

## 5 THE ELDERLY



### CARING FOR THE ELDERLY IN POVERTY

- 5.1 Caring for the elderly, and providing them with a sense of security, a sense of belonging and a feeling of health and worthiness has been an essential part of the public policy in Hong Kong. Our community is particularly concerned about the well-being of the elderly in poverty, people who have contributed to the society all their lives, but are ill-prepared to care for themselves during old age.
- 5.2 An understanding of the poverty situation of the elderly should not be limited just to their financial needs. Health is also one of the most important factors affecting their well-being. Housing and care for those who need assistance in daily living are equally important. Social support from their families, friends, and opportunities to continue to participate in the community also play a significant role in the quality of life of elders.
- 5.3 With an ageing population and longer life expectancy, providing adequate care for the elderly is becoming an increasingly challenging task. The community as a whole needs to consider how best we can address the concerns and challenges before us, and to continue to provide care and support for the elderly who are in need of assistance.

#### WORK OF THE COMMISSION

The Commission notes that the Elderly Commission (EC) has been advising the Government on the formulation of comprehensive policies and measures to provide care for the elderly. An Ad Hoc Group on the Elderly in Poverty was established in June 2006 under the Commission to focus on the key needs of the elderly poor, to explore with the EC on immediate improvement measures which can be made, and to consider the policy direction to better address such needs in the long term.



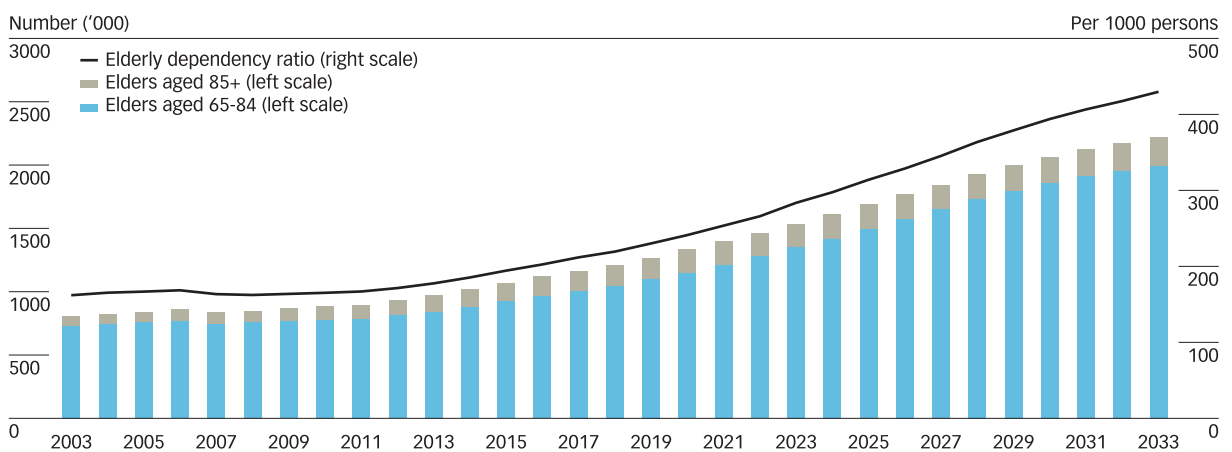
## THE KEY CHALLENGES

5.4 Like many other places, an ageing population with longer life expectancy pose many challenges to our society, both for the elderly population at present and in the future -

**Assisting needy elders at present** – The present generation of the elderly has relatively little retirement protection. Some 17% of those aged 60 or above rely on CSSA to meet their basic living needs. It is believed that some needy ones do not apply for CSSA for various reasons, and some may rely on the Old Age Allowance (OAA) to supplement their living needs. Compared to the present middle age cohort, they may also be relatively less well-prepared for healthy ageing, and may require more assistance in meeting daily living needs and social support.

**Challenges of an ageing population** – It is forecasted that by 2033, the number of elders aged 65 or above will exceed 2 million, accounting for some 27% of the population<sup>1</sup>. The proportion of “old olds” will also increase significantly, placing increasing pressures on public health care, social security, long-term care and other elderly services. Resources spent on elderly welfare services have increased by over 80% over the past decade. Some estimates project that public expenditure may have to double or triple in the next three decades just to maintain the existing level of elderly support<sup>2</sup>. Coupled with a potentially sharp increase in the elderly dependency ratio in the next three decades<sup>3</sup>, there is a need to carefully consider how public resources should best be deployed to address the future challenges and to prevent poverty among the future generation of elderly.

