

Report - Domiciliary care market review – Ministerial action plan

1. Executive summary

This report responds to the findings of the independent LaingBuisson¹ (LB) market review of domiciliary care provision in Jersey and sets out the ministerial actions that are now planned.

Jersey, along with many other countries, is facing a significant increase in the number and proportion of older adults requiring long term care in the coming decades. To support people with long term care needs to remain living at home in their own community, Jersey requires a robust and sustainable domiciliary care market and a long-term care scheme that provides fair financial support to people living in care homes and people who receive that care in their own home.

The two key issues that this project is aiming to address are:

(1) Government is paying different domiciliary care providers at different rates for providing the same care.

(2) The concept of the LTC benefit providing a standard contribution towards the costs of care, with the claimant making up the balance of the costs (“co-payment”) from their chosen provider, is well established within the residential care market but is not yet embedded within the domiciliary care market.

Ministers accept most of the conclusions and recommendations of the LB review, including the need to move to standard hourly rates within the LTC scheme.

- Ministers propose to introduce a standard hourly rate from 1 January 2025 of £34.80.
- In addition to the standard hourly rate, Ministers will develop a set of ancillary rates in respect of specific types of care that are not covered by the standard hourly rate.
- Care agencies will continue to set their own gross fees.
- New claimants who can afford to, will be able to choose from any care provider and may need to pay a co-payment towards the gross hourly rate set by that provider. Claimants who require means tested support will be allocated a care provider at the standard rate and will not be required to make any contribution towards the cost of their approved care package.
- To support existing claimants, ongoing care packages being charged at a rate above the new standard rate, will be honoured based on current fee rates for up to 2 years.
- Ministers will engage fully with the care sector over the next few months to agree the details of the implementation of these proposals

¹ <https://www.laingbuisson.com/>

This report provides the ministerial response to the issue of standard care rates. The LB review also covered a range of other issues relating to domiciliary care which will be addressed in a separate report.

1.1 Cost implications to the Long-Term Care Fund (LTCF)

The introduction of standard hourly rates will help to stabilise the costs met by the Fund in respect of individual claims, acknowledging that overall costs will increase as the number of people requiring care increases driven by demographic changes. The proposed level of standard rate is designed to have a minimal impact on the overall current costs of domiciliary care being met by the LTC Fund. However, there will be some short-term additional costs in respect of the protection offered to existing claimants over the next 2 years. This is estimated at £250,000, against a total domiciliary care LTC spend of just under £15 million a year.

2. Introduction

2.1 Long Term care Scheme

The Long-Term Care scheme was established in 2014 to provide Islanders with financial support towards their care costs in both residential and domiciliary settings – it is not designed or funded to fully meet all care costs.

Within the residential care market, claimants are allocated to one of 4 care levels and the LTC benefit is paid at a standard (maximum) rate for that level. The care homes set their fees at a wide range of rates and LTC claimants are responsible for the difference between the benefit level and the total fee. Lower income claimants are not required to pay any additional costs but may not be able to choose a specific care home.

For a domiciliary package, the claimant is also allocated to one of these same four care levels. The value of the benefit is made up of a number of elements including the number of hours of care purchased from a registered agency or carer, the amount of respite required to support family carers and the costs of any equipment needed. The total value of the benefit will vary from package to package and can be any amount up to the maximum rate for that assessed care level.

When the Long-Term Care Scheme started, the domiciliary care sector in Jersey was in its infancy, with a small number of service providers. To encourage growth in the market, providers were given freedom to set their own hourly rates and, as long as cost of the total package remained within the maximum benefit amount for that care level, a range of rates were accepted, and claimants were not asked to make any contribution towards their care costs.

2.2 Independent Review of domiciliary care market

As outlined above following the introduction of the LTC scheme in 2014, a degree of flexibility was allowed for in the rates set by the small number of domiciliary care agencies then operating in Jersey. There are now around 30 providers with fee rates varying significantly

across the sector. As a result, previous Ministers initiated an independent review of this sector to better understand the base costs of providing domiciliary care in Jersey and to establish a framework within which to set consistent rates to be used within the LTC scheme. This would provide fair support to the growing domiciliary care market and ensure that the LTC Fund remains sustainable for the future. LB were engaged to undertake this market review.

The two key issues that this review addresses are:

(1) Government is paying different domiciliary care providers at different rates for providing the same care.

(2) The concept of the LTC benefit providing a standard contribution towards the costs of care, with the claimant making up the balance of the costs from their chosen provider, is well established within the residential care market but is not yet embedded within the domiciliary care market.

