



Aged Care Service Planning

Aged Care Service Planning

- ▶ People caring for People,
- ▶ The Environment in which caring is delivered.
- ▶ The different approaches to caring. Community, Home and Facility and Flexible,
- ▶ Heavily Regulated Industry,
- ▶ How can it work?
- ▶ Why does it have to work?
- ▶ Costs of providing services?
- ▶ Costs to consumers of the services?



Aged Care Service Planning

- ▶ All care Services rely upon Government Support
- ▶ Commonwealth is traditionally the largest financial support provider
- ▶ State Governments also provide financial support
- ▶ Local Government also provides some financial support,
- ▶ By Industry Public Hospitals Commonwealth 60% of funding,
- ▶ State Governments 40% (NSW around 25 to 30% NSW GDP),
- ▶ Local Government mainly support through Tax, Duty and Fee Charge waivers.
- ▶ Client Patients/Health Funds pay the “gap”/Difference.
- ▶ Public without Health Fund Cover

Aged Care Service Planning

- ▶ Residential Care Facilities- What and how?
- ▶ Home Care Packages- What and how?
- ▶ Flexible Care Programs, Transitional and Short Term Restorative
- ▶ What and how?



Aged Care Service Planning

- ▶ **Aged Care Services - Residential Care**
- ▶ Commonwealth up to 70% of the costs,
- ▶ Client / Residents, up to 30% of the costs
- ▶ **Aged Care- Services at Home**
- ▶ Commonwealth between 60% to 93% of Operator Income,
- ▶ Clients between \$9.72 to \$31.14 per day, between 40% and 7.6% of Income
- ▶ **Home and Community Care-** Traditionally Commonwealth up to 60%
- ▶ State and Local Governments to 40%
- ▶ Clients, generally no fee.

Session Introduction

- ▶ **Welcome to the Aged Care Service Planning Session.**
- ▶ **Aged Care Service Industry is on the cusp of Change:**
- ▶ **Royal Commission Final Report March 2021, Legislative Changes, so far and moving forward?**
- ▶ **Perhaps a New Aged Care Act and Funding Arrangements?**
- ▶ **Greater “Care at Home Focus”**
- ▶ **ACAR 2020- The Opportunity to apply- Critical that Facility is operational by 1 January 2023.**
- ▶ **Management of Today and Tomorrow’s Aged Care Services.**

Start the Planning

- ▶ How can we start to plan to deliver Aged Care Services?
- ▶ Are there differences between each class of care?
- ▶ What are those differences?
- ▶ What elements are the same for each class of care?



Planning Considerations

- ▶ What kind of Aged Care would you like to provide?
- ▶ What is the current demand in your (Commonwealth) Planning Region?
- ▶ What is the potential Client base in your Local Government Area (LGA)?
- ▶ What is the potential Client base in the surrounding LGA's?
- ▶ What are the Local, State and Commonwealth Planning Requirements in your LGA?
- ▶ How many other Providers currently operate in your area?
- ▶ Is your proposal to services a unique or specific client base?



Commonwealth Special Needs Groups

- ▶ These are the Special Needs Groups which are specified under the Act, and their abbreviations:
 - ▶ (a) people from Aboriginal and Torres Strait Islander communities (ATSI);
 - ▶ (b) people from culturally and linguistically diverse backgrounds (CaLD)*;
 - ▶ (c) people who live in rural or remote areas (R-R);
 - ▶ (d) people who are financially or socially disadvantaged (FSD);
 - ▶ (e) veterans (VET);
 - ▶ (f) people who are homeless or at risk of becoming homeless (HOM);
 - ▶ (g) care leavers (CLV);
 - ▶ (ga) parents separated from their children by forced adoption or removal (PSC);
 - ▶ (h) lesbian, gay, bisexual, transgender and intersex people (LGBTI).

▶

Population Data to Support your Planning

- ▶ The Commonwealth publish as part of any Aged Care Allocation Round (ACAR) population data for each Commonwealth Planning Region by Care and Service needs.
- ▶ All Local Councils maintain Population, by age, by sex, by income, by religion, by education, by class of employment, by language spoken, by heritage for their LGA.
- ▶ Much of this data is more current than the Commonwealth's.
- ▶ Better more current data supports and enhances your applications for funding.

ACAR Population Data Southern Sydney Metropolitan Area

Canterbury-Bankstown LGA Population Data, Language Spoken at Home and Age Pension Recipients.

See Slide 41



Moving on with your Planning

- ▶ All Councils require Development Consent Approval for new businesses, even when the new business will be based in an existing office, shop front, house or other location.
- ▶ Check those requirements and determine if you can meet them.
- ▶ Once you have checked all Council requirements, check for the availability of all the additional services you will need to operate your service.
- ▶ These typically include power supply, telephone, internet access, water, sewerage, good ventilation or air conditioning, parking to meet your service and client needs and access to all parts of the building you will use to operate your service.