**CHART 1: NUMBER OF ELDERS AND ELDERLY DEPENDENCY RATIO, 2003-2033**



## SUPPORT FOR THE ELDERLY - PRINCIPLES

- 5.5 The Commission notes that the Government has invested substantial resources in building a public support network for elders in need. This includes a highly subsidised public healthcare system, public housing programmes, a wide network of elderly centres, subsidised centre-based and home-based community care services, subsidised residential care services, as well as financial assistance schemes<sup>4</sup>.
- 5.6 Public support network is but one source of support for the elderly. In considering how to address the key needs for the elderly, the Commission notes that there are a number of important principles which should be borne in mind <sup>5</sup> -

**Shared responsibility** – Support for the elderly should be based on a concept of shared responsibility of the individuals concerned, their families and the society. Besides public assistance, promoting individual planning, personal and family responsibilities, as well as tapping community resources to support the elders are important.

**Financial sustainability** – Any support system for the elderly needs to be financially sustainable in the long term. In achieving this, there is a need to encourage a balanced mix of public and private elderly care services, as well as multi-faceted sources of financing from the individuals, their families and the Government.

**Universal vis-à-vis targeted support** – In considering how elderly services and support should be structured generally as well as specifically, the Commission considers that public assistance should primarily be positioned as a recourse for needy elders who cannot support themselves or be supported by their families.

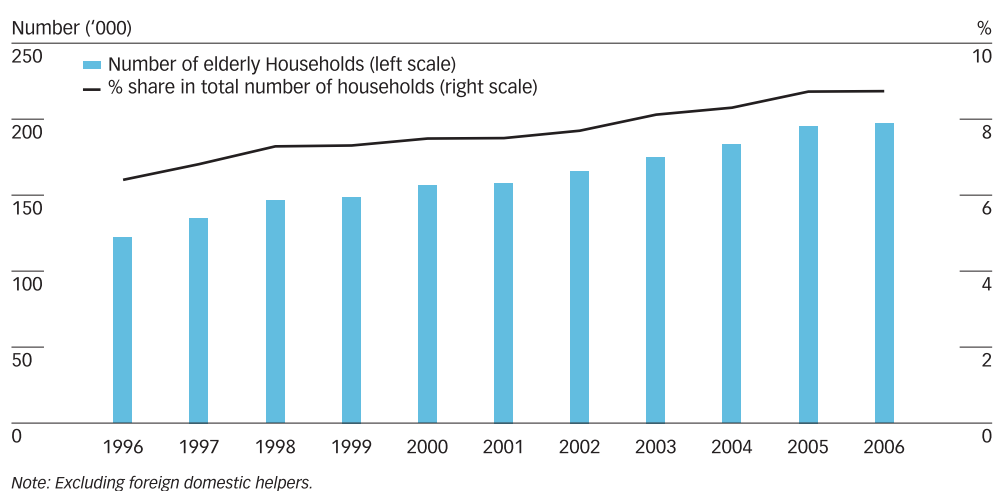
**Preventive approach** – Enabling the elderly to lead an active life and stay engaged with the community is a more effective, sustainable and socially beneficial strategy than relying on public assistance. Active and healthy ageing as well as social inclusion should be an integral part of the strategy.

## UNDERSTANDING THE ELDERLY IN POVERTY

- 5.7 The Commission notes that there is no simple way to determine the number of elderly people in poverty or to identify the elders in need of public services support -
- (a) One of the key indicators is their financial well-being or access to financial resources. It is however difficult to secure reliable information on their income (including other income from family and investments), assets and wealth, or their expenditure.

- (b) Some have used family income as a yardstick. This basis of measurement is however heavily influenced by changes in household size. Indeed, reflecting the ongoing ageing trend and that many young people are now living apart from their parents, the number of elderly households with all members being elders has continued to increase in the past decade, leading to a rapid rise in the number of low-income households.