Following engagement last year, LB have now completed their technical review on Jersey's domiciliary care market. Their review sets out the details of the independent and anonymous survey that was carried out in 2023. All providers in the sector were invited to take part in this exercise and two provider events were held, prior to the launch of the survey, to give providers the chance to meet with LB and discuss the survey itself and the process of the review in general.

Despite significant efforts on behalf of both Government and LB directly, there was reluctance from some agencies to engage with this independent process and consequently LB were not able to gather as much detailed local information as desired to fully understand the Jersey domiciliary care market. The survey results are completely anonymous and so it is not possible to identify which care agencies did and did not participate. Ministers urge all agencies to fully engage in the planned changes, which are designed to support a sustainable and healthy domiciliary care sector

The LB review recommends establishing a set of standard rates as part of the LTC scheme in respect of domiciliary care packages and provides suggestions of how these standard rates could be formulated. The LB review also provides some additional recommendations around the development of domiciliary care services in Jersey. These additional recommendations will be addressed in a separate ministerial paper.

3. LaingBuisson review – Ministerial response

Ministers acknowledge the significant experience of LB in undertaking market reviews within the care sector in the UK and are grateful to LB for producing a detailed and comprehensive review setting out their findings in respect of the Jersey domiciliary care market.

This section sets the key recommendations from the LB review and provides ministerial responses.

| LB Recommendation | Ministerial response | Ministerial action |
|--|--|--|
| <p>p.10 Promote price competition among providers by adopting a standard level of LTC contribution towards care packages, and factoring in a margin for profit, supplemented by top up levels set by individual providers.</p> | <p>Accepted: Domiciliary agencies should continue to set their own rates with claimants, who have the means to do so, choosing a provider and making a co-payment contribution towards the gross fee. This is the model that already exists within the residential care sector. This will provide equity across providers and support the sustainability of the Long-Term Care Fund.</p> <p>Note - with the introduction of the Regulation of Care Law, all registered providers are now required under that law to maintain standards of care and are held to account by the Jersey Care Commission – this ensures that any care provided via LTC is of an agreed standard.</p> | <ol style="list-style-type: none"> 1. Develop a set of standard rates to be used in pricing the LTC benefit available in respect of domiciliary care packages. See section 4. 2. Do not place any restrictions on the gross fee rates charged by individual providers. Agencies have the ability to continue to set their own rates 3. Introduce co-payments into the domiciliary care market, with full means tested support available to claimants who are not able to meet co-payment costs. |
| <p>p.10 Encourage consolidation, or cooperation among providers, to yield such economies of scale as potentially exist.</p> <p>p.15 incentives to promote provider efficiencies through Economies of scale, achieved by spreading larger volumes of activity over back-office costs, whether by encouraging mergers and acquisition or, more informally, through lead provider models and provider partnerships;</p> | <p>Accepted: The LB review indicates many small and very small providers in Jersey.</p> <p>Co-operation amongst or consolidation of providers could create improved cost effectiveness and business efficiency.</p> | <ol style="list-style-type: none"> 4. Ministers will engage with providers to identify possible areas for co-operation and/or consolidation within the sector and identify actions that GOJ could take to support such moves. |

| LB Recommendation | Ministerial response | Ministerial action |
|---|---|---|
| <p>p.10 Promote efficient deployment of visiting domiciliary care staff, as regards travel time and expenses.</p> <p>p.15 incentives to promote provider efficiencies through - Optimisation of travel times and expenses of visiting care staff, by examining scheduling arrangements (including live software/data/ analytics),</p> | <p>Accepted: the LB review sets out the inefficiencies associated with multiple small providers and overlapping catchment areas</p> <p>Co-operation amongst or consolidation of providers could create improved cost effectiveness and business efficiency.</p> <p>Impact Jersey has identified the care sector as its first major area to support through up to £2M of grant funding to software and tech providers in this field.</p> | <p>5. Ministers will engage with providers to consider options to support the improved allocation of packages of care based on geographical location.</p> |
| <p>p.10 It is vital that there is a collaborative approach between Government and the sector to ensure a sustainable and equitable care market as the value of any efficiency gains could in principle be shared between providers and LTCF.</p> | <p>Accepted - Ministers acknowledge the vital role of the care sector and the importance of working collaboratively with providers to identify actions to support the sustainability and equity of the care sector.</p> | <p>6. Ministers will engage with providers to identify actions to promote a sustainable and equitable care market.</p> |
| <p>p.15 Jersey's Approved Provider Framework (APF) Agreement should be amended so that benefit claims are paid based on a fixed schedule of rates.</p> | <p>Accepted in principle. The APF is an administrative contract, and a different approach would be to publish a separate schedule of fees established under legislation</p> | <p>7. Ministers will identify the most appropriate route within Jersey legislation to provide for standard hourly rates within the total value of an approved domiciliary care package.</p> |
| <p>Provisional fees for the principal modalities of domiciliary care been set out in table 1 (see review).</p> | <p>Accepted in principle. See section 4 below for full details: The range and value of standard</p> | <p>8. Ministers have set out the initial rates for 2025 in section 4.3. Ministers will engage with providers on</p> |

