

# Spend no more than quarter of your wealth on care home

Greg Hurst Social Affairs Editor

People who need residential care should be guaranteed that they will spend no more than a quarter of their wealth on care fees, a leading health economist has proposed.

An asset protection guarantee should replace David Cameron's plan for a cap as a simpler and fairer way to limit how much people pay for care in their old age, he said.

It would mean that wealthier people contributed substantially more towards their care costs than if a cap on total contributions was in place and people with only modest savings would pay for the first time.

The rich would pay far less than under Theresa May's election manifesto plan to force people with assets

worth more than £100,000 to pay the entire costs of their care themselves. She also proposed that people who needed care at home would have the value of their property included in a means test for the first time.

Mrs May, whose plans were dubbed a "dementia tax" by critics, initially said that there would be no lifetime cap on contributions but she subsequently said that there would be an unspecified cap. Her proposals were later withdrawn and a consultation on alternatives has been delayed until next summer.

William Laing, director of LaingBuisson, the market research company for the private health and care sector, said it was time to consider a new approach to limit personal payments for care costs. Under his proposal people in need of social care would have their as-

sets assessed by the local authority, as now, and would pay their residential home fees and other bills until they had spent a fixed proportion of their assets. Once they had done so, their council would pay their future care bills. Rules would stop people from selling or transferring assets to play the system.

Mr Laing calculated that a guarantee allowing people to keep 73 per cent of their assets, limiting their contributions to 27 per cent of their wealth, would cost the same as introducing Mrs May's higher means test threshold of £100,000 and Mr Cameron's care cost cap of £72,000. It would be simpler and fairer, though, he said, especially to the 70 per cent of older people at risk of needing residential care who are property owners, who would be offered peace of mind. The costs to the govern-

ment would be just short of £1 billion. A grandmother living in Surrey, with assets worth £500,000, would pay up to a total of £135,000 for her care costs but could leave the remaining £365,000 to her grandchildren.

Currently people with assets worth more than £23,250 pay for their own care and there is no cap on individual contributions.

Mr Laing said: "People need a straightforward and effective mechanism which allows them to plan for their long-term care without worrying this will become a burden for their families, either before or after their death."

Like a cap, he said, his plan would allow insurers to develop policies to develop long-term care insurance products but said his own view was that the state should pay the bulk of the cost.