

New system of social services financing: myths and mistakes

Nový systém financování sociálních služeb: mýty a omyly

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Among other things, the law on social services significantly changed the system of the financing of social services. The objective of my contribution is to point out some myths and mistakes that accompanied the creation of this system and to present possible solutions of the existing problems.

First mistake:

Within the grant proceedings, the basic principles of grant proceedings were not respected; there are differences in the amounts of the provided subsidies both among individual regions, as well as among organizations, depending on the selected organizational structure.

According to § 101 of law no. 108/2006 Coll., on social services, as amended, a grant from the state budget is provided for the securing of the provision of social service to those providers that are entered in the register. But an analysis of the results of grant proceedings shows that there are considerable regional differences in the provision of subsidies for individual types of social services, which suggests that, within the scope of grant proceedings, the breaching of the fundamental principles of grant proceedings, as they were defined in the year 2000¹, occurred. These are especially

- the principle of equal conditions for all providers of public services,
- the principle of equal conditions for all recipients of public services,
- the principle of the effective utilization of public funds,
- the principle of a transparent system of financing,
- the principle of a stable system of financing.

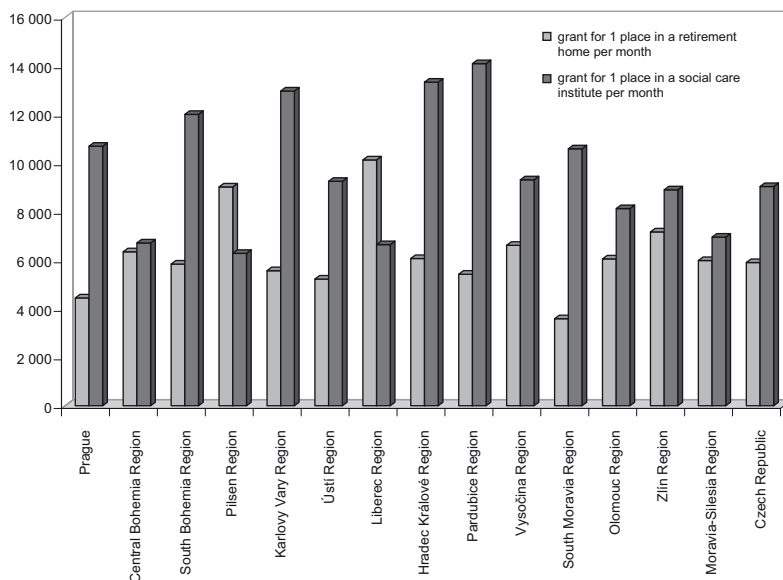
A detailed analysis of the amount of subsidies provided to residential services in individual regions shows that there are diametrical differences among individual regions:

- whereas in the South Moravia region in first place was a provided grant in the amount 3,588 CZK per month for a senior citizens' home, in the Liberec region its amount was more than 2.8 times higher and was 10,131 CZK,

¹ see: L. Průša, O. Mátl – Nad pojetím dotační politiky MPSV, Sociální politika no. 9/1999, pg. VI, ISSN 0049-0962

- whereas in the Pilsen region, a grant in the amount of 6,280 CZK per month was provided for one place in a social services facility for handicapped citizens, in the Pardubice region its amount was more than 2.2 times higher and was 14,097 CZK ² (see graph no. 1).

Graph 1: Amount of grants per 1 bed in homes for seniors and in homes for handicapped persons (including special treatment homes)



Source: own analysis on the basis of Ministry of Labor and Social Affairs (MLSA) internal data

These differences show that within the grant proceedings, the principle of equal conditions for all recipients of social services was also breached, since the existing differences in the amount of the provided grants among individual regions will clearly be reflected – also thanks to the change to the contractual principle for the provision of social services – in the differing amount of payments of the user of the service when using a comparable type of service.

