PROVISION OF LONG-TERM CARE SERVICES FOR THE ELDERLY

Executive Summary

1. Hong Kong is facing an ageing population. In 1997, the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) has made "Care for the Elderly" a Strategic Policy Objective of the Government of the HKSAR. The objective is to improve the quality of life of our elderly population and to provide them with a sense of security, a sense of belonging and a feeling of health and worthiness.

2. The Government's long-term care (LTC) policy is to promote ageing in place and subsidised LTC services are provided by the Social Welfare Department (SWD), through community care services (CCS) and residential care services (RCS), to the elderly citizens (aged 65 and above) with proven needs as assessed under a standardised care need assessment mechanism ("assessment mechanism") it operates. There is no means test for these subsidised LTC services. If subsidised care places are not readily available, eligible elderly persons are put on the Central Waiting List for subsidised LTC services (CWL) to wait for their turn of admission. The CWL allocates the subsidised places on a first-come-first-served basis according to the applicants' registration dates and their preferences.

3. In 2013-14, recurrent expenditure on subsidised CCS and RCS amounted to $4.38 billion. In addition, the Government has from time to time applied for funds from the Lotteries Fund (LF) to finance the development of elderly services. These included funds for the construction and setting-up of contract residential care homes for the elderly (RCHEs) and for the implementation of various time-limited welfare projects/schemes for the elderly (e.g. $380 million approved for the first phase of the Pilot CCS Voucher Scheme for the Elderly). Non-governmental organisations (NGOs) may also apply for grants from LF to meet the capital costs of works projects in connection with elderly services provided by them. The Audit Commission (Audit) has recently conducted a review on the SWD's provision of subsidised LTC services for the elderly and its regulation of RCHEs.

Growing demand for subsidised long-term care services

4. ***Long waiting lists and waiting times.*** With the ageing population and the longer life expectancy of Hong Kong people, the demand for subsidised LTC services is growing rapidly. Although the Government has strived to cope with the increasing demand, the long waitlisting situation remains. For CCS, the numbers of elderly on the waiting lists for both day care and home care services were generally rising. The uneven waiting times for CCS in different districts also call for concern. For RCS, against a capacity of some 23 000 "care and attention" (C&A) places and 3 000 nursing home (NH) places, as at end-August 2014, the SWD reported a waiting list on the CWL of 24 250 elderly awaiting subsidised C&A places and 6 440 elderly awaiting subsidised NH places, and the average waiting time was 36 months for subsidised C&A places in subvented/contract RCHEs, 7 months for purchased C&A places in private RCHEs and 32 months for subsidised NH places (paras. 2.11, 2.13 to 2.15 and 2.17).

5. Audit further noted the following:

(a) ***6 800 elderly persons on the CWL not included as a result of their "inactive" status.*** The waitlisting information reported on RCS by the SWD to the Legislative Council (LegCo) and posted onto the SWD's website did not reflect, among others, the number of "inactive" cases on the CWL. For example, the reported number of 30 690 (24 250 + 6 440) applicants on the CWL awaiting C&A or NH places as at end-August 2014 had not included a total of 6 800 "inactive" elderly who had been assessed as "RCS only" or "dual option" (i.e. either RCS or CCS is equally appropriate for the applicant) but were meanwhile using CCS. Given that these 6 800 "inactive" elderly can opt at any time for RCS (with their priority on the CWL not being affected by the "inactive" status), they represent a hidden, but not negligible, demand which should have been disclosed when reporting the waiting list and suitably taken into account in service planning (para. 2.18(a));

(b) ***SWD statistics relating to elderly persons on the CWL.*** Based on SWD statistics, the number of elderly on the CWL who had passed away while waiting for RCS places had increased from "4 000 to 4 500" a year before 2010 to 5 700 in 2013-14 (para. 2.18(b)); and

(c) ***Need for reviewing the assessment mechanism.*** The SWD assessment mechanism is used to assess elderly persons' level of impairment which will be matched with appropriate subsidised LTC services. It acts as the "Gate-keeper" and plays a very important role in the Government's provision of LTC services. Audit has however found a number of issues warranting a review of the assessment mechanism. Among others, Audit noted that although there were about 2 700 accredited assessors as at June 2014, only 1 800 of them were recorded as active ones. An analysis further revealed that: (i) only 47% of the 1 800 active assessors had been involved in conducting assessments in the 12 months ended June 2014; and (ii) 70% of the assessment work was conducted by 36 accredited assessors of the five regional Standard Care Need Assessment Management Offices (Elderly Services) of the SWD. The extremely uneven output may affect the quality and efficiency of the assessments which determine the appropriate LTC services to be provided and may also have accounted for why the SWD has kept on taking longer time to complete the care need assessments (paras. 2.19 and 2.21).

