

# PC – the Final Report

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# The Final PC Report – What is proposed

- Structural reform is required
- PC developed a comprehensive and integrated package
- The wellbeing of older people is central
  - Independence, choice and control, community engagement, quality of care
- Care will be more immediately available
  - Addressing the specific needs of each older person
  - Focused more on delivery at home

# Reshaped policy objectives

- Promote independence and wellness
- Provide person-centred services
- Be consumer-directed, allowing older people to have control & choice
- Treat older people with dignity and respect
- Be easy to navigate
- Assist informal carers
- Be affordable: for older people and society
- Provide incentives for efficiency and scope for innovation

# Restructuring the system

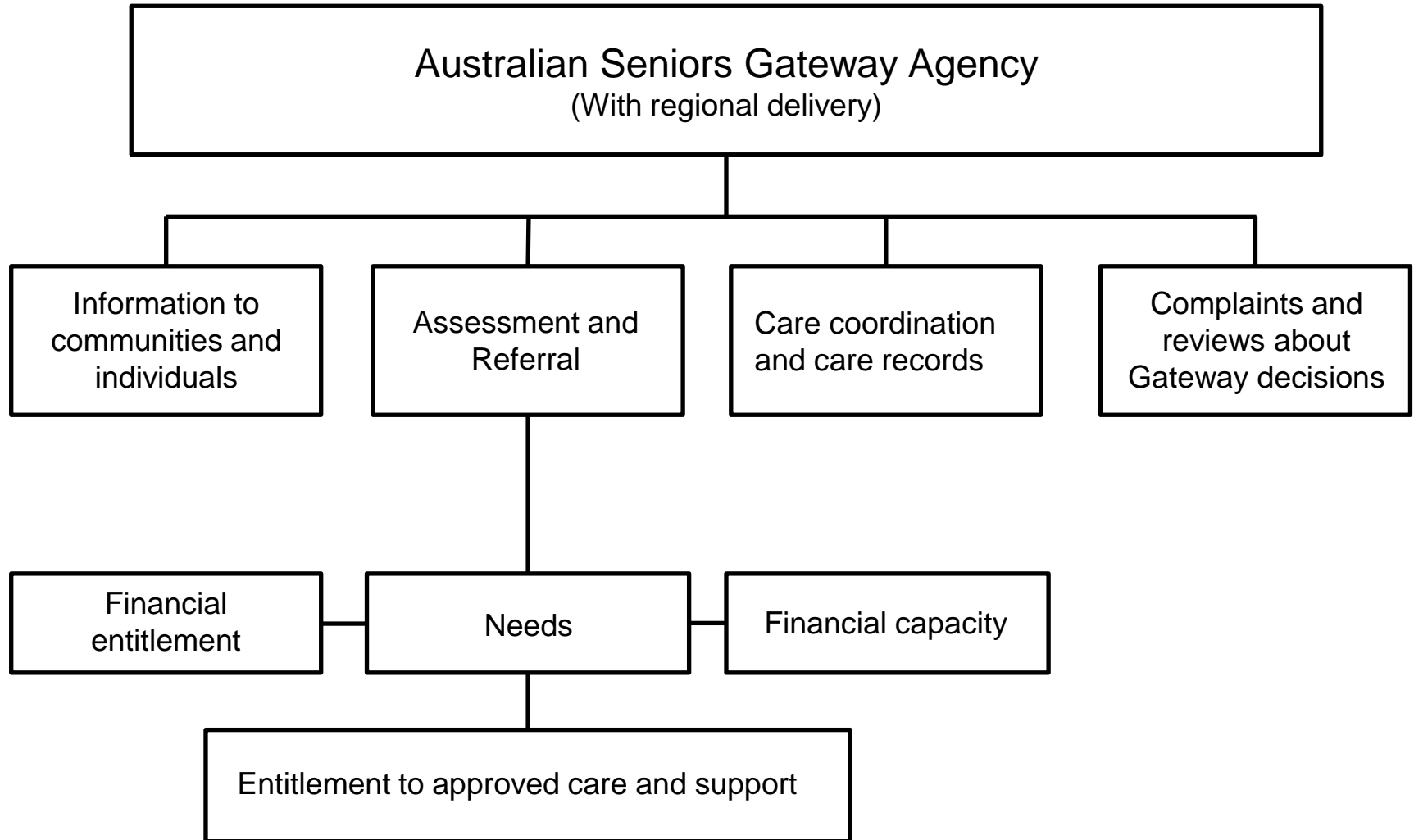
- Remove supply constraints
- Move to ‘market based’ model
- Create independent regulator - Commission
- Create a ‘Gateway’ to simplify access
- Change role of the Department
- Assess ‘Entitlement’ at front end of process
- Enable greater consumer choice
- Consumer payments – skin in the game

