



Unpacking the Productivity Commission Report *- Implications for our industry*



Chartered Accountants
& Business Advisers



Assessing the current system



Assessing the current system

RECOMMENDATION 4.1

To guide future policy change, the aged care system should aim to:

- *promote the independence and wellness of older Australians and their continuing contribution to society*
- *ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change*
- *be consumer-directed, allowing older Australians to have choice and control over their lives and to die well*
- *treat older Australians receiving care and support with dignity and respect*
- *be easy to navigate, with older Australians knowing what care and support is available and how to access those services*
- *assist informal carers to perform their caring role*
- *be affordable for those requiring care and for society more generally*
- *provide incentives to ensure the efficient use of resources devoted to caring for older Australians and broadly equitable contributions between generations.*



Principles of funding



Chartered Accountants
& Business Advisers

Principles of funding

RECOMMENDATION 6.1

The Australian Government should adopt separate policy settings (including for subsidies and co-contributions) for the major cost components of aged care, namely care (including personal and nursing care), everyday living expenses and accommodation.

Who will pay?

- **Care** to be government funded
 - reduced by a prescribed scale (up to 25%) of co-contributions from means tested recipients
- **Accommodation** – resident responsibility
- **Everyday living expenses** – resident to pay



Paying for aged care



Structural changes

Recommendation

- Remove restrictions CC/RAC/ & HC/LC places 7.1
- Uncap Accommodation charges and equivalent Bonds 7.4
- Supported resident ratio obligations 7.5
- Pilot program for trading supported resident places
- Additional services
 - Remove restrictions on supplying additional services 7.8
 - Discontinue issuing extra services licences 7.8
- Capital contributions/bonds
 - Abolish bond retentions and prohibit interest on bonds 7.2
 - Guarantee fee 7.4
 - Grandfathering – transition 17.2
 - Small provider loans – transition 17.3

Pensioner savings account scheme

Recommendation 7.3

- Australian Age Pensioners Savings Account
- Government backed
- Available to age and service pension recipients
- For some or all of the proceeds of sale of principal residence
- Exempt for age pension income and assets tests
- Interest bearing @ CPI rates
- No entry ,exit or management fees
- Flexible drawing access

Supported residents

Recommendations 7.5 , 7.6 and 7.7

- Regional obligations for supported resident ratios with sliding scale of penalties for non compliance
- Approved basic standard of residential aged care accommodation
- Subsidy levels set regionally on average cost of July 1999 (1.5 beds per room) building standard
- Lower subsidy / consideration for exceptional circumstances
- Better targeting by aged care assets test and access to Aged Care Home credit scheme – subject to further research

Co-contributions, means testing and stop loss limits

Recommendations 7.9 and 7.10

- Set a comprehensive Aged Care Means Test on income and assets by Centrelink via the Australian Seniors Gateway Agency
- Prescribe the scale of co- contributions for approved care
- Regular review - Australian Aged Care Commission
- Lifetime stop loss limit on co-contributions for care
- Exclude aged care costs from tax offset

Implementation of Funding Measures

Schedule A

- **Stage 1 : expedited measures within two years**
 - remove distinction between HC/LC/AS/ESS
 - offer and publish accommodation charges and equivalent (or discounted) accommodation bonds
 - abolish bond retentions
 - introduce price monitoring for residential accommodation
 - increase CC by ACAR +20% and introduce intermediate community care
 - set regional supported ratios and introduce pilot trading scheme for supported places
 - increase supported resident accommodation supplement in line with cost of supply
 - introduce Australian Pensioners Savings Account Scheme
 - public benchmarking of costs of care and set initial scheduled prices
 - grandfathering
 - temporary assistance package for small residential providers

Implementation of Funding Measures

Schedule A

- **Stage 2: within two to five years**
 - introduce new co-contribution and stop loss funding arrangements
 - introduce Australian Aged Care Home Credit Scheme
 - set care prices and accommodation charge for supported residents – AACC
 - review pilot trading for supported resident ratio obligations
 - assess total assets test threshold for supported resident supplement
 - increase residential places to 10-20% above base ACAR
 - continue to increase CC places
- **Stage 3: five years and beyond**
 - after five years remove supply restrictions in both residential and community care
 - public review for fiscal sustainability
 - fine tune financing arrangements
 - review supported resident funding
 - review efficacy and funding of reablement service