**CHART 2: ELDERLY HOUSEHOLDS WITH ALL MEMBERS AGED 65 OR ABOVE**



- 5.8 As mentioned in paragraph 5.2 above, understanding the situation of the elderly in poverty should focus on the key needs of elders (e.g. health, financial, housing and family/social support) as well as their access to essential services. Besides relying on primary data, it is important to understand their needs and well-being in context. For instance, their family background, their health situation, their housing conditions are in a way inter-related and affect the actual financial position of the elderly.
- 5.9 In discussing the poverty indicators for the elderly (Chapter 2), the Commission acknowledged that the available statistics do not capture the situation of needy elderly who are not on CSSA. Since hospitals/clinics are a useful platform to reach out to needy/frail elderly, the Commission suggested that the relationship of health and poverty be further examined and data and statistics be collected through the platform for the purpose of enabling research on such a relationship, e.g. the collection of health data and statistics to be taken into account in the long-term development of a territory-wide health record infrastructure (paragraph 2.13 of Chapter 2).

## ASSISTING THE “HIDDEN ELDERLY”<sup>6</sup>

- 5.10 Some needy elders are “hidden” and may not have come forth for assistance from the public support network, and there is no simple way to identify them or to understand their situation. Frontline experience shows that some needy elderly remain “hidden” partly due to the following reasons –
- (a) they are “disengaged” from the community - they may be unaware of the existing available services due to illiteracy/low education level, physical/social isolation, e.g. those living alone or in remote places, lack social networks, or are isolated/excluded due to ill health or lack of financial resources; and
  - (b) they have some special circumstances, e.g. they do not get along well with their families and have no financial capability on their own, but they may not be eligible for assistance after taking into account their total family income and assets.
- 5.11 The Commission considers that strengthening the outreaching efforts may be the most effective way to reach out and identify these “hidden elders”. The Commission notes that the Government has built a fairly extensive network of community support services comprising the District Elderly Community Centres (DECCs), the Neighbourhood Elderly Centres (NECs) and the Support Teams for the Elderly (STEs). The Commission supports further strengthening their role to promote collaboration and co-ordination among different sectors and organisations at the district level to identify the hidden elderly.
- 5.12 In this regard, the Commission welcomes the Government’s proposal to provide additional resources starting from 2007-08 for all the 41 DECCs and 115 NECs to enhance their outreaching work on singleton/hidden elders whom they have not yet networked, and bring them out of isolation. Singleton/hidden elders who are in need will be referred to existing public support network. The additional resources will enable the elderly centres to enhance the manpower to plan for the outreaching work and mobilise district resources including volunteers to address the needs of singleton/hidden elders.

## STRENGTHENING HEALTH CARE SUPPORT TO NEEDY ELDERLY

- 5.13 Access to affordable health care remains one of the greatest concerns among the elderly population. In Hong Kong, public medical services are heavily subsidised and it is a long-established public policy that no one would be denied adequate medical treatment due to a lack of means. For needy patients, including the elderly, who cannot afford public medical fees, assistance is available under the medical fee waiver mechanism.

### **Medical fee waiver mechanism**

5.14 The Commission notes that all CSSA recipients are entitled to free medical treatment without the need of further assessment. Non-CSSA recipients who cannot afford public medical fees would need to apply for waivers. The Commission notes that a number of improvement measures have been introduced in order to make the medical fee waiver mechanism more accessible to elderly patients<sup>7</sup>. Nevertheless, the Commission considers that the low utilisation rate of the mechanism is not due to the lack of financial needs of the elders but a lack of knowledge as well as the general reluctance of elders not on CSSA to go through the means-testing procedures. The Commission urges the Government to further simplify the procedures and lengthen the period waivers as far as possible in order to facilitate application by needy elderly patients not on CSSA.

### **Cost of health care**

5.15 Health care is expensive, not only to the needy elderly but to the general public as well. Medical costs are rising, and those who suffer from chronic illnesses bear a heavy financial burden. Sustainable health care financing arrangement is essential to ensure continued equitable and affordable access to health care services by the whole community, and is particularly important in providing a safety net for those in poverty and those who are subject to huge financial risks due to heavy medical costs.