Moving on with your Planning

- ▶ If you wish to develop, build and operate a Residential Care Facility (RACF) the scenario changes substantially because you need to line up a lot more ducks to complete the Project.
- ▶ Site Selection/Appropriate Zoning/State Environmental Planning Policies (S.E.P.P's),
- ▶ Site Selection in the Sydney Metropolitan Area is difficult and costly. Before Buying/Securing (By Options/Delayed Conditional Contract/Other means) a site we must know how much land we will need.
- ▶ For example under the SEEP's we know that each RACF place will need between 50 and 55 square metres of site area.
- ▶ An 80 place RACF needs a site area of between 4,000 and 4,400 square metres

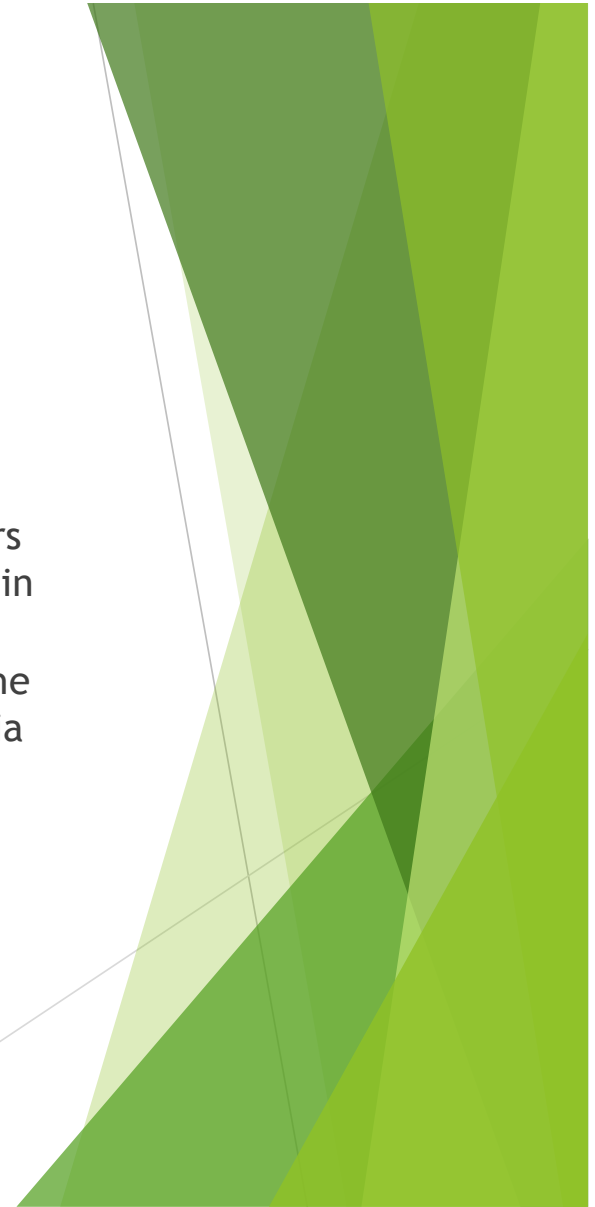


Moving on with your Planning

- ▶ A 100 Place RACF will need between 5,000 and 5,500 square metres.
- ▶ A 120 Place RACF will need between 6,000 and 6,600 square metres.
- ▶ A 140 Place RACF will need between 7,000 and 7,600 square metres.
- ▶ Most current operators opt to build 3 storey RACF's with a basement to provide the car parking and many service area such as Kitchen, Laundry, Staff Change rooms and toilets, Maintenance area, Chemical and General Storage Areas, On site detention basins, Mortuary, Cinema, Physio and Gym, Wine Cellar, swimming pool, garbage room and sometimes education and /or training areas.
- ▶ The Royal Commission has just recommended “smaller scale RACF's” which may see new RACF's becoming single storey and requiring bigger sites.

Moving on with your Planning

- ▶ NSW has a “user friendly” SEPP under which RACF’s may be developed and built.
- ▶ The State Environmental Planning (Seniors Living) Policy, 2002 (SEPP, Seniors Living, 2004) allows developers concessions in Site/Area ratios, and has an in built capacity which effectively “rezones” land which adjoins land already zoned for residential development. In terms of the development of RACF the SEPP simply directs developers to comply with the Building Code of Australia requirements for this class of building.
- ▶ The other “in built” advantage of the Seniors Living SEPP is that it legally overrides the Council’s Local Environmental and Development Planning Policies. Compliance with the Seniors Living SEPP provides Council with no authority to refuse approval.



Moving on with your Planning

- ▶ Having completed the Planning related tasks outlined above, and assuming that you are not yet a Service Provider, it is now time to turn your attention to?



Moving on with your Planning

- ▶ Becoming and Approved Provider of Residential, Community and /or Flexible Aged Care.
- ▶ The Approved Provider Application process is now under the control of the Aged Care Quality and Safety Commission, under the terms of the Aged Care Quality and Safety Commission Act, 2018 (as Amended).
- ▶ This process is more rigorous and requires substantially more detailed information and responses which satisfy the Commission in the assessment process. The Commission has 90 days to determine an application.
- ▶ The next step is preparing for an ACAR Round which identifies your area as one requiring additional RACF capacity.
- ▶ Then you may make an application, which once lodged with the Department, currently will be assessed and determined by the Department. Often this process takes considerably longer than advertised by the Department.