Broadening the funding base



Australian Aged Care Home Credit Scheme

Recommendation 8.1

- ***The Australian Government should establish a Government-backed Australian Aged Care Home Credit scheme to assist older Australians to make a co-contribution to the costs of their aged care and support.***
- ***Under the scheme, eligible individuals would receive a Government-backed line of credit secured against their principal residence, or their share of that residence.***
- ***In establishing the line of credit, the Australian Seniors Gateway Agency would arrange a valuation of the principal residence and specify a minimum level of equity for the person's share of the home. The individual could draw progressively down to that minimum to fund their aged care costs. The drawdown on the line of credit would be subject to interest charged at the consumer price index. If the outstanding balance and accumulated interest reached the minimum limit set by the Australian Seniors Gateway Agency, the interest rate would fall to zero, and no further draw down would be permitted under the scheme.***
- ***The outstanding balance of the line of credit would become repayable upon the disposition of the former principal residence including upon the death of the individual, except where there is a protected person permanently residing in the former principal residence.***
- ***In the latter circumstances, the outstanding balance of the line of credit would be repayable when the protected person ceases to permanently reside in that former principal residence, or ceases to be a protected person. (Protected person is defined in the Aged Care Act 1997 and includes, for example, a partner, dependent child or a carer.)***

Implementation

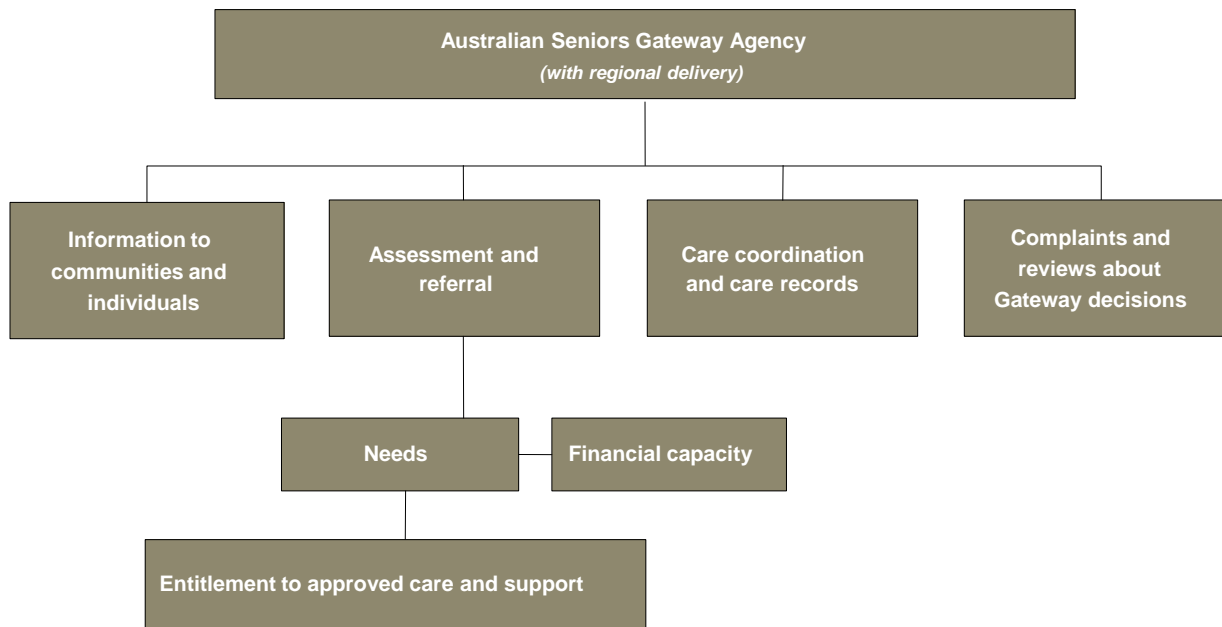
- Australian Aged Care Home Credit scheme is planned for stage two implementation within two to five years of the commencement of the reform process.