6. ***Marginal increase achieved in the capacity of subsidised RCS places.*** On the supply side, although the Administration has made great efforts to increase the provision of RCS places over the years, the overall increase in the number of subsidised RCS places was not significant. The number of subsidised RCS places had only increased by 20% in 14 years, i.e. from 21 600 as at end-March 2000 to 26 000 as at end-March 2014. In particular, although some 10 000 RCS places previously provided by 74 homes for the aged and self-care hostels were converted to some 6 100 C&A places in order to provide the elderly residents with continuum of care, the Administration was not able to offset the reduction in number of subsidised RCS places by increasing timely the supply at a greater pace (paras. 2.23 to 2.26).

7. ***Need to maximise the effective use of limited subsidised RCS places available.*** Given the growing service demand and the constraints faced by the Government in bringing forth more rapid expansion of the subsidised RCS capacity (see paras. 4 to 6 above), the Administration should make good efforts to maximise the optimum use of the limited subsidised places available, as each subsidised RCS place cost the Government $7,900 to $15,600 a month in 2013-14. Audit has however found inadequacies in the provision, allocation and monitoring of the limited RCS places, as follows:

(a) ***Purchase and allocation of Enhanced Bought Place Scheme (EBPS) places.*** As at end-March 2014, 30% of the subsidised RCS places were provided by RCHEs participating in one of the Government's purchase schemes, namely, the EBPS. In 2013-14, the SWD spent $673 million on the purchase of 7 660 EBPS places. Audit however found that 39 (32%) of the 121 private RCHEs participating in the EBPS could not achieve the 92% enrolment rate set by the SWD. Among them, ten RCHEs had an average enrolment rate between 50% and 80%, and three below 50%. On average, some 550 to 590 EBPS places had remained vacant in 2012-13 and 2013-14 (para. 2.30(a));

(b) ***Allocation, matching and admission of RCS places.*** Audit noted various inefficiency and wastage in the allocation of, and admission to, subsidised RCS places, including: (i) late reporting by RCHEs of discharge cases (including temporary discharge of elderly residents); (ii) no time pledge set for SWD placement referrals; (iii) delay in admissions of applicants by RCHEs; and (iv) lack of laid-down procedures for handling late reporting of RCS vacancies and reliance on an honour system for reporting RCS vacancies (para. 2.34);

(c) ***Management of agency quota (AQ) places.*** Although the SWD has implemented the CWL since 2003 to centralise under its control all applications for subsidised LTC services, Audit has however found that among the 16 460 subsidised RCS places provided by subvented RCHEs, 1 812 (or 11%) AQ places were managed and allocated by NGOs outside the CWL and beyond the SWD's control, so long as the elderly taking up the AQ places had been subject to care need assessment under the SWD's assessment mechanism. These 1 812 AQ places are fully subsidised by the Government at some $25.5 million a month. Audit considers that the SWD needs to critically review the possibility of clawing back the AQ places for central allocation under the CWL taking into consideration, among others, the following: (i) the growing demand for, and the acute shortfall of, subsidised RCS places the Government is facing today and the 100% subvention provided for the AQ places; (ii) the admission of elderly by NGOs outside the CWL may provide opportunities for inequitable allocations; (iii) the commitment made by the Administration to LegCo in March 1995 that NGOs operating subvented RCHEs would not be given any discretion to admit applicants other than those on the

SWD's waiting list; and (iv) the low enrolment rate for AQ places allocated by NGOs themselves as a whole (paras. 2.37, 2.38, 2.45 to 2.50); and

(d) ***Utilisation of subsidised infirmary unit (IU) places.*** RCHEs have been taking care of infirm elderly while the latter are waiting for infirmary placement in public hospitals. As at end-June 2014, 19 subvented RCHEs were running 29 IUs providing a total of 580 IU places, which cost the Government some $52 million in 2013-14. Audit has however found that 62 (11% of 580) IU places had, on average, been vacant for at least five years, with the vacancy reaching 22% to 53% for five RCHEs (paras. 2.51, 2.52 and 2.54).

Provision of community care services for the elderly

8. The Government provides a wide range of subsidised CCS to assist the elderly to age in the community. They include centre-based day care services and home-based home care services which are essentially operated by NGOs with subventions or service fees from the Government. In 2013-14, the Government spent some $970 million on the provision of subsidised CCS for the elderly (paras. 3.2 and 3.5).