Corporate Aged Care - Now an Issue?

- ▶ The Aged Care Act, 1997 introduced a Statutory requirement for all new Providers to be Corporations.
- ▶ All existing Providers were also required to conduct themselves as Corporations.
- ▶ Unfortunately the Commonwealth really did not “fully” understand the implications and ramifications of the Corporatisation of Aged Care.
- ▶ Prime Minister Morrison recently outlined the difficulties of dealing with Publicly Listed Corporate Providers.



Becoming a Commonwealth Approved Provider

- ▶ The Application and the Lodgement Process.



Corporate Governance

- ▶ The Operator (Company) Board, All Commonwealth Aged Care is Corporate
- ▶ The Board Structure- Directors
- ▶ Director Roles and Responsibilities;
- ▶ Qualifications of Board Members
- ▶ Commercial Experience of Board Members
- ▶ On-going Training for the Board
- ▶ The Board's role is to assess the Service's Manager's performance in meeting the Board's Policy and Performance Objectives
- ▶ Satisfaction of the Commonwealth's requirements.

Corporate Governance

- ▶ Board Committees - Financial, Operational,
- ▶ Care Delivery, Clinical Services and Outcomes
- ▶ Services Kitchen, Laundry, Equipment and Grounds Maintenance,
- ▶ House Keeping, Menus,
- ▶ Infection Control, Education and Training
- ▶ The proposed Kitchen and Barrier Laundry designs to be incorporated into the facility will underpin the “infection Control” program as both will be operated independently of all other facility services. No one outside the Kitchen will handle food before it is served to residents. No one outside the Laundry will handle laundry until it is placed in Linen Cupboards on each ward or in a resident’s room.

Corporate Governance

- ▶ Resident meals will be prepared in the Kitchen, plated and put in plate thermal covers, onto a trolley and taken to each dining area to be served to each resident by Kitchen staff.
- ▶ All facility laundry will be collected in each ward area by laundry staff, taken to the laundry and put in the cool room storage area until staff sort it and load it into the washing machines on the “soiled” side of the laundry.
- ▶ Once washed, fully the door of the washing machine on the “clean side” of the laundry will open. The laundry will then be placed in dryers and dried, Then removed and sorted into “clean side only” trollies and taken back up to ward areas. Resident personal clothing will be sorted into individual resident containers and delivered to each room.

Aged Care Facilities - Post COVID 19

- ▶ The Laundry and Kitchen Floor Plans and Operational Approach.



Corporate Governance

- **Development of Organisational structure chart**
- **Lines of reporting of positions**
- ▶ Board sub-committees
- ▶ Legal Advisor- Residence Contracts/ Disclosure Information and Policy
- ▶ Industrial Advisor- Enterprise Agreement – Green Field Site Advantage
- ▶ HR Support
- ▶ Assistance with Employing Senior Facility Staff; CEO/Facility Manger/Chief Nurse
- ▶ Reviews and recommendations, advice on changes to employment conditions

The Aged Care Legislative Platform

David Smith

- ▶ The Aged Care Act, 1997 The Aged Care Reform
- ▶ Introduction of new concepts;
- ▶ Accreditation of Services
- ▶ Introduction of 21 Standards Sets
- ▶ The Standards Agency (Policing the system)
- ▶ Introduction of Building Certification/Ratings
- ▶ Upgrade requirements 65% of Facilities not “fire safe”
- ▶ Introduction of Accommodation Bonds

The Aged Care Legislative Platform

- ▶ Aged Care Act Amendments Accommodation Bonds out of High Care
- ▶ Introduction of Refundable Accommodation Deposits (RAD's),
- ▶ DAP's
- ▶ Concessional Resident Subsidies
- ▶ New Aged Care Act,
- ▶ More Power to Aged Care Quality and Safety Commission
- ▶ Other Government Roles



Aged Care Allocation Round, 2020 (ACAR, 2020)

- ▶ The Applications,
- ▶ Part A and Part B



The Provision Of Care to Residents

- ▶ **The Recurrent Funding Aged Care Funding Instrument (ACFI) Process/Tool**
- ▶ **Typically, a facility resident profile will be: 85% of residents have dementia.**
- ▶ **Average Admission Age 85 to 87 years.**
- ▶ **Once admitted to a facility a resident has to be classified under the ACFI to determine the level of care and day to day support required to meet their care needs.**
- ▶ **Assessments are carried out by Facility staff and subject to review thereafter by the Commonwealth.**
- ▶ **The Commonwealth contribute significantly to Australia's Health costs and are directly responsible over 84% of the Income of Aged Care facilities.**

Aged Care Funding Instrument. Funding overview 2020

- ▶ “In addition the Commonwealth spent around \$41.7 billion on health care needs for older Australians, aged 65 years and over, and \$46.4 billion on direct cash welfare payments, including aged pension, on top of \$23 billion it spent directly on aged care. Welfare related tax concessions worth \$40.1 billion were also provided for older Australians.
- ▶ About 75.4% of the annual cost of the aged care system in 2018-19 was sourced from taxpayers through the Australian Government, while 20.7% was paid directly by the recipients of aged care through co-payments and means tested fees. A further 1.1% was paid through state and territory governments and 3.8% came from other sources.” (Royal Commission into Aged Care Quality and Safety. Financing Aged Care. June 2020.)