# A simplified 'Gateway' – front end

- Establish Australian Seniors Gateway Agency
- Consumers can:
  - Access easily understood information
  - Be assessed for their care needs
  - Determine consumer contribution to cost of care (through a comprehensive means test)
  - Receive an entitlement to approved services (where appropriate)  
.....Including re-ablement , palliative and end-of-life care
  - Obtain care coordination
- All regionally based

**KEY CHANGE: CARE ASSESSMENT AND FUNDING ENTITLEMENT AT THE BEGINNING OF THE PROCESS**

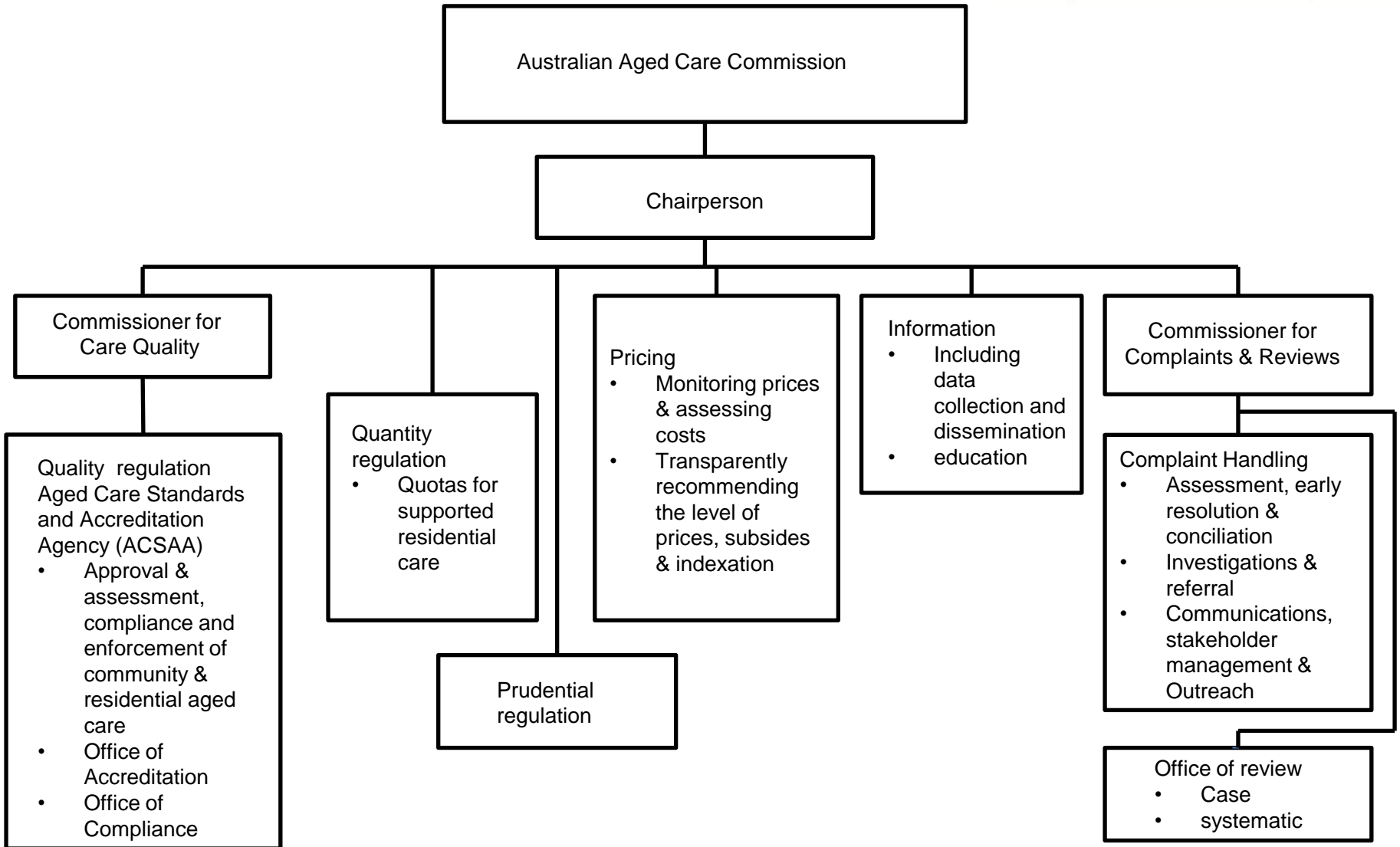
# The Gateway



# Independent Regulator

- The Australian Aged Care Commission (AACCC) to:
  - Regulate quality of community and residential care, supported resident ratios and prudential requirements
  - Monitor & recommend efficient prices to government
  - Handle consumer and provider complaints and reviews
  - Establish a national 'clearinghouse' for data and research
- AAT to hear appeals to AACCC (and Gateway) decisions after a formal internal review

# Structure of AAC Commission



# DoHA responsibilities change

- Policy development and advice to Govt on
  - Quality and prudential standards
  - Criteria for needs assessments
  - Resource levels (and hence price) for approved services
  - Co-contribution levels and maximum lifetime limit
  - Supported resident ratios
  - Basic standard for accommodation
- Funding independent consumer advocacy, community visitors and special programs

# Remove supply constraints

- Phase out limits - residential places & care packages
- Remove high and low care distinctions
- Remove ordinary and extra service distinctions
- Seen by PC as central to increased choice & access:
  - More immediate access to care services
  - Greater choice of providers by consumers
  - More competition and innovation by providers
  - 'Additional' care or services on a fee for service basis

# Reform financing arrangements

- Separate various cost elements:
  - Costs of care (including personal and nursing care)