Access to aged care



Chartered Accountants
& Business Advisers

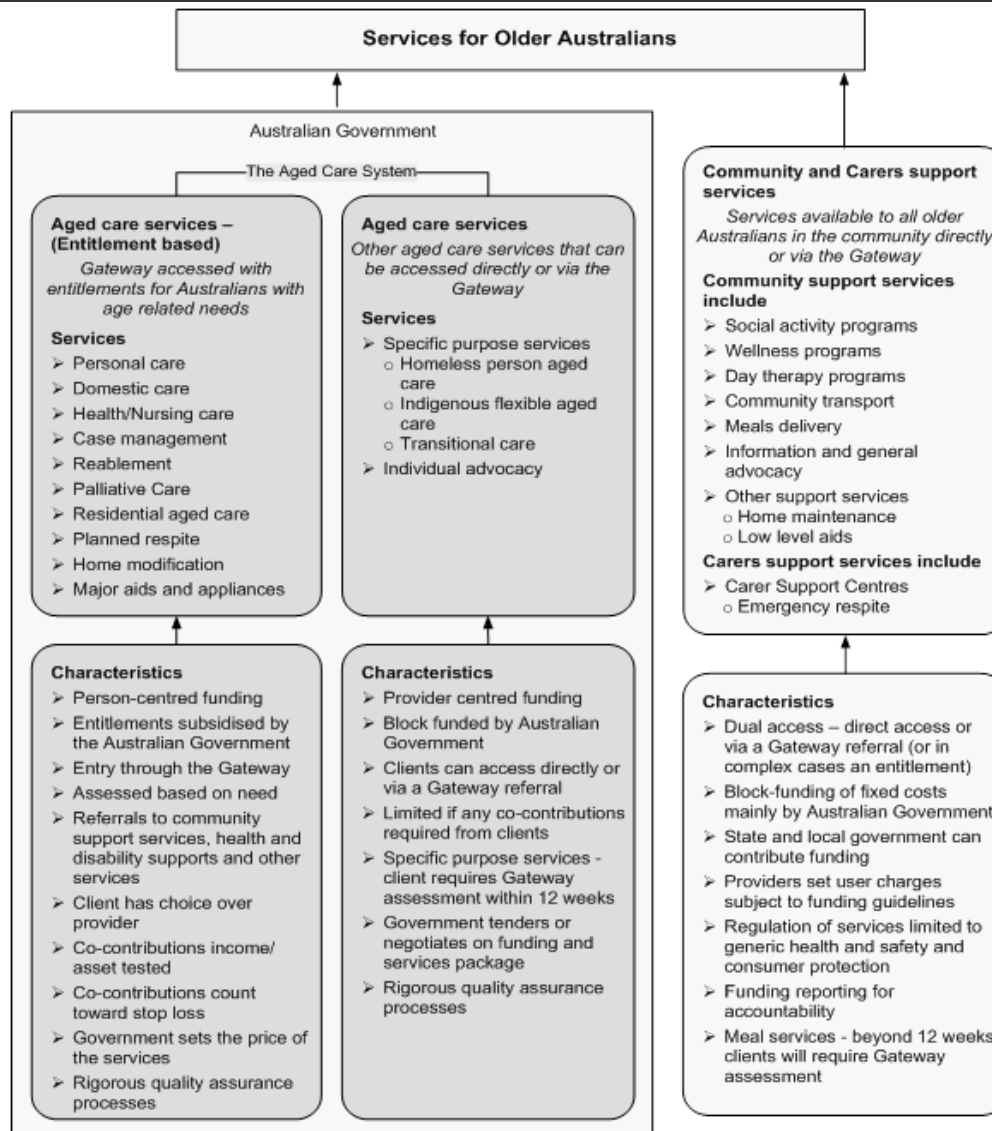


Australian Seniors Gateway Agency

- Information
- Assessment
 - needs
 - co contributions
 - carers
- Care coordination
- Technology
- Regional centres

Reablement

- an intensive reablement service should be introduced
- rollout should fall within the proposed Gateway reforms
- eligibility and entitlement for reablement services should be highly subsidised, if not provided to recipients free of charge
- eligibility should be assessed by the Gateway



Closer interaction with the health sector

- technology
- easier access to Drs
- palliative care
- in-reach
- sub-acute
- transition care
- interface with disability

Implementation

- stage 1
 - develop new assessment regime
 - implementation task force
 - education campaign
- stage 2
 - national information platform
 - new assessment tools
 - work with Centrelink

Temporary immediate community care package

- between CACPs and EACH
- reduce pressure on existing programs



Quality of aged care



Quality assurance

- Publish quality indicators
- Quality and outcomes data set

Other factors that could impact on quality

- review of Medicare rebate
- palliative and end of life care
- advance care planning



Catering for diversity



- socially disadvantaged
- CALD
- Veterans
- ATSI
- rural and remote



Accommodation



Chartered Accountants
& Business Advisers

- coordinated approach to HMM
- HMM accessible under Gateway
- stamp duty
- test for co-contributions
- regulation of RVs



Carers





Workforce



Fair pay

- price of care services must take account of fair and competitive wages
- does not support mandatory staff ratios
- does support benchmarking – staff levels and skill mix
- does not support licensing of PCWs