These differences are also confirmed by findings that were shown by the survey on grant proceedings³, i.e., that the grant proceedings were not sufficiently transparent. Also the data about the total volume of funds spent on grants for all types of social services per one citizen of an individual region were roughly compared. Despite the fact that also here there are considerable regional differences in facilities, which cannot even be quantified in the area of the services of social prevention, since the existing statistics do

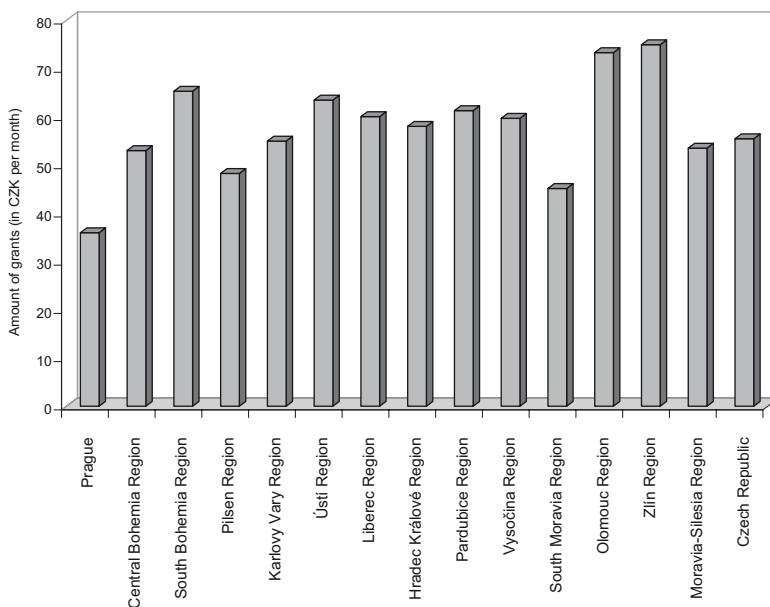
² in the interest of the objectivity of this comparison, it is necessary to state that the amount of grants in Social Care Institutes can be partially influenced by the differing structure of these facilities in individual regions

³ see: V. Hanzl – Anкета o dotačním řízení, Rezidenční péče no. 1/2007, pg. 6, ISSN 1801-8718

not monitor the majority of these services at all, even here the differences among individual regions are very significant (see graph no. 2):

- whereas the lowest volume of grants, when recalculated to 1 inhabitant in a region, was provided in the capital city of Prague (almost 36 CZK per inhabitant per year), in the Zlín region it was more than 2 times more (almost 75 CZK per inhabitant per month).

Graph 2: Amount of grants for social services recalculated for 1 inhabitant (CZK per month)



Source: own analysis on the basis of MLSA internal data

The principle of equal conditions for all providers of social services was also breached from the perspective that the level of the coverage of the requirements of individual providers is significantly differentiated based on their legal form. It is apparent that the most satisfied are subsidized organizations that are established by the region and that provide social care services, as their requirements were met at a level of 82.8% (the total amount of the grants is 4,204 million CZK). In virtually all of the cases, these are institutions of social care for the elderly and handicapped citizens, whose grant requests were met in this extent. The lowest level of the meeting of the requirements is being reported by business companies, whose requests for grants for social care services were met at a level of 2.7 % (the total amount of the grants is 1.1 million CZK). Even though it is not clear from the overview in table 1 what the portfolio of social services provided by individual founders is, the differences, from the perspective of the level of satisfaction of the requirements of individual types of providers, are striking.

Table 1: Comparison of the amount of the provided and requested grants, depending on the type of provider of the social service

	grant	
	mil. CZK	% of request
Alliance of municipalities	0.3	20.6
Subsidized organization established by the region	4 294.8	82.7
Subsidized organization established by the municipality	951.6	49.8
Church legal entity	561.2	59.0
Physical person	6.4	18.4
City, municipality, organizational unit	23.4	12.5
Public service organization	137.3	49.5
Business company	1.1	2.7
Civic association	729.6	49.6
Health care provider	1.1	20.2
Total	6 706.7	66.6

Source: own calculations based on the Interim report on grant proceedings by the Ministry of Labor and Social Affairs (MLSA) in the area of the support of the provision of social services, Prague: MLSA, 2007

Second mistake:

The payout of the contribution for care in cash does not create a dynamic environment for the development of social services; the criteria for its awarding are not balanced

The existing method of the evaluation of the level of dependence makes it possible to objectively evaluate the social situation of mainly physically handicapped and elderly persons. On the other hand, it does not make it possible to objectively evaluate the needs of mentally handicapped and blind persons. A number of the recipients of the contributions for care are stopping the usage of social services, since they understand the provision of the contribution as a means for the increasing of their own standard of living, or for the increasing of the standard of living of their families or the families of their children. Approximately 70% of the funds paid for the contribution for care do not return to the area of social services. This fact leads to the existential problems of a number of providers of social services, especially those having an in-the-field character, both from the ranks of non-state and non-profit organizations, as well as from the ranks of subsidized organizations, especially municipalities and cities.