| LB Recommendation | Ministerial response | Ministerial action |
|---|--|--|
| <p>p.15 Changes should mitigate possible impact of the risk that newly introduced tariffs may be set too low to assure access for means-tested claimants. Such mitigation is likely to require enhanced, proactive brokerage and transitional arrangements to any new pricing model as well as a collaborative approach between Government and providers.</p> | <p>payments needs to align with the way in which approved care packages are assessed</p> <p>The initial rate to be set by Ministers is above that proposed by LB and full transitional arrangements are included in the action plan.</p> | <p>the phased implementation of these rates and the appropriate timing and methodology to support regular reviews in future years.</p> |
| <p>p.15 incentives to promote provider efficiencies through - shared recruitment initiatives and shared training/ development approaches.</p> | <p>Accepted</p> <p>Government analysis has identified that there will need to be significant growth in the overall care sector workforce in the next 20 years</p> | <p>9. Ministers will engage with providers to identify actions to support recruitment and training within the care sector.</p> |
| <p>p.15 Changes should mitigate possible impact of perverse incentives for providers to 'game' the system in response to margin pressures, for example by 'clipping' visits (the term used in the UK for the practice of cutting short visits before the full contracted time has expired, in order to move to the next client).</p> | <p>Accepted;</p> <p>The initial rate to be set by Ministers is above that proposed by LB and full transitional arrangements are included in the action plan.</p> | <p>10. Ministers will engage with providers to identify actions to promote a sustainable and equitable care market. For example, this could include the sign in and out technology solutions that is being introduced by some UK councils.</p> |
| <p>p.15 We do not recommend blanket tariff rate enhancements. Case by case enhancements, with a high bar for providers to access such enhancements, are likely to be more efficient, though requiring greater brokerage resource.</p> | <p>Accepted in part:</p> <p>A range of enhanced rate options have been considered including Geography: urban versus rural; diagnosis led; senior carer; complex: all these options have significant flaws.</p> | <p>11. Ministers will introduce a set of standard rates which will cover needs within the existing LTC care levels. The existing HCS High Costs Panel will continue to consider specific cases on an individual basis</p> |

4. New standard rates

4.1 Background

Based on data from early/mid 2024, approximately 37,000 hours of domiciliary care are provided per month at a cost to the LTCF of approximately £1.2 million a month (£14.5 million a year).

There is a significant range in the amount of care provided by individual providers from 60 hours to just over 4,000 hours a month.

The rates currently supported through the LTC scheme range from £28.00 per hour to £37.70 per hour. Individual provider rates have been subject to fixed annual increases in 2023 (12%) and 2024 (7.7%).

4.2 Standard rate

The LB review proposes consistent hourly rates across all providers. The LB approach identified different hourly rates for a carer and a senior carer and also included a weighted average of the two rates:

| | | |
|----------------|-----------------------|---------------------------|
| Carer - £31.17 | Senior Carer - £34.53 | Weighted Average - £31.80 |
|----------------|-----------------------|---------------------------|

The Jersey assessment process is focused on the needs of the person receiving the care. It is a comprehensive assessment that takes account of all aspects of the person's life to create a care plan to meet that person's needs. Individuals with more complex needs will require more care per week than someone with less complex needs. This will be provided by the agency using a mix of staff as required.

Setting separate rates for carer and senior carer would require a significant change to the existing assessment process and could limit the flexibility within the care sector to deliver the required packages. Ministers will not be taking forward separate rates for carer and senior carer but have instead focused on a single hourly rate that takes account of the mix of the staff needed. Therefore, the LB Weighted Average rate of £31.80 was considered as an option for the standard rate.

