

Key Facts

- About 13.5 % of New Zealand's population is over the age of 65 and 3.4 % over the age of 80.
- In 2008, New Zealand spent 1.3 % of its GDP on publicly funded services related to long-term care (OECD Health Data 2010).
- In 2009, approximately 3.6 % of the over 65 population received long-term care in an institution setting while 11.6 % received long-term care in the home setting (OECD Health Data 2010).
- In 2006, there were 2.3 formal workers in homes per 100 population over 65 years of age, and 5 formal workers in institutions per 100 population over 65 years old (OECD Health Data 2010).
- In 2006, there were approximately 82.1 family workers per 100 population over the age of 65 (OECD Health Data 2010).

Background

New Zealand has a population of 4.39 million people (Dec 2010). Of these 59% self identify themselves as New Zealand European, 15% are Māori, 9 % are Asian, and 7% as Pacific peoples (2006 Census). New Zealand, demographically, is still a relatively young country compared to others in the OECD, but by 2026, 20% of its projected population of 4.7 million will be over the age of 65 (Statistics New Zealand, 2007). There is a predicted 11% growth of people over the age of 65 between 2000 and 2040 (OECD, 2005).

Benefits and Eligibility Criteria

Long-term care (LTC) is defined as "long-term care hospitals/specialist hospital (psychogeriatric), specialist dementia units and rest homes" but home-based support can also be provided to people in need. Eligibility for tax-funded subsidised care is based on need and the person's ability to pay over an annually increasing asset threshold (in 2010 this was NZD 200 000- or USD 144 305). For those whose assets are less than the threshold (83% of residential care inhabitants) there is the tax-funded Residential Care Subsidy (RCS).

The Residential Care Subsidy is a subsidy provided by the Ministry of Health funded through local District Health Boards. Generally, the amount of subsidy is the difference between the cost of contracted care and the amount a person is required to contribute for that care. To be eligible for Residential Care Subsidy, the person must be eligible for publicly-funded health and disability services and be aged 65 years or over, or between 50 and 64 and be single with no dependent children. They must also have been needs assessed as requiring long-term residential care in a hospital or rest home indefinitely and be financially eligible as determined by a financial means assessment. The asset threshold is set in legislation to increase each year until 2026. People aged 50-64 who are single and have no dependent children are deemed to automatically meet the asset test but must undergo an income test. People aged 65 and over must submit to an asset test for eligibility (the threshold is NZD 200 000- USD 144 305) but do not need to take any income test. Costs of contracted care above the maximum contribution are covered by the District Health Boards.

People aged 65 and older who are receiving New Zealand Superannuation or Veteran's Pension must contribute to the cost of their care from their entitlement if they meet the means test for assets and are eligible for the Residential Care Subsidy. They keep a specified amount of their entitlement as a Personal Allowance while the rest goes to payment of services. Older people who do not qualify for the Residential Care Subsidy pay the full cost of their residential contracted care services up to a maximum that is set at the lowest cost of care which is known as the "rest home level". District Health Boards fund any higher levels of contracted care services above rest home level for both those who qualify for the Residential Care Subsidy and those who pay for their own care.

Since 2008, a new assessment tool has been used to provide a comprehensive geriatric assessment of people applying for long-term care support. It is intended that all District Health Boards will be using the tool by June 2012. The assessment tool identifies clinical risks, opportunities and clinical status. Criteria in the assessment include activities of daily living (ADL) and disability, but also a person's living situation, informal supports and functional capacity. The needs assessment, primarily carried out by the District Health Board's Needs Assessment Service Coordination (NASC) is considered "relative". This allows consequent service delivery to be prioritized. The needs assessment for people aged under 65 is carried out by the Ministry of

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Health NASC service for people with disabilities.