Negatively is also evaluated the fact that members of the resistance -- for whom social services are provided for free pursuant to the corresponding laws -- can be the recipients

of a contribution for care, by which basically the double fulfillment of their rights occurs, respectively the abuse of the contribution.

These problems can be solved by taking these measures:

- a) clearly define that the contribution for care in a 1st and 2nd degree of dependence will only be paid out via vouchers and that only registered entities will be able to provide services for these persons,
- b) if a person is placed into a residential facility, then the contribution for care is by law the direct income of this residential facility,
- c) if a person is the recipient of a contribution for care in a 3rd and 4th degree of dependence, and care is provided for this person by a family member, consider the possibility of increasing the level of contribution for care⁴, and for this family member:
 - include the care period as a substitute period for the purposes of pension insurance,
 - in labor relations provide similar protection to the care provider as parents have on parental leave,
 - enable the taking of special courses, which would represent a certain form of support for the care provider,
- d) do not set the maximum amount of reimbursement for room and board in residential facilities, as well as the amount of reimbursement for individual actions of the care service, by law and a procedural regulation linked to it, but leave room for the establishing of these amounts directly between the provider and user of the service,
- e) clearly stipulate that the person, who by law has the right for the provision of social services for free, does not have the right for the payment of a contribution for care. The entity that provided these services for this person receives compensation based on information stated in his registration,
- f) re-evaluate the criteria for the assessing of the degree of dependence so that the needs of all groups of handicapped and elderly citizens are objectively evaluated,
- g) re-evaluate the degree of dependence of those recipients of a contribution for care, who acquired the right to it by roll-over from the increasing of the pension for the incapacitated and the contribution during care for a close person.

When setting the amount of payment for a client for room and board in residential facilities, and for individual acts of social services, the existing legislation is based on the fact that the establishing of a maximum payment amount is one of the forms of the protection of the client, which -- at the moment when social services are provided by organizations established by self-administration authorities of municipalities, cities and regions, and non-state non-profit organizations on contractual principles -- is an unsystematic element that does not create sufficient space especially for the desirable development of in-the-field social services. For the protection of the users of social services, the law has a number of effective tools (registration of the providers of social services, standards for the quality of social services, inspection of social services, whole-life education of social workers) available, and therefore the amount of the payment for provided social services should be set directly by the provider of the social service and should be stated both in the contract with the user of the social service as well as in the

⁴ *within the scope of the Proposal of the material intention of the Law on social assistance, which was prepared at the turn of 1997 - 1998, it was proposed to increase the contribution for care by 25 % in these cases*

provider's registration. At the same time, the existing amount of payments for the provision of care services, which is regulated by regulation no. 505/2006 Coll., is set at a very low level, which does not make the desirable development of this type of service possible.

First myth:

Changes in the system of the financing of social services will make it possible to decrease the capacities of residential social services facilities in the next period

