

Aged Care Stakeholders' Meeting

Analysis of the \$1.5 B
Aged Care Funding Package
Bill Bourne - ACAA

What's in the Package

- Community Care - \$411.7 million
- Community Care Training - \$32.0 million
- Residential Care - \$490.1 million
- Additional accommodation subsidy - \$96.0 million
- ACFI Funding - \$393.5 million
- New Income Testing - \$90.4 million
- Closing Loopholes - \$6.7 million
- Deletion of Adjusted Subsidy Reduction - \$25.5 million

Residential High Care - Upside

- The one off \$3.50 per bed payment from 1.7.07 to 19.3.08
- **FOR NEW RESIDENTS ONLY**
 1. Increase Accommodation Charge to \$26.88
 2. Increase Concessional payment to \$26.88
 3. Increase Catchment for Assisted Residents
 4. Increase Assisted payment so that the facility receives \$26.88

Residential Low Care - Upside

- **FOR NEW RESIDENTS ONLY**
 1. Increase Concessional payment to \$26.88
 2. Increase Catchment for Assisted Residents
 3. Increase Assisted payment so that the facility receives equivalent of \$26.88
 4. No Maximum Bond

Residential High Care - Downside

- **FOR NEW RESIDENTS ONLY**
 1. Loss of \$7.40 (difference between Pensioner and Non-Pensioner Resident Contribution)
 2. Loss of \$6.32 Pensioner Supplement
 3. Loss of other Supplements – Department has not yet defined
 4. What of Transitional, Charge Exempt, Viability Supplements?

Residential Low Care - Downside

- **FOR NEW RESIDENTS ONLY**

1. Loss of \$7.40 (difference between Pensioner and Non-Pensioner Resident Contribution)
2. Loss of \$6.32 Pensioner Supplement
3. Loss of other Supplements – Department has not yet defined
4. What of Transitional, Hostel, Viability Supplements?

What it Means for High Care

- Pensioners greater than 40% Concessional - **+\$3.67**

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supplement	16.89	26.88
Pensioner Supplement	6.32	0.00
Accommodation Charge	0.00	0.00
Total	53.19	56.86

What it Means for High Care

- Pensioners equal to or less than 40% Concessional - **+\$0.10**

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supplement	11.05	17.47
Pensioner Supplement	6.32	0.00
Accommodation Charge	0.00	0.00
Total	47.35	47.45

What it Means for High Care

- Pensioners paying a charge - **+3.43**

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supplement	0.00	7.32
Pensioner Supplement	6.32	0.00
Accommodation Charge	17.13	19.56
Total	53.43	56.86

What it Means for High Care

- Non-Pensioners paying a charge - **+2.35**

Details	Current	20.3.08
Basic resident fee	37.38	29.98
Concessional Supplement	0.00	0.00
Pensioner Supplement	0.00	0.00
Accommodation Charge	17.13	26.88
Total	54.51	56.86

What it Means for High Care

- Assisted Residents
small charge - **+3.78**

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supplement	6.95	17.05
Pensioner Supplement	6.32	0.00
Accommodation Charge	9.93	9.93
Total	53.18	56.96

What it Means for Low Care

- Pensioners greater than 40% Concessional - **+\$3.67***

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supp'ment	16.89	26.88
Pensioner Supplement	6.32	0.00
Total	53.19	56.86

* Does not take into account Bond retention or Interest earned

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What it Means for Low Care

- Pensioners equal to or less than 40% Concessional - **+\$0.10***

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supp'ment	11.05	17.47
Pensioner Supplement	6.32	0.00
Total	47.35	47.45

* Does not take into account **Bond retention or Interest earned**

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What it Means for Low Care

- Assisted Residents –
Bond < \$56,000

+\$3.78*

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Assisted Supplement	6.95	17.05
Pensioner Supplement	6.32	0.00
Total	43.25	47.03

* Does not take into account Bond retention or Interest earned

What it Means for Low Care

- Pensioner Residents
Bond between
\$56,000 & \$128,000

-\$6.32*

Details	Current	20.3.08
Basic resident fee	29.98	29.98
Concessional Supplement	0.00	0.00
Pensioner Supplement	6.32	0.00
Total	36.30	29.98

Does not take into account Bond retention or Interest earned

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What it Means for Low Care

- Non-Pensioner and Pensioners with Bond over \$128,000

-\$7.40*

Details	Current	20.3.08
Basic resident fee	37.38	29.98
Concessional Supplement	0.00	0.00
Pensioner Supplement	0.00	0.00
Total	37.38	29.98

*** Does not take into account Bond retention or Interest earned**

Non-Operating Income 60 Place Facility

- The following variables have been used in calculating the non-operating income for this facility
- The variables are split between low and high care
- The variables cover 2 scenarios
 - A. Scenario A - Facility with 45% concessionals
 - B. Scenario B - Facility with 35% concessionals

60 Place High Care Facility Variables

Variables	A	B
Concessionals	45%	35%
Indexation	2%pa	2%pa
Turnover	30%pa	30%pa
Non-concessionals	55%	65%
Average Accom Charge	\$16.75	\$16.75
Concessional Income	\$16.89	\$11.05
Income Loss Non-Pensioner	\$7.40	\$7.40
Income Loss Pensioner	\$6.32	\$6.32

60 Place Low Care Facility Variables

Variables	A	B
Indexation	2%pa	2%pa
Concessionals	45%	35%
Turnover	30%pa	30%pa
Non-concessionals	55%	65%
Average Retention	\$3,160pa	\$3,160pa
Concessional Income	\$16.89	\$11.05
Average Bond	\$150,000	\$150,000
Interest on Liquid Funds	5.8%	5.8%
Liquid Funds as % of Bonds	15%	15%
Income Loss Non-Pensioner	7.40	7.40
Income Loss Pensioner	6.32	6.32