9. ***Monitoring of CCS places.*** In 2013-14, it cost the Government about $7,100 a month for a day care service place and about $3,700 a month for a home care service place. Owing to the limited CCS places available, timely reporting of discharge cases and timely admission of elderly to services are both important. Audit has however found that there is scope for improvement in these respects (paras. 3.9 and 3.12).

10. ***Implementation of the Pilot CCS Voucher Scheme.*** The Scheme, launched in September 2013 with a $380 million grant from LF, adopts a "money-follows-the-user" approach and provides subsidy directly to service users (instead of service providers) in the form of service vouchers. Audit has noted that as at August 2014 (one year after implementation), some 310 out of 1 200 elderly users still participating in the Scheme had not commenced using the services, with vouchers issued to some 180 elderly users having become void (paras. 3.16 and 3.20(a)).

11. ***Need for a more strategic approach to implement CCS.*** According to the Elderly Commission, effective CCS can encourage the elderly to age in place and avoid premature and unnecessary institutionalisation. Since 2000, the SWD has launched various pilot schemes at different times to supplement the regular CCS. No concrete plan has however been drawn up to properly integrate, rationalise or re-engineer them to provide effective CCS for the frail elderly. For example, the Enhanced Home and Community Care Services (EHCCS), the Integrated Home Care Services (IHCS) and the Pilot Scheme on Home Care Services for Frail Elders, which were launched in 2001, 2003 and 2011 respectively, provide similar services yet they differ in various ways in their operational modes (paras. 3.4, 3.25 and 3.27).

Provision of residential care services for the elderly

12. As at end-March 2014, there were 748 RCHEs providing 75 000 (26 000 subsidised and 49 000 non-subsidised) RCS places for the elderly. Subsidised RCS places are provided by subvented/contract RCHEs and private/self-financing RCHEs participating in the Government's two purchase schemes, whereas non-subsidised RCS places are provided by private and self-financing RCHEs. In 2013-14, the Government spent $3.41 billion on the provision of the 26 000 subsidised RCS places (paras. 4.2 and 4.3).

13. ***Varying quality standards of different types of RCHEs.*** Apart from the provision of subsidised RCS, the SWD also regulates RCHEs through a licensing system it operates. Although 424 private RCHEs not offering any subsidised RCS places formed the majority of the RCHEs, Audit noted that their service quality varied and most of them differed from the other types of RCHEs which offered subsidised places, with obvious disparities in their spacing and staff provision. Many of these private RCHEs just met the statutory minimum requirements. Many of the RCHEs in the private sector had high vacancy rates too, despite the high demand for subsidised RCS places. Audit noted that more warning letters on non-compliance with licensing requirements were issued against RCHEs in the private sector. For example, although these RCHEs accounted for only 57%

of total RCHEs in the sector, in 2013-14, 284 (81%) of 351 warning letters issued by the SWD were issued against them. It is understood that high rentals and manpower shortage are two major problems facing many of these RCHEs in the private sector. This might also have explained why the Administration had been slow in upgrading the statutory minimum requirements which had not been revised in the past 18 years (paras. 4.5 and 4.7 to 4.14).

14. ***Many elderly opted not to stay in private RCHEs under EBPS.*** Although 30% of the 26 000 subsidised RCS places were provided by the two purchase schemes (including the EBPS), applicants on the CWL who were willing to take up EBPS places had decreased from 7% as at end-March 2009 to 5% as at end-March 2014. As mentioned in paragraph 7(a) above, some 550 to 590 EBPS places were vacant in 2012-13 and 2013-14, indicating that good value has not been realised for some $50 million spent a year. Audit also noted a case when the demand for more subsidised RCS places in a particular private RCHE could not be entertained because of the "50% cap" requirement set by the SWD since 2003 on the number of subsidised places to be purchased (paras. 4.16 to 4.19).

15. ***Granting of sites by private treaty for RCHE purpose.*** The Government may grant sites at nominal premium to NGOs for welfare purposes. Based on the SWD records, some 50 private treaty grants (PTGs) had been granted to NGOs for operating subvented and/or self-financing RCHEs. Based on an examination of a number of such PTGs, Audit found that in two cases (both involving self-financing RCHEs which did not provide subsidised RCS places), the SWD had not exercised its rights reserved in the PTGs to agree with the grantees on the admission quotas to be provided to the Government (para. 4.25).

16. ***Granting of premium concession for RCHE purpose.*** To encourage developers to provide RCHEs in new private developments, in July 2003, the Administration launched the Premium Concession Scheme, under which eligible premises will be exempted from assessment of premium for various types of land transactions, subject to meeting certain conditions for the delivery of the RCHE premises. Audit however found that as at June 2014, no RCHE under the Premium Concession Scheme had come into service and the SWD had not conducted any review to assess the effectiveness of the Scheme (paras. 4.28 and 4.29).

