

## FINANCE



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# CARE IN THE COMMUNITY

## Introduction

The private nursing home sector is one which has been characterised by significant change and development over the last 15 years. In this article, some of these changes are appraised and the outlook for the sector is discussed, in order to shed some light on an area on which pharmacists' should be focusing.

Nursing homes offer a great opportunity to pharmacists to not only increase their dispensing base but also to supply a considerable number of OTC requirements to their inhabitants.

## Developments In The Sector

Over the last 15 years, developments in the sector have included the introduction of capital allowances for new homes and, more recently the introduction of regulatory standards and the commencement of the Nursing Home Support Scheme, more commonly known as 'The Fair Deal'.

Until the early 1990s, private nursing homes in Ireland were mainly operated either by Religious Orders or as small, family run businesses. In a considerable number of cases, the nature of the business operators resulted in homes being run on a less commercial basis. As a result, investment in the sector was relatively absent.

A major catalyst for change occurred in 1997 when capital allowances were introduced in respect of the construction of private nursing homes. The sector rapidly

became of interest to parties seeking commercial opportunities. Commercial operators began to enter the sector and it transitioned to become more sophisticated in terms of the 'product' on offer.

As with all opportunities, some operators entered the market with little background and expertise in the industry. Such was the case in the infamous Leas Cross Nursing Home. This precipitated a landmark development in regulation of the sector when the enforcement of regulatory standards for residential care settings for older people commenced in July 2009. It is now a requirement that, in order for a nursing home to maintain its registration, it must meet the regulatory standards. There are regulations in respect of residents' rights, protection and quality of life, the physical environment of the nursing home and also its governance. The enforcement of these standards is the responsibility of HIQA (Health Information Quality Authority).

In late 2009, the Government introduced further change in the sector with the commencement of the Nursing Home Support Scheme ('The Fair Deal'). Under the Fair Deal, the Government will contribute towards a qualifying resident's long-term nursing home care. This contribution will be recouped by means of a levy on the estate of that individual.

The Fair Deal Scheme has been seen as a positive development within the sector because inconsistencies that prevailed with the subvention regime have been removed. It has offered certainty, which encourages stability, and has added to the sector's robustness. Average weekly rates prevailing

at present under the Fair Deal Scheme for single and shared accommodation respectively in private nursing homes are as follows:

Fair Deal Scheme Average weekly rates	Single Room €
<b>Leinster</b>	<b>946</b>
<b>Munster</b>	<b>785</b>
<b>Connaught</b>	<b>755</b>
<b>Ulster</b>	<b>718</b>

Fair Deal Scheme Average weekly rates	Shared Room €
<b>Leinster</b>	<b>942</b>
<b>Munster</b>	<b>783</b>
<b>Connaught</b>	<b>739</b>
<b>Ulster</b>	<b>718</b>

## Performance of the sector

A comprehensive survey of the private nursing home industry is undertaken annually by Horwath Bastow Charleton in Limerick on behalf of Nursing Homes Ireland, the national representative body for private and voluntary nursing homes. The purpose of the survey is to report on the key indicators and trends prevailing in the sector.

Whilst the success of any nursing home is dependent on variables including quality of care provided, range of services, competition and location, in general terms



the industry is regarded as stable, with the underlying demographics being a good indicator for the sector for the medium and long term. Nationally, average occupancy is in the region of 90%.

At present there are 450 private nursing homes operating in the Republic of Ireland, providing a total of 20,630 beds. The majority of these facilities provide accommodation for between 40 and 59 residents. Most are operated by single home care providers. There are, however, a number of large multi-home operators present in the market. The number of public long stay homes continues to fall and by implication the number of new private nursing homes will need to increase. This will provide opportunities for pharmacists. Pharmacists need to be vigilant to take full advantage of new nursing homes opening in their area.

### Future supply in the sector

In 2009, the Government took the decision to remove capital allowances on the construction of nursing homes on a transitional basis by June 30, 2011.

It is anticipated that, after capital allowances cease to be available, there will

continue to be growth in the sector but on a much reduced level. Those homes, which were only possible to be developed as a result of the value of capital allowances will no longer be developed. Only those homes in the best locations, with the strongest business cases and promoted by committed and financially strong parties are likely to be developed in the future.

### Industry outlook

Figures from the 2006 Census indicate that there has been an increase of 7.3% in the number of individuals aged 65 and over since the last Census took place in 2002.

Increasing numbers of people are living longer and life expectancy in Ireland has risen significantly in the last 25 years. It is projected that the numbers of people aged 65 and over in Ireland will more than triple by 2050. (Department of Health & Children – Health in Ireland, Key Trends 2007)

Arising from an increasing older population, the demand for older person care facilities is growing and will continue to do so in the future. This indicates that there will be increased demand for nursing care in the future - and an increase in demand for medicines.

**Brian McEnery, Partner, Horwath Bastow Charleton.** Brian is a Fellow of the Association of Chartered Certified Accountants (ACCA) and one of the founding partners of the Limerick firm of Accountants & Business Advisors - Horwath Bastow Charleton.

Brian is one of the leading business rescue and insolvency advisers in the country; he established a dedicated business rescue department within Horwath nearly ten years ago and has held a vast range of insolvency positions. Brian is also an experienced Examiner and has successfully restructured a number of medium-sized enterprises enabling them to trade out of their difficulties

Brian was the 2009/10 President of ACCA Ireland, and is a member of the ACCA's global Council.

Brian is the national adviser to Nursing Homes Ireland and regularly undertakes a variety of assignments on behalf of clients in the Healthcare sector.

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