Aged Care Funding Instrument.

- ▶ “The Aged Care Funding Instrument (ACFI) is a resource allocation instrument. It focuses on the main areas that discriminate core care needs among care recipients. The ACFI assesses core care needs as a basis for allocating funding.
- ▶ The ACFI focuses on care needs related to day to day, high frequency need for care. These aspects are appropriate for measuring the average cost of care in longer stay environments.
- ▶ While based on the differential resource requirements of individual persons, the ACFI is primarily intended to deliver funding to the financial entity providing the care environment. This entity for most practical purposes is the residential aged care service. When completed on all care recipients in the service the ACFI provides sufficient precision to determine the overall relative care needs profile and the subsequent funding.
- ▶ The ACFI consists of 12 questions about assessed care needs, and two diagnostic sections.
- ▶ While the ACFI questions provide basic information that is related to fundamental care need areas, it is not a comprehensive assessment package. Comprehensive assessment considers a broader range of care needs than is required in the ACFI.
- ▶ Comprehensive assessment is used for the purposes of ensuring care recipients receive quality and safe care that appropriately meets their care needs. Approved providers responsibilities in this regard are set out in the *Aged Care Act 1997*. In particular the *User Rights Principles 1997* and the *Quality of Care Principles 2014*.”
(Department of Health, Aged Care Funding Instrument, User Guide.)

Aged Care Funding Instrument.

- ▶ **The ACFI as a calculator of the residential aged care subsidy**
- ▶ Three domains of residential care are subsidised by the ACFI:
 - **Activities of Daily Living Domain** (ACFI Questions 1-5; Nutrition, Mobility, Personal Hygiene, Toileting and Continence) Ratings calculated from completing checklists in this domain determines the level of the subsidy.
 - **Behaviour Domain** (ACFI Questions 6-10; Cognitive Skills, Wandering, Verbal Behaviour, Physical Behaviour and Depression). Ratings calculated from completing checklists in this domain determines the level of the subsidy.
 - **Complex Health Care Domain** (ACFI Questions 11-12; Medication and Complex Health Care Procedures) Ratings calculated from completing checklists in this domain determines the level of the subsidy.
- ▶ The amount payable in respect of a particular care recipient depends on the ratings (A, B, C or D where relevant) determined for each of the ACFI questions (1–12) as well as the supporting documentation provided in the Answer Appraisal Pack against each of the ratings. Diagnoses are also required to be contained in the ACFI Answer Appraisal Pack and are used to support the claim for subsidy.

Aged Care Funding Instrument.

- ▶ THE ACFI generates up to 84% of the Total Operating Income of the Facility.
- ▶ Resident assessed at;
- ▶ Low Level (ADL) \$38.28 Medium Level \$83.36 High Level \$115.49
- ▶ (BEH) \$8.75 \$18.14 \$37.81
- ▶ (CHC) \$16.98 \$48.37 \$69.84
- ▶ **Daily \$63.91 \$149.87 \$223.04**
- ▶ **Annually \$23,327. \$54,703 \$92,807**
- ▶ **Antiochian Punchbowl**
- ▶ **80 Places @ 95%**
- ▶ **Occupancy \$1,772,852 \$4,157,428 \$7,053,332**

The Business Plan.

- ▶ The Model used to support the Antiochian Business Plan as part of the Aged Care Allocation Round (ACAR), 2020, is based upon the projected likely Resident ACFI Resident Category Mix based upon current industry average resident mix data bases.
- ▶ The level of Occupancy selected is 95% of places being occupied in a full operating year. It is possible to increase the occupancy level.
- ▶ The Actual resident and category Mix may change over the period between now and the commencement of day to day operations at the Facility.
- ▶ Government Subsidies and Resident fees, charges and other financial arrangements are also subject to change as the Industry emerges from the current system to the post Royal Commission Aged Care Funding arrangements.