17. ***Inspections of RCHEs.*** To ensure that all RCHEs have complied with the licensing requirements, the SWD monitors them by conducting inspections. It conducts several surprise inspections of each RCHE a year and has adopted a risk-based approach in conducting such inspections. Over the five years from 2009-10 to 2013-14, 35 RCHEs had been successfully prosecuted, involving 46 offences. Among these 46 offences, 29 offences were related to non-compliance with requirements on staff employment, and 13 related to non-compliance with requirements on health matters such as drug management and use of physical restraints. Audit examination of the SWD's records revealed that: (a) its inspection targets had not always been achieved; and (b) for 24 (71%) of 34 RCHEs which had been assessed as high risk ones, follow-up inspections were not conducted within the target timeframe (paras. 4.31 to 4.35).

Way forward

18. ***Government initiatives more recently taken.*** Each year, the Government spends substantial public resources on providing subsidised LTC services to the elderly. To cope with the ageing population and the rising demand for LTC services, the Government has launched various initiatives in more recent years. These include, for example: (a) the launching of a Special Scheme in September 2013 by inviting welfare NGOs to submit proposals to make better use of the land they owned, through in-situ expansion or redevelopment, to provide welfare facilities (including elderly facilities); and (b) tasking the Elderly Commission to prepare an Elderly Services Programme Plan within two years (para. 5.2).

19. ***Challenges ahead.*** Various challenges are lying ahead for the Government in the provision of subsidised LTC services for the elderly. These include, for example, the need to expand the subsidised CCS and RCS to keep pace with the rising demand and the need to timely and effectively implement the various Government initiatives (para. 5.3).

Audit recommendations

20. **Audit recommendations are made in PART 5 of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has *recommended* that the Director of Social Welfare should, in collaboration with the Secretary for Labour and Welfare:**

Growing demand for subsidised long-term care services

(a) **continue striving to expand the subsidised CCS and RCS to meet the rising demand, shorten the waiting lists and reduce the waiting times for subsidised LTC services;**

(b) **disclose the methodology used for calculating the waiting list and waiting time when reporting the waitlisting information to LegCo and/or posting the information onto the SWD website, including the proper disclosure of those "inactive" cases on the CWL;**

(c) **review and fine-tune the SWD's care need assessment procedures taking into account the various inadequacies Audit identified in the effectiveness of the SWD assessment mechanism;**

(d) **address the various inadequacies mentioned in paragraphs 7 and 14 above with a view to maximising the effective use of the limited subsidised RCS places available, including the need to:**

  (i) **improve the effectiveness of the EBPS by optimising the use of the places and minimising the number of vacant places;**

  (ii) **explore how the procedures for the allocation, matching and admission of the limited RCS places can be fine-tuned to minimise the lead time;**

  (iii) **critically review the possibility of clawing back the AQ places for central allocation under the CWL; and**

  (iv) **take measures to follow up on the 11% vacancy of the limited IU places available and review, in close collaboration with the Director of Health, how the IU places in subvented RCHEs can more effectively be used;**

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(e) **step up the SWD's monitoring of the allocation and admission of limited subsidised CCS places available, and fine-tune the procedures in the SWD Manual;**

(f) **continue monitoring the effectiveness of the Pilot CCS Voucher Scheme;**

(g) **formulate a long-term strategy for the provision of better and integrated CCS to meet the genuine needs of the frail elderly who prefer ageing in place, including exploring how EHCCS and IHCS can be properly integrated;**

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(h) **address the disparities in quality standards of different types of RCHEs as far as possible, paying particular attention to the acute manpower shortage in the RCHE sector;**

(i) **examine all PTGs granted for operating RCHEs to ascertain if there are similar cases when the SWD's right to nominate persons for admission to the RCHEs has not been exercised;**

(j) **conduct an effectiveness review of the Premium Concession Scheme and explore appropriate measures to improve it;**

(k) **ensure that the inspection targets for individual RCHEs are met, and carry out more timely follow-up inspections of RCHEs with higher risk; and**

Way forward

(l) **address the various challenges ahead, including the monitoring of the various pilot CCS and RCS voucher schemes, and the Special Scheme for in-situ expansion or redevelopment of privately owned sites for welfare uses.**

Response from the Administration

21. The Director of Social Welfare, with the support of the Secretary for Labour and Welfare, agrees with the audit recommendations. The Secretary for Labour and Welfare has also undertaken to forward Audit's findings and recommendations to the Elderly Commission for it to take into account as it deems appropriate when formulating the Elderly Services Programme Plan.