Income support measures for long-term care recipients

- **Disability Allowance:** a tax-free allowance paid to help people meet ongoing disability related expenses up to NZD 59.12 (USD 44.98) net per week (1 April 2011). It is income and disability tested (likely to last six months or more and requiring ongoing help with normal living tasks or ongoing help from a registered health professional).
- **New Zealand Superannuation:** a basic entitlement, not means tested, paid to people aged 65 and older who meet certain New Zealand residency requirements. Payment rates vary depending on household situation such as whether the person lives alone or shares accommodation. The payment is taxed at different rates depending on any other income received.
- **Invalid's Benefit:** a weekly payment for people who are permanently and severely restricted in how much work they can do because of sickness, injury or disability. The net weekly rates after tax vary from NZD 203.71 (USD 155) (single 16-17 years) to NZD 419.56 (USD 319.24) for couples as at 1 April 2011. Invalid's Benefit is also income tested.

Income support measures for informal carers

- **Domestic Purposes Benefit (Care of Sick or Infirm):** is an income support available for people caring full-time at home for a person (other than their spouse or partner) who, if they were not being cared for at home, would require residential care or hospital services. The benefit is available as long as it is required and is based on an income test. The net weekly amounts (after tax) vary, depending on specific situation. For a single 16-17 year old the rate is up to NZD 203.71 (USD 155), for a sole parent situation the rate is up to NZD 330.70 (USD 251.6) per week as at 1 April 2011.
- **Child Disability Allowance:** a non-means tested, tax-free, flat payment of NZD 44.55 (USD 33.9) per week (1 April 2011) to the principal caregiver of a child with serious disability.
- Informal carers who have worked for six months or more are eligible to ask for flexible working arrangements with their employer. However, employers may refuse such requests on eight recognised grounds. There are also respite services available for full-time carers. These carers must file a request for a separate assessment to be eligible for respite services.

Funding and Coverage

Services and benefits related to long-term care in New Zealand are funded largely through general taxation. In 2003, responsibility for long-term care was devolved to District Health Boards through annual healthcare block grants. District Health Boards have the mandate to set their own priorities in spending in the region they are responsible for based on population need.

For the 2007/2008 financial year, District Health Board expenditure on total old age related care was approximately NZD 709 million (USD 545 million). Of this NZD 695 million (USD 534 million) was spent on residential aged care and NZD 187 million (USD 144 million) on home support services, including house management and home support services which is funded by the District Health Boards.

The Accident Compensation Corporation (ACC) provides a no-fault, public insurance system for treatment, rehabilitation and earnings related compensation for injuries. ACC is funded by a combination of levies on wage, salaries and vehicle registration as well as general taxation to fund cover for non-earners such as people on a benefit or on New Zealand Superannuation.

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People claiming ACC are charged various co-payments. People using residential support services, people with disabilities and beneficiaries on the Invalids Benefit can keep a Personal Allowance while the rest of the benefit goes to the payment of services. For residential care services, older people pay their superannuation and the majority of any other income with the balance of the cost for contracted care services paid by District Health Boards as the Residential Care Subsidy. Payments are maximized and set at the lowest level of care prices.

Home care and household management services are provided free up to an income threshold. These services may include provision of assistive technologies. Regarding equipment and modification services, those that are low in cost (under NZD 50, USD 38) are not funded but modifications between NZD 7 900 (USD 5 973) and NZD 15 000 (USD 11 342) are subsidized based on a means assessment and co-payment basis.

Delivery

Providers of residential care are mainly in the private sector, and need to fulfill certification requirements, set by the Ministry of Health. Data suggests that residential care episodes today are shorter than they were 20 years ago with people now entering residential care at a later age and with high and complex needs. Home care provision can also include aids such as wheelchairs. There is increasing awareness of long-term care workforce issues and there have been efforts to increase the qualification and career prospects for home care workers.

References

OECD 2009-2010 Questionnaire on Long-Term Care Workforce and Financing

OECD (2010) *Health Data 2010*, Paris.

OECD Social and Labour Demographics Database 2010

OECD (2005), *Long-Term Care for Older People*, Paris: OECD