Aged Care Operating Budget/Management

- ▶ Example the 2022/2023 Projections
- ▶ Income. Commonwealth Subsidy typically up to 70% to 75% of operating income.
- ▶ 84% of Commonwealth Income driven by ACFI assessment. Subject to review?
- ▶ All Commonwealth Funding subject to “In House” care and category assessments.
- ▶ Resident Income: Between 20.7% and 25% of operating Income.
- ▶ Note and discuss Means Tested Income. Note Maximums and limited.
- ▶ Non Operating Income
- ▶ RAD’s Lump Sum, Interest earned or offset.
- ▶ DAP

Aged Care Management. Model for 2022-2023

▶ Highlights

▶ Total Operating Income	\$8,531,177
▶ Total Operating Costs	\$6,887,389
▶ Profit	\$1,643,788

- ▶ Included in the Income stream are 2 components which are Non Operating Income which should not be applied against operating costs.
- ▶ These are DAP Income \$110,301 and Interest Received of \$568,273 a total of \$678,574 Both these amounts form part of the Profit.

Aged Care Funding Instrument. Relationship ACFI Subsidy to Facility Income

Sydney Metropolitan Aged Care Facility- 22/23					
Income	Total			Prepared 7 April 2021	
Days					
Residents	Commonwealth		Resident	ACFI Income % of	
Resident Fees	Funded		Funded	Total Income	Govt. Income
Basic Daily Care Fee	\$1,585,816.00		\$1,585,816.00		
Government Subsidies					
ACFI Subsidy	\$5,475,065.00	\$5,475,065.00		64%	94%
Oxygen Supplement	\$53,997.00	\$53,997.00			
Enteral Bolus	\$43,480.00	\$43,480.00			
Enteral Non-Bolus	\$128,143.00	\$128,143.00			
Respite Including Subsidy	\$144,430.00	\$144,430.00			
Operating Income	\$7,430,931.00				
DAP Income	\$110,301.00		\$110,301.00		
Means Tested Supplement	\$421,672.00		\$431,672.00		
RAD Interest Received	\$568,273.00		\$568,273.00		
Non-Operating Income	\$1,100,246.00				
TOTAL INCOME	\$8,531,177.00	\$5,845,115.00	\$2,696,062.00	\$8,541,177.00	
		69%	31%		

120 Place Residential Aged Care Facility Operating Model

- ▶ The Model attached is for a 120 Place Facility.
- ▶ Scale is a interesting factor in the day to day operation.
- ▶ Also a factor is the Grouping Advantage,
- ▶ Discuss



The Operational (Recurrent) Funding Instrument

- ▶ Once the Facility's Assessment Team has determined the individual care and support needs of a resident that assessment forms the basis of the claim for recurrent subsidy the facility will claim for that resident.
- ▶ The claim levels range between Low to High and carry substantially different monetary value.
- ▶ A "Low Level" resident will attract \$23,327 per annum in ACFI subsidy, whereas a "High Level" resident will attract \$92,807 per annum in ACFI subsidy.
- ▶ Currently there is a predominance of "High Level" residents and the Commonwealth suggest this may reflect subsidy gouging.



ACAR 2020

Aged Care Allocation Round 2020

- ▶ The Aged Allocation Round was announced on 18 December 2020.
- ▶ It closes on 18 March 2021
- ▶ It is to be determined by 30 June 2021
- ▶ Places MUST be Operational, either “immediately” on the date Places are Allocated, or
- ▶ 18 Months after allocation date. Antiochian Care will fall into the 2nd grouping being operational, 18 months after allocation that is operational on 1 January 2023.
- ▶ Building work on site will start on 3 May, 2021.
- ▶ Applications are to be based on Higher Priority Clients-Aboriginal Torres Strait Islander, Veterans, Gay and Lesbian, NESB (Non-English Speaking), Financially Disadvantaged and Respite Care Round Priorities. Dementia is a given “Issue” but not an ACAR 2020 Priority.

ACAR Population Data Antiochian Aged Care Punchbowl

- ▶ The Southern Sydney Population Data



AGED CARE FUNDING OPTIONS Metropolitan Sydney

- ▶ Financial Management Approaches
- ▶ The typical model: Up to 70% pay a RAD (Refundable Accommodation Deposit)
- ▶ The RADs range from \$50,000 to \$2,700,000 in Metropolitan Sydney
- ▶ If families don't pay a RAD, they may be required to pay DAP (Daily Accommodation Payment) Typically range from \$5.61 to \$67 per day in addition to base fees.
- ▶ Financially Disadvantaged Residents pay the Daily fee set at \$52.25
- ▶ Government pay and additional Pensioner Supplement \$8.67
- ▶ Disadvantaged under 40% \$43.64
- ▶ Disadvantages over 40% \$58.19

AGED CARE FUNDING OPTIONS Sydney Metropolitan Area

CASE STUDY				Prepared	22-Feb-21
	RAD	DAP Interest Rate	Annually	DAP Daily	
RAD Range	\$ 250,000.00	4.10%	\$ 10,250.00	\$ 28.08	
	\$ 275,000.00	4.10%	\$ 11,275.00	\$ 30.89	
	\$ 300,000.00	4.10%	\$ 12,300.00	\$ 33.70	
	\$ 350,000.00	4.10%	\$ 14,350.00	\$ 39.32	
	\$ 450,000.00	4.10%	\$ 18,450.00	\$ 50.55	
	\$ 550,000.00	4.10%	\$ 22,550.00	\$ 61.78	
Part RAD/ DAP		Half RAD Lodged	DAP Int Rate	Annually	DAP Daily
	\$ 250,000.00	\$ 125,000.00	4.10%	\$ 5,125.00	\$ 14.04
	\$ 275,000.00	\$ 137,500.00	4.10%	\$ 5,637.50	\$ 15.45
	\$ 300,000.00	\$ 150,000.00	4.10%	\$ 6,150.00	\$ 16.85
		\$			\$