  - Accommodation
  - Every-day living expenses
- PC proposes two mechanisms for consumers to be able to pay the ‘additional’ costs:
  - Savings Deposit Scheme
  - Credit Loan Scheme
- Allows consumers to ‘tap’ into income and asset wealth, including principal residence

# Pensioners Savings Account

- Resident puts proceeds of sale of home into this account
- Earns CPI as a return
- No fees or charges
- Draws down to pay for accommodation and contribution to care costs (if applicable) and any aged care or lifestyle or any other expense
- Exempt from pensioner assets test
- NOT available to Self Funded Retirees

# Home Credit Scheme

“ The Commission proposes that Older Australians should not be required to sell their home.”

- Scheme allows draw down share in equity in home
- Charged at CPI
- For aged care expenses:
  - Accommodation: periodic or lump sum
  - Contribution to care (if applicable)
  - Daily living expenses
- Solely to be used for aged care expenditure

# Consumer financing arrangements

- Assisted through Savings and Credit Schemes
- Care costs subject to means test
  - between 0 – 25% of care costs
  - Up to a maximum lifetime stop loss limit
  - PC proposes limit of \$60,000 – to be indexed
- Consumers meet their own:
  - accommodation and living expenses.
- Govt provides safety net for those of limited means
- Consumer chooses periodic or lump sum option
- Lump Sum Bond - exempt from pension asset test

# Reform - Providers

- An emerging competitive market
- Set accommodation prices for non-supported residents
- Prices to be published by providers – periodic payment & ‘equivalent’ refundable lump sum
- Govt will set care prices after recommendation by Commission
- Govt set accommodation subsidies for supported residents – PC proposed 1999 building standard of 1.5 beds
- No retention amounts from accommodation bonds
- Opportunity for ‘additional’ care and/or services
- PC proposes payments for palliative and end-of-life care
- New opportunity for sub acute care