5.16 The Commission considers that the Administration should provide greater relief on medical fees for needy elders, whether they are on CSSA or not. The Commission notes that the Government is conducting an in-depth study on health care reform including the long-term health care financing options, as well as public hospital fees and charges arrangements, and would take into account the need to ensure equitable and affordable access to health care services and to provide a safety net to address the health care needs of the poor elders.

### **Strengthening support for needy elders discharged from hospitals**

5.17 The Commission notes that some needy elderly hospital discharges may not be able to look after themselves or lack family support upon discharge from hospitals. As a result, they may choose to go to RCHEs instead of returning homes after hospital discharge. Some may be re-admitted to hospitals within a short period of time after discharge.

5.18 The Commission welcomes the Government's initiative to implement a trial scheme to provide one-stop support services to needy elderly discharges who have difficulty in taking care of themselves, and carers' support and training. This will help enhance the quality of life of elderly hospital discharges and reduce the need for unplanned hospital re-admission. The Commission suggests that particular attention should be given to the needs of vulnerable elders.

### **Strengthen primary healthcare**

5.19 On the preventive side, the Commission considers that primary healthcare service for the elderly at the community level should be strengthened in order to reduce medical risks and costs. The Commission notes that the Elderly Health Services of the Department of Health provides integrated health services to the elderly through 18 Elderly Health Centres and 18 Visiting Health Teams. That said, they are not the only service provider to cater for the primary health care needs of the elderly. All the stakeholders, including private practitioners, have to work together to take concerted efforts to meet the varying primary health care needs of the elderly through various measures and services. The Commission also notes the Health and Medical Development Advisory Committee (HMDAC) has explored a number of relevant issues<sup>8</sup>, including strengthening health promotion and preventive care, and how to make use of the private doctor network at the community level.

## **ADDRESSING THE HOUSING AND LONG-TERM CARE NEEDS OF NEEDY ELDERLY**

### **Housing**

5.20 The Government's public housing programme is one of the key instruments to improve the standard of living of low-income families. More than 60% of elders live in subsidised housing, including public rental housing and purchased flats under Home Ownership Scheme. The average waiting time for public rental housing is about two years and elderly applicants are given expedited access under various priority flat allocation schemes.

5.21 Some elders who are owner-occupiers of private old buildings may be "asset-rich but income-poor". The Commission notes that the Hong Kong Housing Society has launched the Building Management and Maintenance Scheme to help owner-occupiers of dilapidated buildings to maintain their buildings, including interest-free loans to carry out repair works. Some elders are gaining assistance through collaboration of NGOs and financial institutions to arrange reverse mortgage for their properties in order to support their living expenses. As some 24% of elders have self-occupied properties and the percentage should increase in the future<sup>9</sup>, the Commission considers this a possible option to assist these elders to pay for their living expenses.

### **Long-term care needs**

5.22 The Commission notes that as the population ages, long-term care needs including demand for centre-based/home-based community care services and subsidised RCHE places would continue to increase<sup>10</sup>.

5.23 To meet the increasing demand for centre-based/home-based community care services, the Government has continued to increase the provision in recent years. In terms of subsidised

RCHE places, the number has increased from about 16 000 in 1997 to about 26 000 at present, representing an increase of 60%. Within the next two years (2007/08 – 2008/09), the Government aims to provide an additional 850 subsidised residential care places.

- 5.24 The Commission is concerned about the long waiting time for subsidised RCHE places. With a rapidly ageing population, a very rough estimation shows that the Government may have to deploy three times as much expenditure in the next three decades just to maintain the current waiting time for subsidised RCHE places<sup>2</sup>. The absence of a means-testing mechanism and a robust market of quality self-financing residential care services may lead to a greater increase in the demand for subsidised residential care places.
- 5.25 The solutions to address the increasing demand for RCHEs cannot rest merely with meeting the demand through publicly funded services. The Commission considers that the Government should consider the following as part of the longer-term strategies to tackle the issue -
- (a) provide better long term planning on the provision of subsidised residential care places as well as community care services for the elderly;
  - (b) enhance the quality of residential care places through encouraging a more robust market comprising quality self-financing and private RCHEs. In this regard, the Government should examine means to enable a greater extent of co-payment of fees among individuals, their families and the Government, including a means-tested voucher system and assistance to the needy in selecting different services; and
  - (c) consider more vigorous targeting in using limited public resources to assist the elderly most in need of assistance, e.g. consider whether subsidised residential care service should be means-tested in order to ensure that limited public resources could reach the most needy elderly.
- 5.26 Regarding (c) above, the Commission notes that while more vigorous targeting would help free some resources to assist the most needy elderly with genuine financial and care need, it involves a number of complicated issues, including the design of the means-testing mechanism, to what extent it would release pressure on subsidised residential care provision, and whether those not eligible have alternative choices of quality care services or are ready to age in place.
- 5.27 Provision of elderly services is considered one of the key potential areas for the further development of social enterprises (SEs). Some Commission members noted the development of voucher system in the UK which instils a greater level of flexibility in the provision of such services, and suggested further consideration on how to encourage further SE development in the provision of elderly services.



