



All in a day

Earlier this year, CHIS and PrimeCare invited a number of key individuals in the care industry to meet to try to gain a general understanding of the current status of social care and discuss how things are likely to shift over the next five years or so. We wanted to get a better understanding of the changing risk profile and, by implication, the changing insurance needs of the social care sector. The discussion was lively and ranged across many topics, as you shall see.

The big crunch

Inevitably, our discussion started with the credit crunch! Clearly, it is affecting us in many ways, but the group felt there is one area where care businesses could and should be maximising their opportunities: with banks. Banks identify quality businesses with quality management and it doesn't take much to put them off. A poorly completed, handwritten application form is not likely to be taken seriously by a potential lender. It's a small thing but it could make all the difference. Make sure every document exudes professionalism and capability. The money is there. It may not be to the same loan to value levels, but our bank representative lent more to care homes in 2008 than in 2007, though only to quality businesses.

And how will the crunch effect insurance this year? The insurance market currently remains highly competitive, with many clients chasing the lowest premiums ever lower. However, as weather-related claims return (the snow in January has increased claims frequency and costs) insurers will inevitably consolidate their activities in an effort to protect and maintain their balance sheet strength. The bad news is that all the recognised insurance industry commentators agree: the insurance market will harden and premium rates will increase over the next 12 months, particularly as most insurers have declared financial losses for 2008.

The principal reasons for the increase in rates will be:

1. An increase in claims activities, partially due to the recession – thefts increase in recessionary times.
2. The need to protect balance sheets to maintain credit rating status, so only profitable income will be sought.
3. Reducing competition as insurers return closer to their core businesses and territories.



Private vs State

Two tier care is considered to be inevitable with the larger care providers, who are better equipped and skilled at negotiating with local authorities, becoming the main provider for state-funded care and the single home operator, specialising in both a higher level of personal care and better quality 'hotel' services, becoming the main provider for the ever increasing number of private payers. Having said that, the impact of the credit crunch will initially reduce the number of private payers as families seek cheaper options. Not only that, but, as the impact of the state's debt comes through, the expectation is that state care will steadily be reduced.

Changes in the social care services will lead to an increase in domiciliary care services and the development of care villages is also expected to increase. Generally, it was felt the landscape of social care will change considerably over the next few years, although the backbone of the social care industry will continue to be the owner-managed care home. Also, customers will have an increasing voice in the way social care is delivered as 'grey power' increases and society's natural desire is to improve the level of care.

Our discussion moved on to media perception of social care. The vast majority of social care providers are good, decent, hard working people who are doing their best to care for their customers, yet national media coverage seems to be relentlessly negative. Is there any way this perception can be changed to reflect the vast majority of social care provision?

Nobody was quite sure what impact the new regulator will have. However, I'm happy to say, we all agreed that some of the benefits of regulation – which wasn't exactly welcomed with open arms – has been an improvement in staff training, client welfare and record keeping. There was support for the efforts of the Care Quality Commission to date and a general hope and expectation that the new regulator will work closely with both health and social carers to improve the quality of the lives of those being cared for, whether that be in the health or social care environment.

We wrapped up our day with a discussion about CHIS and PrimeCare and specifically what improvements we can make. The general consensus was that we need to promote both businesses more, let more people know how hard we work on behalf of our clients and provide greater support and assistance in the field of risk management, including Health & Safety and employment matters.



Insurance and risk management are considered to be 'distress' purchases and nobody really wants to spend the money. But, come the claim, they're thankful they have the cover. CHIS & PrimeCare make the insurance purchase value for money, as they know and understand the care business, provide complete support in more areas than just risk and provide a range of valuable services, including risk and claims management.

This article contains the views of some of the participants at the meeting and are shared here with you to raise the debate about the future of social care. Please feel free to share your own views with either Viv Shepherd, Editor, Healthcare Business or David Waters, MD, CHIS & PrimeCare.

Present at the meeting:

Sheila Scott, CEO, National Care Association

Ian Sutton, Director, Adendi Healthcare

Jeremy Huband, Director of Healthcare, Royal Bank of Scotland

Gordon Goodall, Care Consultant

Ian Coombs, MD, Alturius Ltd

Nick Maddox, Health and Safety Consultant, CHIS

Paul Renshaw, CEO, West Sussex Forum

David Waters – MD, CHIS/PrimeCare

