

Social care and the prudence paradox

If you buy your own home and save for your old age you end up paying for your own stay in a care home should you need one. If you rent your home and spend all your earnings the state will pay for your time in the care home at the end of your life.

All parties in government have wrestled with this paradox. The prudent pay more tax, and end up losing their capital if they need long term care. All parties have so far concluded it is too dear to offer free stays in care homes to all who need them. All have rightly concluded if someone without any assets needs looking after in old age the state needs to step in to help.

The resulting structure is complex and cumbersome. All individuals have a right to free health care from the NHS. The amounts and cost of NHS care usually escalate dramatically in the final years of a long life. Any time a person spends in hospital provides them with free board and lodging as well as health care. The aim, however, is to enforce a rigid distinction between health care – drugs, doctors time, operations – which are free, and social care including board and lodging which is only free if you have no money of your own. The elderly person staying in hospital has an adjustment made to their state benefits and pension to reflect their reduced living costs.

The children are third parties in the struggle between elderly person and the state over what the state will and will not pay for. With elderly people living into their 90s, the children are often pensioners themselves by the time the issue gets intense. Some seem to think they have a right to inherit the “family home” or the home of their parents. This is not normally the actual family home they lived in 60 years earlier, as people usually move on. Others say that if the elderly person has moved into a care home and is not going to move back to his or her home, it is only reasonable the property is sold and the money raised is used to pay the care home bills. No-one argues the children have to pay the care home bills of any elderly person who does not have the money to pay, though some chose to.

With social care back on the agenda, I would be interested in further views on what is the right balance between private payments and state assistance. Should prudence be better rewarded? If so, how?