



# FUNDING RESIDENTIAL CARE – BUT FOR HOW MANY YEARS?

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## INTRODUCTION

Trying to anticipate how long one might need to pay care fees is a significant and troubling issue for most self-funders if they are neither very wealthy (so can pay for their care without too great an impact on their financial wellbeing) nor have such minimal assets that they are entitled to local authority support from the start).

To date there has been very little research that can give us an accurate picture of how long people live in care homes in the UK before they die. Where studies do exist, they tend to underestimate the total length of stay, as they often fail to factor in those who have previously stayed in another care home and transferred to the one whose data is being assessed.

## PRIMARY SOURCES OF REFERENCE

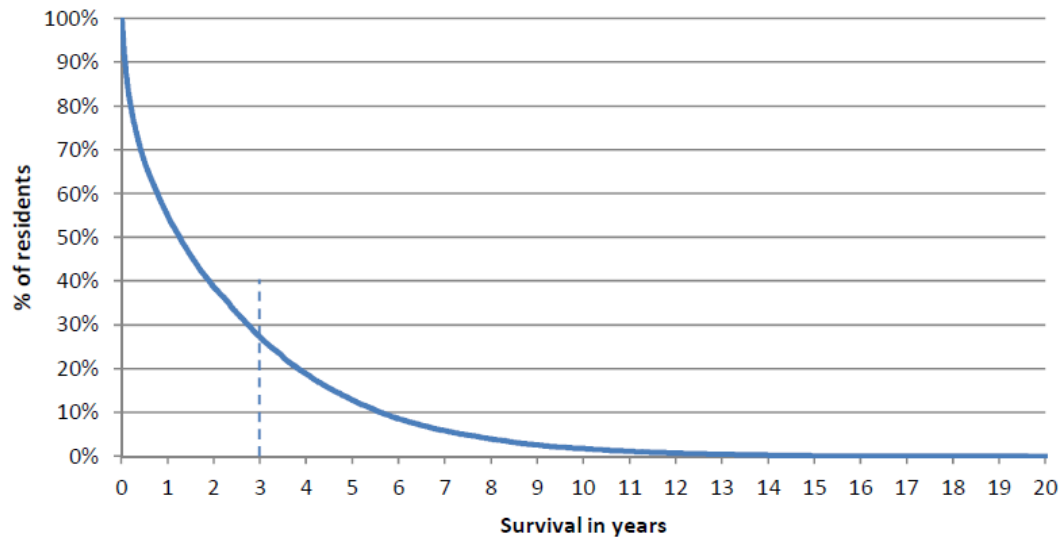
The 1999 research by the **Personal Social Services Research Unit (PSSRU)** on self-funders estimated life expectation following care home admission at 38 months for residential care and 20 months for nursing care, confirming similar results from earlier ad hoc survey work. These life expectancy figures may strike some care home operators as surprisingly high, but they are explained by an extended tail of long survivors in the distribution, which greatly increases the mean survival time. Shorter lengths of stay cited by many operators probably represent 'median' or even 'modal' rather than 'mean average' lengths.

In 2011, **Bupa Care Home's census** of care home residents was published, drawing on anonymised information about all the residents (11,565 in total) that died in Bupa care homes in the period Nov 2008 to May 2010. This Bupa report provided a number of measures of length of stay, the most relevant as a reasonable proxy for expectation of life being 'mean average length of stay to death'. The results show the average length of stay was 801 days, but with a considerable tail of long-stayers/survivors (see illustration below)

## THE ISSUE

The likely length of stay in residential care and the extent to which this underpins or undermines the suitability of an immediate needs annuity is one that regularly needs to be addressed when advising on paying for care.

This Key Information Sheet seeks to signpost to evidence in respect of data around length of stay, recognising at the same time that there is also significant value to be placed on the 'peace of mind' such products can offer, not simply return on investment (with the benefit of hindsight).



The BUPA census data also suggested that approximately 20% of people die very soon after admission but thereafter life expectancy rates improve before falling again. Whilst half of residents had died by 462 days, around 27% of people lived for more than three years, with the longest stayer living for over 20 years.

So only fragmentary survey data is readily available on expectation of life within the UK care home population. Using the data points cited above for the PSSRU sample and the Bupa care home census, **Laing Buisson’s** best estimates for the current average expectation of life for residents of UK independent sector care home for older and physically disabled people can be calculated by simultaneous equations as:

Residential care residents. . . . . 30 months

Nursing care residents. . . . . 16 months

Weighted average (residential and nursing care residents) . . . . . 24 months

(Source: Care Homes for Older People, Market Report, thirtieth edition (2019) – Laing Buisson)

## OTHER FACTORS WORTHY OF CONSIDERATION

### Age and Sex

The BUPA census points out that age (on admission) and sex were strong predictors of differences in length of stay between residents in care homes – see below based on mean length of stay in days.

	Female	Male
People under 65	2114	1418
People aged 65-74	1465	908
People aged 75-84	1035	649
People aged 85 and over	717	452

### Local Authority supported residents v self-funders

The BUPA census also suggests lengths of stay are shorter for LA supported residents compared with self-funders – perhaps because publicly-supported people are admitted to care homes at a later stage than self-funders, so have correspondingly shorter lengths of stay

### Self-funders who take out an immediate needs annuity

Laing Buisson have suggested that *‘The handful of companies which offer immediate needs (annuities) financing plans have better and more up to date information from the lives they cover, but it remains confidential for commercial reasons’*. Whilst true, providers like Partnership and Just have in the past been open in respect of their high level data, indicating mean average life expectancy for residential care residents closer to 48 months, and suggesting this perhaps reflects not only timing of admission but better overall health and wellbeing of those in socio economic groups more able to afford an immediate needs annuity in the first place.

## IN CONCLUSION

Whilst available data is few and far between, that referred to above highlights above all else the unpredictability of length of stay. Whilst for some an Immediate Needs Annuity may not be the best investment with hindsight, for others it may prove to be the best investment they ever make. As such, consideration should always be given to available features such as capital protection and deferred versions of these products. At the end of the day, if there is a possibility of catastrophic costs involved, what price is placed on ‘peace of mind’ is a very personal decision.

### Sources of Information

A. Netten, R. Darton and L. Curtis, Self-funded Admissions to Care Homes, Department of Work and Pensions, Research Report 159.

Forder, J and Fernandez, J-L (2011) Length of stay in care homes, Report commissioned by Bupa Care Services, PSSRU Discussion Paper 2769, Canterbury: PSSRU

<http://www.pssru.ac.uk/archive/pdf/3211.pdf>

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