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Scenario A – High Care

Income From	20/3/08	1/7/08	20/9/08	20/3/09
Current Charges	563.81	533.62	492.17	409.26
New Charges	0.00	66.53	133.06	266.11
Lost Income	0.00	(19.05)	(38.11)	(76.22)
Current Conc.	461.30	436.32	402.12	333.71
New Conc.	0.00	54.43	108.86	217.73
Lost Income	0.00	(15.59)	(31.18)	(62.36)
Total	1,025.10	1,056.26	1,066.91	1,088.23

Result

Scenario A – High Care

- Slight increase over the year of \$61.13 per day or \$1.05 per bed day – due to
- Increase in concessional payment to \$26.88 for new residents
- Increase in accommodation charge payment to \$26.88 for new residents
- 30% turnover of new residents

Scenario B – High Care

Income From	20/3/08	1/7/08	20/9/08	20/3/09
Current Charges	666.32	630.65	581.65	483.67
New Charges	0.00	78.62	157.25	314.50
Lost Income	0.00	(22.52)	(45.04)	(90.08)
Current Conc.	358.79	348.56	331.15	296.35
New Conc.	0.00	27.52	55.04	110.07
Lost Income	0.00	(12.13)	(24.25)	(48.50)
Total	1,025.11	1,050.70	1,055.80	1,066.00

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Result

Scenario B – High Care

- Slight increase over the year of \$40.89 per day or \$0.68 per bed day – due to
- Increase in concessional payment to \$17.47 for new residents
- Increase in accommodation charge payment to \$26.88 for new residents
- 30% turnover of new residents

Scenario A – Low Care

Income From	20/3/08	1/7/08	20/9/08	20/3/09
Retention	281.41	297.24	297.24	297.24
Investment	117.99	117.99	117.99	117.99
Lost Income	0.00	(19.05)	(38.11)	(76.22)
Current Conc.	461.30	436.32	402.12	333.71
New Conc.	0.00	54.43	108.86	217.73
Lost Income	0.00	(15.59)	(31.18)	(62.36)
Total	870.69	871.33	856.92	828.09

Result

Scenario A – Low Care

- Decrease over the year of \$42.60 per day or \$0.71 per bed day even after allowing for retentions, increased concessional payments and investment income – due to
- Abolition of in pensioner supplement and the higher basic fee for new residents
- No Increase accommodation bonds
- 30% turnover of new residents

Scenario B – Low Care

Income From	20/3/08	1/7/08	20/9/08	20/3/09
Retention	344.40	351.28	351.28	351.28
Investment	139.44	139.44	139.44	139.44
Lost Income	0.00	(22.52)	(45.04)	(90.08)
Current Conc.	358.79	348.56	331.15	296.35
New Conc.	0.00	27.52	55.04	110.07
Lost Income	0.00	(12.13)	(24.25)	(48.50)
Total	842.62	832.15	807.62	758.56

Result

Scenario B – Low Care

- Decrease over the year of \$84.06 per day or \$1.40 per bed day even after allowing for retentions, increased concessional payments and investment income – due to
- Abolition of in pensioner supplement and the higher basic fee for new residents
- No Increase accommodation bonds
- 30% turnover of new residents

Income Testing

- The package introduces a new methodology for income testing
- Income test at 41.67% for each \$ above highest total income for a full pensioner (currently \$645.90 per fortnight)
- It is assumed that the “no income test fee lower than \$1.00 per day” rule applies

What the New Income Testing Package Means

- Similar exposure to income testing at the bottom end of the scale (ie. the \$1.00 income test fee achieved at about the same time)
- A small savings of between \$0.01 and \$0.07 for new residents having a weekly income above the threshold of between \$28 and \$810 inclusive
- Anyone earning \$811 or more will pay a higher income test fee

What the New Income Testing Package Means

- The maximum income tested fee, currently \$89.94 ($\$37.38 + \52.56) is reached earlier
- More people paying the maximum income tested fee
- Biggest difference +\$12.38 if resident earning \$1,369 per week

What the New Income Testing Package Means

- Government has said that residents will pay less under this package (other than accommodation payments)
- Therefore Government must decrease the maximum income tested fee by \$7.40
- If not the resident will pay the same and the Government will save \$7.40 per day
- The following example is for a person earning \$1,550 per week non pension income

What the New Income Testing Package Means

- Old Income tested fee

Non-pension income per week	\$1,550
Less exempt income	\$ 64
	\$1,486
@ 25%	\$371.50
Per day ($\$371.50/7$)	\$53.07

What the New Income Testing Package Means

- New Income tested fee

Total income per week	\$1,550.00
Less highest income for full pensioner	\$ 322.95
	\$1,227.05
@ 41.67%	\$511.31
Per day (\$511.31/7)	\$73.04

What the New Income Testing Package Means

- Comparison

Details	Old	New
Income test calculation	\$53.07	\$ 73.04
Add Basic Care Fee	\$37.38	\$ 29.98
	\$90.95	\$103.02
Maximum Income Test Fee	\$89.94	\$ 89.94
Less Basic Care Fee	\$37.38	\$ 29.98
Net income tested fee	\$52.56	\$ 59.96

What the New Income Testing Package Means

- Comparison

Details	Old	New
Category 1 Subsidy	\$122.77	\$122.77
Less Net Income Tested Fee	\$ 52.56	\$ 59.96
Adjusted Commonwealth Subsidy	\$ 70.21	\$ 62.81