other productive assets, the charge against the value of such assets would remain unlimited. Land ownership is particularly emotive issue in Ireland for cultural and behavioural reasons. In this context, they are distinguished from other assets such as shares for example that are not actively managed.

The cost of the extension of the three year capitation to farms and small business to the scheme would be twofold to the Exchequer;

- Annual income foregone – loss of client contributions made against relevant productive assets

\(^{31}\) Which coincidently also have 36% of owners who are in the NHSS that stay for three years or longer.
• State funding to additional farms and small business owners who decide to enter the scheme under its new terms.

3% (688) of NHSS clients have a farm asset\(^{32}\). Of that, 36% (248) of them are in the scheme longer than three years. 0.4% (100) of NHSS clients are small business owners with 36% (36) of them remaining resident in the scheme longer than three years. Combined, this proposed policy change affects just 284 clients currently in the NHSS longer than 3 years with a productive asset.

New clients may be attracted into the scheme if farm and small business clients’ claims capped at 3 years. These new clients can come from wholly privately paid nursing homes switching into the NHSS or from those not currently in care who are incentivised to enter.

The Department of Health and HSE forecast that this extension to the capitation will cost the State on average €3.3m on annual basis from 2022 onwards.

Given that the average length of stay in the scheme is 3 years and has remained relatively consistent, it would appear that only a small proportion of clients would be impacted by the proposed change. The 3 million cost is nominal in comparison to the almost €1 billion budget allocation. However the average length of stay is lower than this figure suggests if we take into account the legacy scheme clients who may be skewing this figure. Their period in care is on average 9 years or higher.

As the effective average length of stay is less than 3 years, the majority of clients would not be getting to the stage where they would enter the capitation stage where their productive asset would not be accounted for in a financial contribution manner.

It is important that this policy uptake is monitored and measures are introduced to ensure it meets its objective and doesn’t undermine the sustainability of the Scheme.

\(^{32}\) 2017 figures (Department of Health)
Quality Assurance Process

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

☐ Internal/Departmental

☐ Line management

☐ Spending Review Sub-group and Steering group

☐ Other divisions/sections – Central Votes Section and the Public Service Reform and Delivery Office.

☐ Peer review (IGEES network, seminars, conferences etc.)

☐ External

☐ Other Government Department

☐ External expert(s)