# Residential care cameos – total cost covering one person in residential care, partner remaining at home (\$ Dollars)

Person	Home 50% of equity for means test	Accommodation per fortnight	Everyday living expenses per fortnight (84% of the Age Pension)	Care co-contribution per fortnight	Total per fortnight
Full-age pensioner	No	0	553.05	0	553.05
Full-age pensioner	500000	700	553.05	94.23	1347.28
Full-age pensioner	1 million	700	553.05	205.88	1458.93
Part-age pensioner	500000	700	553.05	134.42	1387.47
Part-age pensioner	1 million	700	553.05	246.06	1499.11
Self-funded retiree	500000	700	553.05	195.31	1448.36
Self-funded retiree	1 million	700	553.05	306.95	1560.00

## Community care cameos – couple, one person receiving care (\$ Dollars)

Person	Home 50% of equity for means test	Total care cost per fortnight	Care co-contribution per fortnight
Full-age pensioner	No	961.40	40.00
Full-age pensioner	500000	961.40	115.38
Full-age pensioner	1 million	961.40	195.51
Part-age pensioner	500000	961.40	132.40
Part-age pensioner	1 million	961.40	212.53
Self-funded retiree	500000	961.40	175.89
Self-funded retiree	1 million	961.40	240.38

## RESIDENTIAL CARE

DAILY LIVING EXPENSES  
84% of pension



CONTRIBUTION TO COST OF CARE  
0% - 25% of ACFI



ACCOMMODATION COST -  
DAILY CHARGE or  
LUMP SUM BOND

## COMMUNITY CARE

DAILY LIVING EXPENSES  
Individual funds



CLIENT CONTRIBUTES TO CARE  
0% - 25%



ACCOMMODATION COST -  
INDIVIDUAL RESPONSIBILITY

# Mary – Community Care

Status	Home	Care cost per fortnight	Care contribution per fortnight
Full-age pensioner	\$500,000	\$961.40	\$195.13

- Accommodation costs: no charge as Mary is in her own home
- Care costs: Mary contributes approximately 20% to the care cost
- Daily living costs: no charge as Mary is in her own home

## Notes:

1. Care cost based on 'new' interim CACP of \$25k
2. Table C.1 – Community Care Cameo – single person

# Bill – Residential Care

Person	Home 50% of Equity for means test	Accommodation per fortnight	Everyday living expenses per fortnight (84% of the Age Pension)	Care co-contribution per fortnight	Total per fortnight
Full-age pensioner	\$500,000	\$700	\$553.05	\$94.23	\$1347.28

## Accommodation costs:

- For illustrative purposes \$50 per day or lump sum equivalent bond

## Daily living costs:

- 84% of pension - \$40 per day

## Care costs:

- Contribution to care \$6.73 per day (\$94.23 per fortnight)

## Notes

1. Table C.4 – Residential Care Cameos – one person in care; partner at home

# Voula – Residential Care

Person	Home 50% of Equity for means test	Accommodation per fortnight	Everyday living expenses per fortnight (84% of the Age Pension)	Care co-contribution per fortnight	Total per fortnight
Self-funded retiree	\$500,000	\$700	\$553.05	\$177.92	\$1430.97

## Accommodation costs:

- Illustrative purposes \$50 per day or lump sum equivalent bond

## Daily living costs:

- Based on 84% of pension - \$40 per day

## Care costs:

- Contribution to care \$12.70 per day (% of ACFI) - (\$177.92 per fortnight)

## Notes

1. Table C.4 – Residential Care Cameos – one person in care; partner at home

# Improve continuity of care

- Care continuity model focused on individual needs
  - Replace HACCC, CACP, EACH, EACH-D
  - Provide basic support, personal care, specialised care and carer support
  - Include re-ablement, palliative and end-of-life care
- Care coordination (through the Gateway) and a case management approach, as necessary
- Advance care directives to be part of care, if older person chooses
- New 'interim' community package (approx \$25K)  
Year 1 of transition as a temporary measure