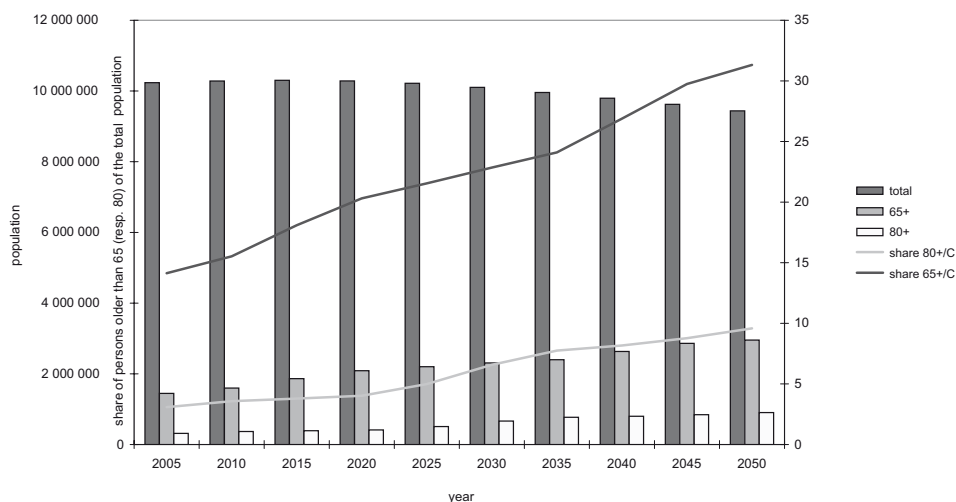
The forecast of the development of the population, which was prepared by the Czech Statistical Office at the beginning of this millennium, shows that significant changes in the structure of our population will occur in the following years. According to the so called medium alternative, it is assumed that by the year 2025 the total population will slightly decline, but the number of persons that are the most frequent recipients of social services -- i.e., persons older than 65 -- will increase by more than 50 %, and the number of persons older than 80, who are the most frequent clients of social care residential services, will actually increase by more than 60 %. These trends will also continue in the subsequent period, as during 2025 - 2050 it is anticipated that the total population will decline by approximately 8 %, but the number of inhabitants older than 65 will grow by another more than 30 %, and the number of persons older than 80 will grow by another more than 75 %. These trends are apparent in detail from table no. 2 and graph no. 3.

Table 2: Selected characteristics from the forecast of the CR population until 2050

year	Number of inhabitants	Of this, older than		Share of persons older than	
		65	80	65	80
	total	65	80	Of the total number of inhabitants	
2005	10 235 973	1 446 681	315 988	14.13	3.09
2010	10 283 042	1 596 812	368 068	15.53	3.58
2015	10 301 994	1 864 146	390 459	18.10	3.79
2020	10 283 929	2 088 333	413 674	20.31	4.02
2025	10 217 200	2 201 310	509 607	21.55	4.99
2030	10 102 433	2 308 073	664 338	22.85	6.58
2035	9 957 079	2 399 918	771 810	24.10	7.75
2040	9 795 118	2 633 554	800 123	26.89	8.17
2045	9 622 248	2 862 020	844 525	29.74	8.78
2050	9 438 334	2 956 079	904 745	31.32	9.59

Source: Population forecast of the CR until 2050 [online], cit. [2007-10-01], accessible on: [http://www.czso.cz/csu/2003edicniplan.nsf/t/FF004F4709/\\$File/4020rr05.xls](http://www.czso.cz/csu/2003edicniplan.nsf/t/FF004F4709/$File/4020rr05.xls)
[http://www.czso.cz/csu/2003edicniplan.nsf/t/FF004F5158/\\$File/4020rr06.xls](http://www.czso.cz/csu/2003edicniplan.nsf/t/FF004F5158/$File/4020rr06.xls)
 own calculations

Graph 3: Development of the population in 2005–2050 and development of the share of persons dependant on the provision of social care services



Source: own analyses

Table 3: An estimate of the need for social services for senior citizens in the following period, with the maintenance of the facilities at the 2006 level