## FINANCIAL SECURITY IN OLD AGE<sup>10</sup>

- 5.28 The Commission has drawn reference to the three pillars retirement financial protection for Hong Kong -
- (a) publicly funded CSSA and Old Age Allowance (OAA);
  - (b) Mandatory Provident Fund (MPF) schemes; and
  - (c) voluntary private savings and investment.
- 5.29 The Commission notes that the introduction of the MPF under the Second Pillar ensures that a large proportion of our population has some level of retirement protection. Nevertheless, given the existing contribution level, it would only provide basic retirement protection for retirees. The MPF also does not provide a solution for retirement security for all kinds of people. Some, including low-income earners with monthly income below \$5,000 and non-working population, are not covered, and those who were close to retirement age in 2001 may not be able to save enough due to the short contributory period. They have to rely on other sources of financial support from family and public assistance.
- 5.30 Under the Third Pillar, Hong Kong has a relatively favourable policy environment (neither tax on capital gains nor duty on estate) which facilitates voluntary savings and investment. Support from family members continues to remain an important source of income for elders. According to a survey conducted by the Census and Statistics Department in 2001, about 1.68 million people (or 30% of all persons aged 15 and over) supported their parents financially, amounting to an annual expenditure of around \$62 billion. The Commission reaffirms the important role of the family in caring for the elderly, and the need to find ways to encourage and facilitate family support for the elders in our public policy.
- 5.31 Under the First Pillar, the CSSA Scheme offers a safety net for those who could not support themselves financially. Elderly recipients receive special care including the provision of higher standard rates, special grants and supplements under the CSSA Scheme. The Director of Social Welfare may also exercise his discretion under the CSSA Scheme to assist elderly in need having regard to the situation of each family.
- 5.32 Besides the CSSA Scheme, the OAA also offers cash allowance to eligible elders of 65 or above to meet their special needs arising from old age. Both the CSSA and the OAA are non-contributory and funded by general revenue. While the CSSA is means-tested, the OAA is a

largely non-means-tested scheme. As at the end of 2006, 90% of the elderly aged 70 or above (i.e. 565 456 recipients) received public financial assistance either in the form of CSSA, OAA or Disability Allowance.

- 5.33 There have been repeated calls for the Government to establish a universal retirement protection scheme for all. The Commission notes that any proposal to strengthen the Public Pillar would have to be financially sustainable in the long term, bearing in mind the existing level of welfare spending and the pressure an ageing population will place on the public support system.
- 5.34 In terms of public financial assistance, the Commission notes that expenditure of CSSA (on old age cases) and OAA has increased by 77% in 2004-05, compared to 1996-97. It was estimated that in thirty years, the payment of social security for the elderly might increase from \$11.8 billion in 2005-06 to \$30 billion. Public expenditure on elderly welfare services will also continue to increase. That said, the Commission considers that the Government should consider a slightly more relaxed asset limit for the elderly under the CSSA Scheme on compassionate grounds, without changing its nature as a scheme of last resort for those genuinely in need.
- 5.35 The Commission notes that the Central Policy Unit is conducting a study to examine the sustainability of the three pillars of retirement protection. The study is expected to complete in 2007 and the Government will take into account the results of the study and explore ways to strengthen the three pillars. The Commission considers it important to plan early and prevent poverty in future elderly generations, leveraging on the coming years when the increase in the elderly population will still be relatively moderate.