Pulling it all Together

- ▶ The first step in pulling all of these factors is to develop, build and commission the 80 place by 1 January 2023.
- ▶ The Development and Build cost is estimated at \$35million.
- ▶ The build cycle is estimated at 16 to 19 months.
- ▶ ACAR 2020 sets a critical deadline of operational by 1 January 2023.
- ▶ ACAR 2020 focuses on Disadvantaged Groups, Model fits
- ▶ Commonwealth Grants, discuss the downside.
- ▶ There was much to be done and resolved by 18 March 2021, Lodgement Date.
- ▶ The team must accelerate to finish and lodge the application.
- ▶ Construction of the facility would need to start in May 2021.

Pulling it all Together

- ▶ Co-Contributions/means testing
- ▶ Presently care recipients contribute between 20% and 25% of the costs of aged care.
- ▶ Many residents contribute significant amounts towards the cost of their care via the Refundable Accommodation Deposits (RAD's). In 2019 those deposits totalled an estimated \$30.2 Billion.
- ▶ Means Tested Fees;
- ▶ In addition to the standard resident contribution (\$52.25 per day, 85% of the Single Aged Pension) a resident may be asked to pay a Means Tested Fee (Range between \$0 and \$256.44 per day (Annually \$74,529)).
- ▶ Means Test fee capped at \$28,087.41 (\$76.95 daily) or Lifetime \$67,409.85 (daily max by 2.4 years).

Pulling it all together

- ▶ The Residential Aged Care Industry will not be acquired by the Commonwealth Government, because the cost is beyond the Government's capacity to fund.
- ▶ That being the case Residential Aged Care will continue to exist and to grow to meet the ever increasing demands associated with a rapidly ageing population.
- ▶ It is also clear that the Governments approach will need to change and there is a far higher level of Community support and acceptance that we must pay more to care for our ageing population.
- ▶ Flinders University recently published findings that the general taxpayer is happy to pay an additional 1.4% taxation to specifically fund the increasing costs of residential and community based aged care programs.

Pulling it all together.

- ▶ The Royal Commission has reviewed and carried out considerable review work and had work carried out on its behalf in respect of the Future funding and how that funding might best and sustainably be provided.
- ▶ The Commission has made Public that in its considered opinion and based upon its extensive reviews, interviews, consultations and formal submissions that the current funding scheme is broken.
- ▶ The Commissions invited interested parties to make formal submissions on ways the funding could be sustainably provide to ensure the likely new scheme could be funded.



Pulling it all together

- ▶ **Type Examples - Current International Approaches**
- ▶ **Universal single system Tax financed** Norway, Sweden, Denmark, Finland.
- ▶ **Social insurance** Germany, Japan, Korea, Netherlands, Luxembourg.
- ▶ **Combination of financing methods** Multiple financing streams Scotland, Italy, Czech Republic, Poland.
- ▶ **Income-related universal schemes** Ireland, Australia, Austria, France Mix or no benefit Switzerland, New Zealand, Canada, Spain, Greece.
- ▶ **Means-tested safety net system** United States, England Source.
- ▶ **Private aged care contributory scheme like Compulsory 3rd Party.**
- ▶ **Private Insurance and financial products. Tax deductions? Combinations?**

Pulling it all together

- ▶ Minimal change as noted in earlier sections of this paper, the existing framework for financing aged care relies on pay-as-you-go public funding sourced through the general taxation system, supported by private contributions in the form of co-payments for certain services, and public and private capital financing.¹⁴ General taxation
- ▶ The taxation system provides finances for the social benefits enjoyed by Australians. This form of public financing has proven to be flexible in sourcing the funds to accommodate growth in Australian Government expenditure on aged care from close to zero, in the early 1960s, to roughly 1% of GDP by 2020.
- ▶ The Australian Institute of Primary Care has suggested that public financing of programs which offer general benefits for the community, from revenue raised through payments that are progressive in nature, has been seen as an equitable and efficient way of financing necessary human services.¹⁵

Pulling it all together

- ▶ How much extra taxation would be required to finance aged care?
- ▶ Figure 3: Public spend on aged care services for 2018-19 based on increased personal income taxation scenarios in \$billions. The Government spent \$18 Billion.
- ▶ The cost, in terms of additional personal taxation to generate 50% more funding (\$27Billion pa) is 1% increase.
- ▶ The cost, in terms of additional personal taxation to generate 100% more funding (\$31 Billion pa) is 2%.
- ▶ “Early modelling suggests... aged care... could require a further upward shift in average income tax rates... because aged care costs are likely to rise faster than the income tax base”.