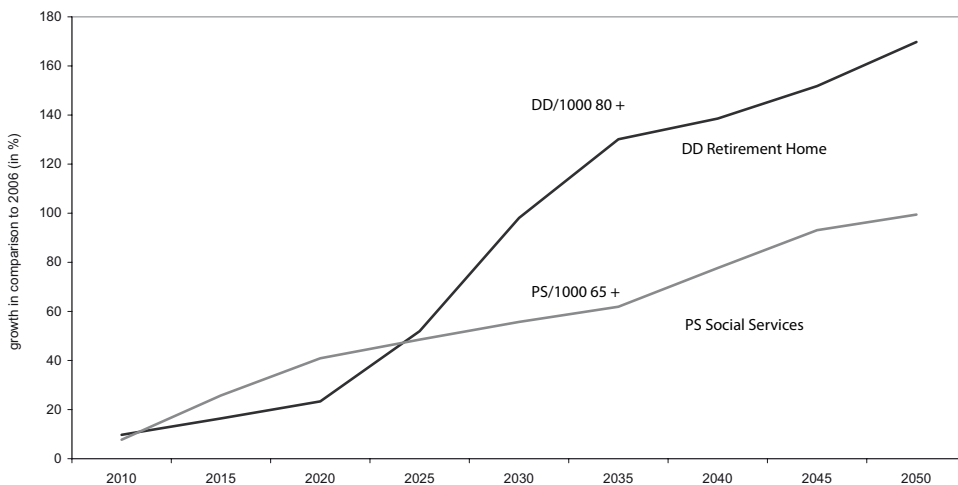
	Retirement Homes/80+			Social Services/65+		
	Total number of places	Growth compared to 2006 in absolute terms	Growth compared to 2006 in %	Total number of person	Growth compared to 2006 in absolute terms	Growth compared to 2006 in %
2010	42 438	3 766	9.74	113 214	8 126	7.73
2015	45 020	6 348	16.41	132 168	27 080	25.77
2020	47 697	9 025	23.34	148 063	42 975	40.89
2025	58 758	20 086	51.94	156 073	50 985	48.52
2030	76 598	37 926	98.07	163 642	58 554	55.72
2035	88 990	50 318	130.11	170 154	65 066	61.92
2040	92 254	53 582	138.56	186 719	81 631	77.68
2045	97 374	58 702	151.79	202 917	97 829	93.09
2050	104 317	65 645	169.75	209 586	104 498	99.44

Source: own calculations

With the maintaining of the existing proportions of the availability of social services in 2006 (the capacity of homes for seniors makes it possible to place 11.53 % of persons older

than 65, care services are provided to 7.09 % of persons older than 65), it is possible to quantify the growth of the need of social services for seniors during the following period (see table no. 3 and graph no. 4)

Graph 4: Estimated growth of the number of places in homes for seniors in proportion to 1000 persons older than 80 and the number of persons for whom social services will be provided, in proportion to 1000 persons older than 65, with the maintenance of facilities at the level of 2006



Source: own analyses

It is clear that it will be necessary to further specify this data in the following period, especially on the basis of an analysis for the need for care depending on the age of a person and type of care provided according to data from the information system on contributions for care. This data will also make it possible to update the data defining the need of social services in relation to the level of dependence and age of persons of a higher age⁵.

Abstract

The implementation of a new system of financing of social services establishes the conditions for the finding of the optimal form of the securing of human needs in an unfavorable social situation, which should contribute to the increasing of the effectiveness of the spent funds. The goal of this paper is to analyze some myths and mistakes that directly influence the effectiveness of this system of the social protection of the population. In this sense, attention is paid especially to:

- an analysis of the results of grant proceedings, which are regulated by § 101 of law no. 108/2006 Coll., on social services, as amended,

⁵ see: L. Průša a kol. – *Obce, města, regiony a sociální služby*, Praha: SOCIOKLUB 1997, pg. 31, ISBN 80-902260-1-9

- an analysis of some of the findings on the manner of using the contribution for care for the securing of the need of care for oneself,
- the implications of an aging population on the need of services for elderly citizens, in connection with the change of the system of social services financing.

Keywords

social services, grant policy, demographic development

Souhrn

Zavedení nového systému financování sociálních služeb vytváří předpoklady pro nalezení optimální formy zabezpečení potřeb člověka v nepříznivé sociální situaci, což by mělo přispět ke zvýšení efektivnosti vynakládaných finančních prostředků. Cílem tohoto příspěvku je analyzovat některé mýty a omyly, které se bezprostředně dotýkají efektivnosti tohoto systému sociální ochrany obyvatelstva. V tomto smyslu je pozornost věnována především:

- analýze výsledků dotačního řízení, které upravuje § 101 zákona č. 108/2006 Sb., o sociálních službách, v platném znění,
- analýze některých poznatků o způsobu využívání příspěvku na péči k zabezpečení potřeby péče o vlastní osobu,
- důsledkům stárnutí populace na potřebu služeb pro staré občany v souvislosti se změnou systému financování sociálních služeb.

Klíčová slova

sociální služby, dotační politika, demografický vývoj

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