## DIRECTION FOR FUTURE WORK

- 5.36 An ageing population places significant pressures on our public support systems to care for the elderly, in particular those who cannot take care of themselves and lack family support. But ageing does not necessarily imply reliance on public assistance. With the advancement in medical science and greater health awareness, more cohorts of our population will age with better education, better health and better financial means in the future. In addressing the challenges we should also encourage the participation of the elderly in the society, and to tap this valuable pool of resources in order to help those who are needy in the community.
- 5.37 The Commission has examined with the EC the key needs of elders in need, and supports continued work to strengthen our support along the following direction -

## OVERALL

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- Promote **active and healthy ageing** as an integral part of the elderly policy to enhance their quality of life and to enable the elderly to live with dignity (*Paragraph 5.6*).
- Further improve our support systems for the elderly based on shared responsibility and financial sustainability, and **target public resources to take care of the most needy** (*Paragraph 5.6*).
- **Enhance understanding of the elderly in poverty**, including exploring ways to facilitate further poverty researches and analysis, e.g. the collection of health data or statistics to be taken into account in the long-term development of a health record infrastructure (*Paragraph 5.9*).

## SOCIAL NEEDS

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- Strengthen efforts to **reach out and identify “hidden” and singleton elders**, bring them out of isolation, and refer those in need to the existing public support network, and better leverage on the existing resources including volunteers to address the needs of the hidden elderly (*Paragraphs 5.10 – 5.12*).
- Encourage **social inclusion** and participation of the elderly in the society, and mobilise healthy retirees who are a valuable pool of human resources to help those who are needy in the community (*Paragraph 5.36*).

## MEDICAL NEEDS

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- Ensure **equitable and affordable access to health care** services and provide a safety net for the poor and vulnerable by putting in place sustainable health care financing arrangements as soon as possible (*Paragraph 5.15*).
- **Strengthen primary healthcare** service for the elderly at the community level, including health promotion and preventive care, and make use of the private doctor network at the community level (*Paragraph 5.19*).
- Strengthen the support for elderly hospital discharges and their carers through implementing a trial scheme to provide **one-stop support services to needy elderly discharges** who have difficulty in taking care of themselves and carers' support and training, with particular attention to the needs of vulnerable elders (*Paragraphs 5.17-5.18*).

- Improve the accessibility of subsidised medical service for non-CSSA recipients, in particular the elderly, through further improving the **medical fee waiver mechanism**, e.g. further simplify the procedures and lengthen the period waivers of the medical fee waiver mechanism (*Paragraph 5.14*).
- Provide greater relief on **medical fees for needy elders**, whether they are on CSSA or not (*Paragraph 5.16*).

## HOUSING AND LONG TERM CARE NEEDS

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- Facilitate elderly applicants to apply for public rental housing, and **assist those living in private old buildings** who are owner-occupiers but with low income (*Paragraphs 5.20 – 5.21*).
- Provide better **long term planning** on the provision of subsidised residential care places for the elderly as well as community care services in the light of the increasing demand from an ageing population (*Paragraph 5.25*).
- **Increase the choices** of quality residential care places and community care services through a combination of measures -
  - consider whether the subsidised residential care service should be **means-tested** (*Paragraphs 5.25 - 5.26*);
  - examine means to enable a greater extent of **co-payment of fees** among the individuals, their families and the Government, including a means-tested voucher system and assistance to the needy in selecting different services (*Paragraph 5.25*); and
  - encourage a more robust market comprising quality self-financing and private residential care homes for the elderly providing different services, as well as **multiple sources of financing** from the individuals and their families (*Paragraph 5.25*).
- Encourage **further SE development** in the provision of elderly services (*Paragraph 5.27*).

## FINANCIAL NEEDS

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- Consider a more **relaxed asset limit for elderly CSSA recipients** on compassionate grounds, without changing the nature of CSSA as a scheme of last resort for those genuinely in need (*Paragraph 5.34*).
- Consider how to provide **financial security** for the future elderly generation as soon as possible, taking into account the outcome of the on-going study on the sustainability of the three pillars of retirement protection (*Paragraphs 5.28 – 5.35*).