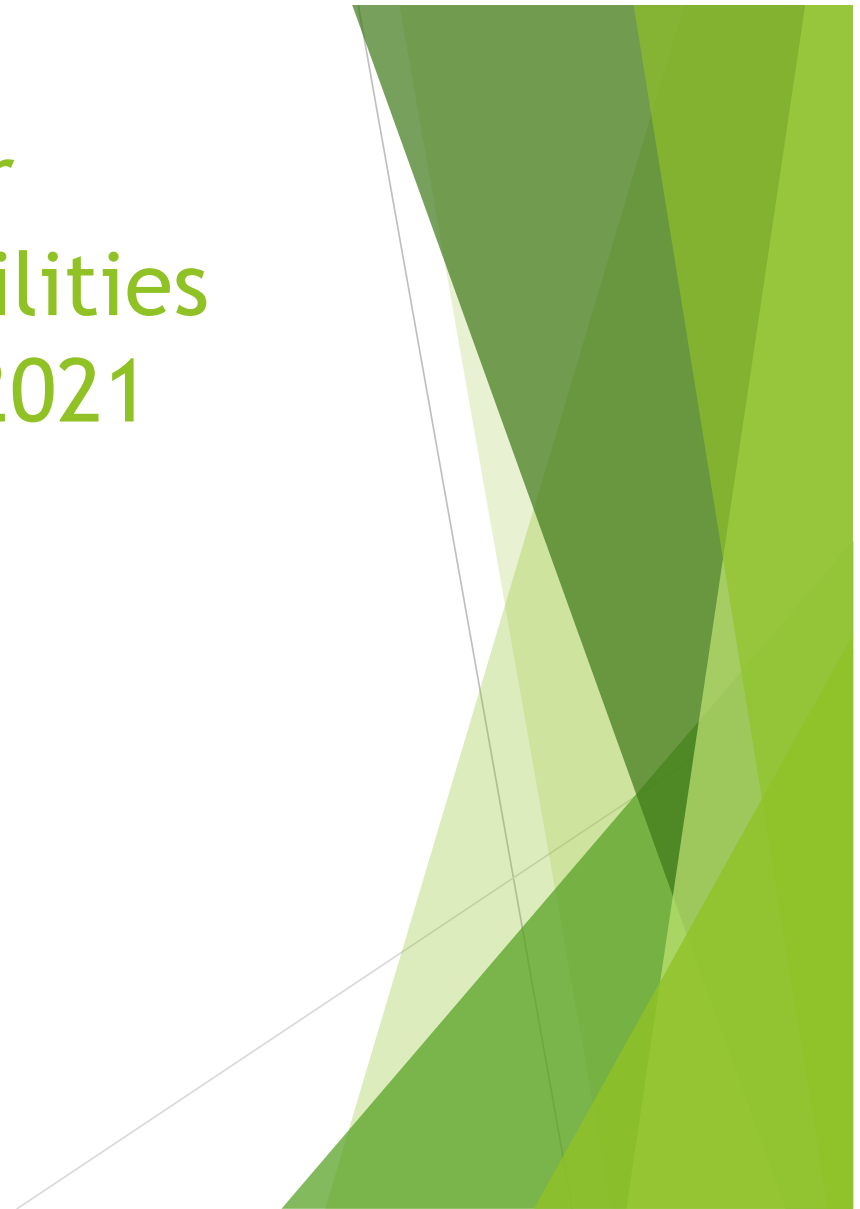
Pulling it all together

- ▶ One suggestion put forward by the Royal Commission is that no matter what approach is adopted to fund Aged Care going forward it ought to be administered by an Independent Authority and not a Commonwealth Department.
- ▶ Much of the reasoning behind the observation being driven by the fact that Commonwealth Departments are funded and controlled by the Commonwealth and subject to changes of policy and funding allocations of the Governing Party when thought to be necessary.
- ▶ Clearly successive Governments have failed to adopt the recommendations of up to 40 independent aged care funding and operational reviews and we are currently at what may be the end of the current arrangements.

Pulling it all together

- ▶ ACAR Round Materials;
- ▶ Details NSW Government Grant and Instalments,
- ▶ Project Building Contract, Design and Construct,
- ▶ Project Milestone/Timeline,
- ▶ Project Cost by Trade Budget,
- ▶ Banker's Funding Letter to Antiochian Church? Include Operational O/D,
- ▶ Revised Cash Flow and Budget,
- ▶ Legal Documents, Resident Agreement, Respite Care Agreement,
- ▶ Appointment HR/IR specialist, Session to come,
- ▶ Thank You

Pulling it all together
The Changing Face of Facilities
RACF Streetscape April 2021