Analysis was then undertaken to assess the impact of this and other possible standard rates on the LTC Fund and on individual providers. The table below sets out a range of options for the standard hourly rates that were considered and the impact in 2024 terms.

| Rate option | Total annual cost (£M) | Impact on LTCF | Number of providers seeing reduction in income at this rate | Number of providers seeing increase in income at this rate |
|--|------------------------|-----------------------------|---|--|
| Set rate at lowest current provider rate £28 | 12.4 | Saving of £2.09 M | 25 | 0 |
| Use the LB weighted rate £31.80 | 14.1 | Saving of £0.40 M | 16 | 10 |
| Use a weighted average of all current rates £32.71 | 14.5 | Minimal impact | 11 | 15 |
| Set rate at highest current provider rate £37.70 | 16.7 | Additional spend of £2.21 M | 0 | 25 |

The aim of this project is to support an effective and sustainable domiciliary care market that can grow to meet the growing need for domiciliary care in the Island. It is vital that care providers are able to operate confidently and plan for the future. Stabilising and strengthening the domiciliary care market will help to maintain the long-term sustainability of the LTC Fund.

Having considered the detailed analysis, Ministers will be setting the standard rate in line with a 2024 rate of £32.71 – this is higher than the rate proposed by LB but maintains a balanced position against current spend. As a sector, care providers will continue to receive the same total funding as now, but with funding distributed fairly across all providers.

4.3 2025 Uprate

The weekly benefit rates set under the LTC scheme are uprated once a year in January. These rates set the maximum amount of benefit available to a claimant. The increase for 2025 has been set by the Minister for Social Security at 6.4%, in line with the increase in average earnings for 2024.

Ministers have agreed to introduce the new standard hourly rate on 1 January 2025 in line with the annual increase in weekly benefit rates. This will minimise disruption and allow all administrative changes to be made at the same time.

The 2024 calculated hourly rate of £32.71 will be increased by 6.4% to set the 2025 level. This means that from 1 January 2025, the standard hourly rate will be set at £34.80.

4.4. Additional rates

In addition to setting a standard hourly rate, care packages can include other types of care and support that require separate rates.

Based on the proposed 2025 standard of £34.80 hourly rate, other rates will be set as needed following engagement with care providers. For example, separate rates may be set for an overnight sleeping shift or for a live in carer. Providers will be invited to an engagement event in November to discuss the areas where specialist rates will be required.

5. Co payments

5.1 Embedding co-payment model into domiciliary care

Within the residential care market, the concept of copayments has been accepted and used since 2014 when LTC scheme started. However, during the early period of the LTC scheme the domiciliary care market was very small, and a different approach was taken

The Jersey Care Commission has now been established and all domiciliary care providers are subject to regulation. The domestic care market has grown significantly over the last 10 years. The lack of a copayment model in the domiciliary care market has created anomalies and the LB review makes a clear recommendation that copayments should be introduced.

Ministers support the independence of care providers in setting their own rates, and the choice of families in choosing a care provider to suit their needs. Where a claimant has the means to choose a provider with charges above the standard rate, the claimant will make a copayment in respect of the difference between the standard rate and their chosen provider's rate. For example, the provider may charge £36 an hour against the standard rate of £34.80 per hour. If the agreed care package includes 20 hours of care per week, the LTC benefit will be set at $20 \times £34.80 = £696$ per week and the claimant will make a co-payment of $20 \times £1.20 = £24$ per week.

However, there will always be a portion of LTC claimants who do not have the means to make a co-payment and the LTC scheme has been designed to provide full financial support for these claimants. Benefit payments will cover the full cost of their approved care package from day one and providers will be paid at the standard rate. The quality of care remains the same and is set independently by the Jersey Care Commission.

5.2 Transitional provisions

Copayments will be applicable to new LTC claimants, if they decide to choose a provider that sets a gross fee that is above the standard LTC rate.

There will be claimants receiving approved care packages today with fees set at a range of rates. Where this rate is below the standard rate for 2025, the value of the benefit will be increased from 1/1/25 in line with the standard rate. Where the rate is above the standard rate, the claimant will be protected from making co-payments for up to two years, with the LTC benefit being set in line with the current fee rate charged by that provider immediately prior to 1/1/2025. This level of benefit will be guaranteed in cash terms for the duration of the care package or until the end of 2026. For example, a care provider is charging £37 an hour for a care package that was set up in June 2024. The LTC scheme will continue to support this claimant at £37 an hour while the care package remains in place from 1/1/2025 for up to 2 years. The additional cost of this protection is estimated at £250,000.

6. Conclusion

The Minister for Social Security and the Minister for Health and Social Services would like to thank LaingBuisson for their work in preparing their review and those agencies in the domiciliary care market who supported the review process.

Setting standard LTC rates and embedding the co-payment principle into the domiciliary care sector provide two important steps in developing an equitable and sustainable domiciliary care market and the Ministers are committed to working with the sector to ensure a smooth implementation.

There will be a sector event in early November to discuss the details of this response and to give agencies the opportunity to contribute to the detailed implementation planning. During 2025 Ministers will publish a further report on their response to other issues raised in the LB review.