# Catering for choice and access

- Providers more responsive to demand
- Person-centred care: which considers special needs
- Consumer-directed care: which enables choice of provider who best offers appropriate service
- Sufficient recognition in quality standards of needs of people from diverse backgrounds
- Block funding of some services ( remote, Indigenous and homeless)
- Publication of Quality Standards data as public information to assist consumer decision making

# Catering for diversity

- AACC
  - To account for appropriate additional service delivery costs when making pricing recommendations to Government
- Workforce
  - Skills development, cultural awareness, management
- Remote and indigenous
  - Actively supported before remediation
- Supported residents
  - Ratios set on a regional basis with a sliding scale of penalties if providers breach their regional ratio
  - Pilot scheme for trading supported resident ratios within a region

# Formal workforce challenges

- Improved employment conditions and training for the formal workforce
- Support for fair and competitive wages
- Promotion of skills development, including vocational training, tertiary nursing places, advanced clinical courses, management training
- Funding more ‘teaching aged care services’
- Review of aged care training courses in registered training organisations

# Carers

- Will benefit from information, single gateway, flexible care services
- Assessment of older persons needs to include capacity of carer to provide ongoing support
- Carers support Centres
- Consider 'cashed out' entitlement to respite services

# What did Government say?

- Prime Minister launched report and re-stated aged care as a second term priority
- Recommendations in the report will be considered as part of the Government's broader ageing agenda
- Will seek the views of the community
- Will engage with industry stakeholders - National Aged Care Alliance, Ageing Consultative Committee and peak bodies
- Potential to provide older Australians with greater choice and control over their lives
- Focused on ensuring older Australians are provided the ability to age with dignity and security

# What did Government say? *Continued...*

- Government has advised it will apply FOUR principles in determining aged care reform:
  - Increased consumer choice
  - Increased consumer access
  - Increased quality
  - Sustainability of the system
- Government notes increased interest of older people to remain independent in their own home

# What does ACCV say?

- Key signpost that aged care reform needs to be embraced.
- PC has develop a comprehensive framework.
- With fine tuning can be the basis for a 'reform blueprint'
- Key financial issues need to be carefully modelled, refined and fine tuned
- Priority is to ensure a sustainable industry
- Without a viable industry, consumers unable to obtain choice and access

# What does ACCV say?

## *Continued...*

- Welcome the recognition of special needs groups eg rural and remote; CALD; mental health; homeless; indigenous; disability
- Govt “blueprint” needs a planned bite-sized approach
- Implementation in collaboration with industry
- Financial modelling now a priority
- Key reform issues need to be addressed prior to implementation from an ‘industry sustainability perspective’

# Brainstorming issues 1 of 2

A	A1 Accommodation/Capital A2 Recurrent/Operational A3 Deregulation of the Market
B	Opportunity for additional care/services on fee basis
C	Opportunity for palliative, end of life funding changes
D	Proposed fee paid to government by providers for holding bonds
E	Supported Residents
F	Support for indigenous and special needs, homeless, rural, CALD, mental health, disability
G	Quality and accreditation/standard in residential and community care
H	Gateway and assessment

# Brainstorming issues 2 of 2

I	Care Services and Funding
J	How will Government apply its four principles? Choice; Access; Quality; Sustainability
K	Opportunity for sub-acute care
L	Retirement Village Industry
M	Workforce
N	IT Systems
O	Consumer Financial Impact
P	Carer Support
Q	Interface between Health and Age Care Reform
R	Structure of the independent Commission – quality and compliance together
S	HACC – Part of the “care bundle” in Victoria

# Next steps

- Government (Minister) commencing “Conversations about Ageing”
  - Commitment to action in second term
  - Links to other reform, wider than the ‘prism’ of the PC. Medicare locals; health; superannuation; NDIS
  - Minister’s Expert Ageing Advisory Group – representation by ACSA and ACAA
- ACCV ‘Senior Leaders Symposium’ – Sept 16
- ACCV members ‘what this means in practice’
- Feedback to ACCV
- ACCV Members inform their local MPs