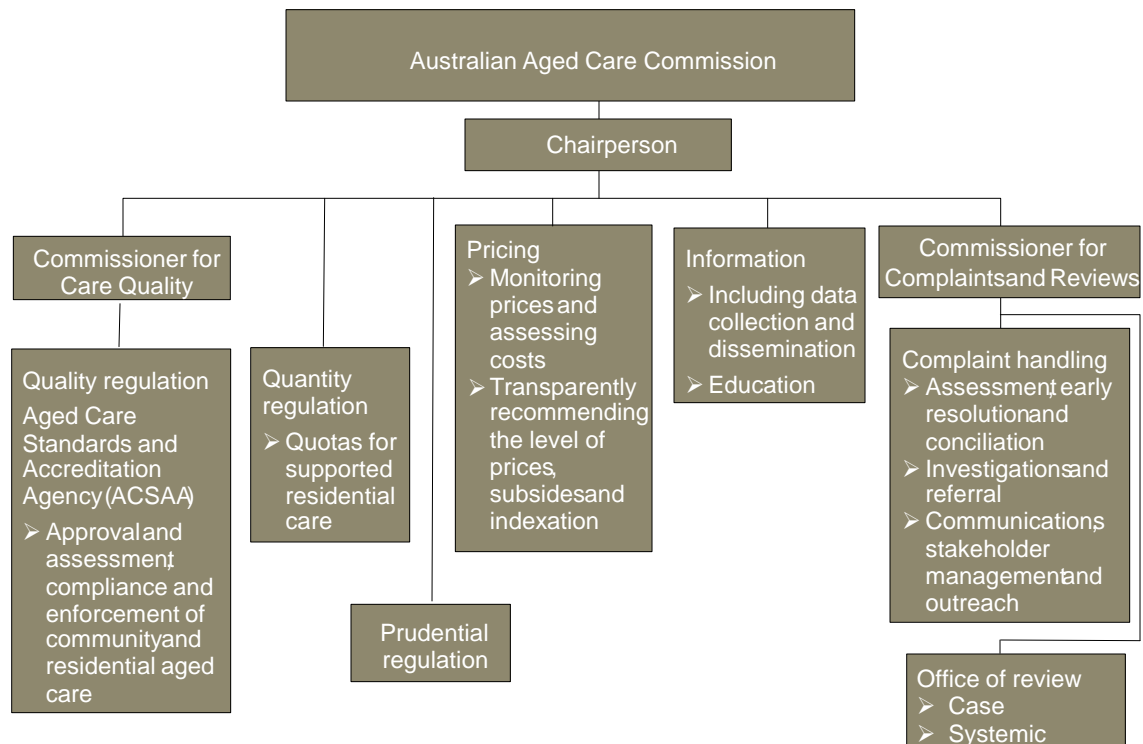
Quality of workforce

- Govt should promote skill development
- funding for teaching of aged care services
- review of RTOs for quality and consistency
- overseas workforce



Regulation





Review processes

- review of decisions of AACCC – to Office of Review
- review of decisions of Gateway - complaints handling and review office of the Gateway
- appeals of decisions of Gateway and AACCC - AAT

Community visitor program

- focused on resident rights
- right to make unannounced visits
- monitor and report on service
- refer issues to AACCC

Enforcement

- consistency
- proportionality
- transparency
- criminal charges
- fines
- external administration

Prudential standards

- must disclose that compliant
- must provide more detailed information on request

Missing residents

- remove 24 hours reporting time frame

Remove duplication in compliance requirements

- infectious disease outbreaks
- occupational health and safety
- food safety
- building requirements
- nursing scopes of practice

Implementation

- Task Force
- Aged Care Advisory Group
- AACCC and Gateway within 2 years



Transition



Transitional Measures

Recommendations 17.1 to 17.7

- Establish an Aged Care Implementation Task Force to manage the transition , assisted by an Aged Care Advisory Group
- Phase out arrangements for recipients currently in the system within 5 years
- End the exemption from the supported resident ratio for ESS facilities
- Small provider support – capped grants for financial and business planning advice and temporary loan facilities for Bond repayment
- Monitor accommodation prices and intervene if excessive accommodation charges arise in the short term
- Introduce temporary intermediate community care packages
- Announce a detailed timetable for changes and how they will affect stakeholders guided by three stage implementation plan



Unpacking the Productivity Commission Report *- Implications for our industry*



Chartered Accountants
& Business Advisers