Aged Care Planning Commonwealth Funding Schedule- Current



Fee/ Charge/ Threshold	Rate
Maximum Basic Daily Fee	
Home Care - Level 1 package	\$9.72
Home Care - Level 2 package	\$10.28
Home Care - Level 3 package	\$10.57
Home Care - Level 4 package	\$10.85
Residential Care ^[1]	\$52.71
Income Free Area (annual amount) Home Care and Residential Care Annual Income up to these amounts is excluded from the income test component of the residential means test and the income test in home care. To calculate the equivalent fortnightly income divide by 26.	
Income Free Area (single person)	\$28,048.80
Income Free Area (Couple, Illness separated, single rate)	\$27,528.80
Income Free Area (Couple, Living together, single rate) (relevant to Home Care only)	\$21,762.00

This Schedule only applies to care recipients who first enter care from 1 July 2014

Income Thresholds (annual amount) Home Care Income Test

Consumers with incomes above these amounts are subject to the second cap when calculating the daily income tested care fee in home care and are also subject to the higher annual cap that applies in Home Care. To calculate the equivalent fortnightly income divide by 26.

Income Threshold (single person)	\$54,168.40
Income Threshold (Couple, illness separated, single rate)	\$53,648.40
Income Threshold (Couple, Living together single rate)	\$41,449.20
Asset Thresholds Residential Care Means Test	
Asset Free Threshold	\$51,000
First Asset Threshold	\$173,075.20
Second Asset Threshold	\$417,225.60
Home Exemption Cap (applies separately to both members of a couple) The net value of the home above this amount is excluded from the value of the resident's assets.	\$173,075.20
Caps on Income Tested Care Fees in Home Care	
First Cap (Daily cap applying on income tested care fees where the consumer's income does not exceed the income threshold)	\$15.57
Annual Cap - income not exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income does not exceed the income threshold)	\$5,667.73
Second Cap (Daily cap applying on income tested care fees where the consumer's income exceeds the income threshold)	\$31.14
Annual Cap - income exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income exceeds the income threshold)	\$11,335.48

Cap on Means Tested Care Fees in Residential Care	
Annual Cap	\$28,338.71
Lifetime Cap on Means Tested Care Fees in Residential Care and Income Tested Care Fees in Home Care	\$68,012.98
Maximum Accommodation Supplement Amount	\$58.69
Deeming thresholds from 1 July 2020	
Threshold (single)	\$53,000
Threshold (couple - combined)	\$88,000
Deeming rates from 1 July 2020	
Lower Rate	0.25%
Higher Rate	2.25%
Relevant rates and thresholds for refundable deposits and daily payments	

Maximum Permissible Interest Rate		
- for all new residents from 1 April 2021 - 30 June 2021 ^[ii]		4.01%
Maximum rate of interest that may be charged on outstanding amount of daily payment		4.02%
1	Maximum Daily Fee	Rate
Base Interest Rate from 1 June 2020		2.25%
Minimum permissible asset level - the minimum amount of assets a resident must be left with if they pay at least part of their accommodation costs by refundable deposit		\$51,000
Transition Care Programme Short-Term Restorative Care		
TCS delivered in a Residential Care Setting (s).		\$52.71
Maximum refundable accommodation deposit - the amount that can be charged without prior approval from the Aged Care Pricing Commissioner		\$550,000

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Home Care Package costs and fees

Government Subsidy	Client Fees		Daily Fee	Fortnightly Fee	
	Approx Annual Subsidy	Daily Subsidy			% of Basic Pension
Level 1	\$ 9,000.00	\$ 24.66	\$ 15.68	\$ 9.72	\$ 136.08
Level 2	\$ 15,750.00	\$ 43.15	\$ 16.58	\$ 10.28	\$ 143.92
Level 3	\$ 34,240.00	\$ 93.81	\$ 17.05	\$ 10.57	\$ 147.98
Level 4	\$ 52,000.00	\$ 142.47	\$ 17.50	\$ 10.85	\$ 151.90

Notes:

Income tested fees up to	\$15.57 per day	Between	\$15.57 - \$31.14 if you
Single Income \$28,048.80 pa		Single Income	\$54,168.40 pa
Couple Member income \$21,762.00		Couple Member income	\$41,449.20
Living Apart Couple \$27,528.80		Living Apart Couple	\$53,648.40

Australian Government, Australian Institute of Health and Welfare

Financial Year 2019-20

Overview of Australian Aged Care System

1.3 million consumers	\$21.2 Billion in expenditure
Informed Access 4 Million My Aged Care website visits	17 RAS and 80ACATs Assessments
Home Support, 1452 Funded CGSP organisations	839,373 CHSP clients
Home Care 920 Operational Care Providers	142,436 home care consumers
Respite Care 662 funded CHSP organisations	50,999 respite clients
21,605 RACFs delivered respite Care	66,873 RACF respite clients
Residential Care 845 Operators	183,989 Permanent Residents
Flexible Care 10,389 Operational Flexible Care places	24,775 people transitional care, and 4,528 short term restorative care
Support for People with Special Needs \$8.5 Million in hardship supplements	
Aged Care workforce and sector support Over 366,000 people work in Aged Care workforce	
Quality and Regulation 127 applications to provide aged care received	
	16 Notices of decisions to Impose Sanctions issued

