

**2010 FINANCIAL SUSTAINABILITY
AGED CARE IN AN ELECTION YEAR**



Positive Strategies in Residential Aged Care

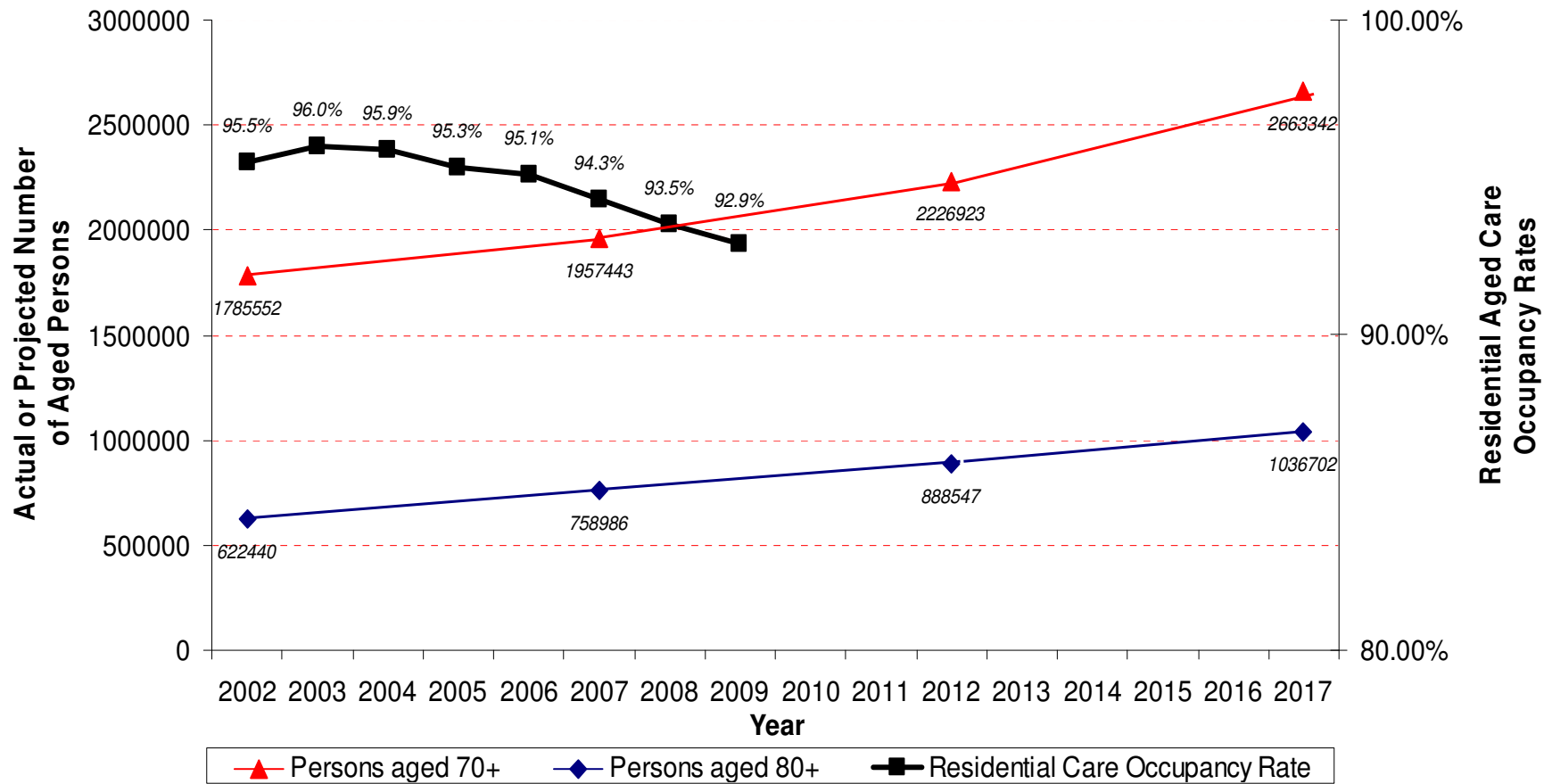
**8 June 2010
Perth**

by

James Underwood



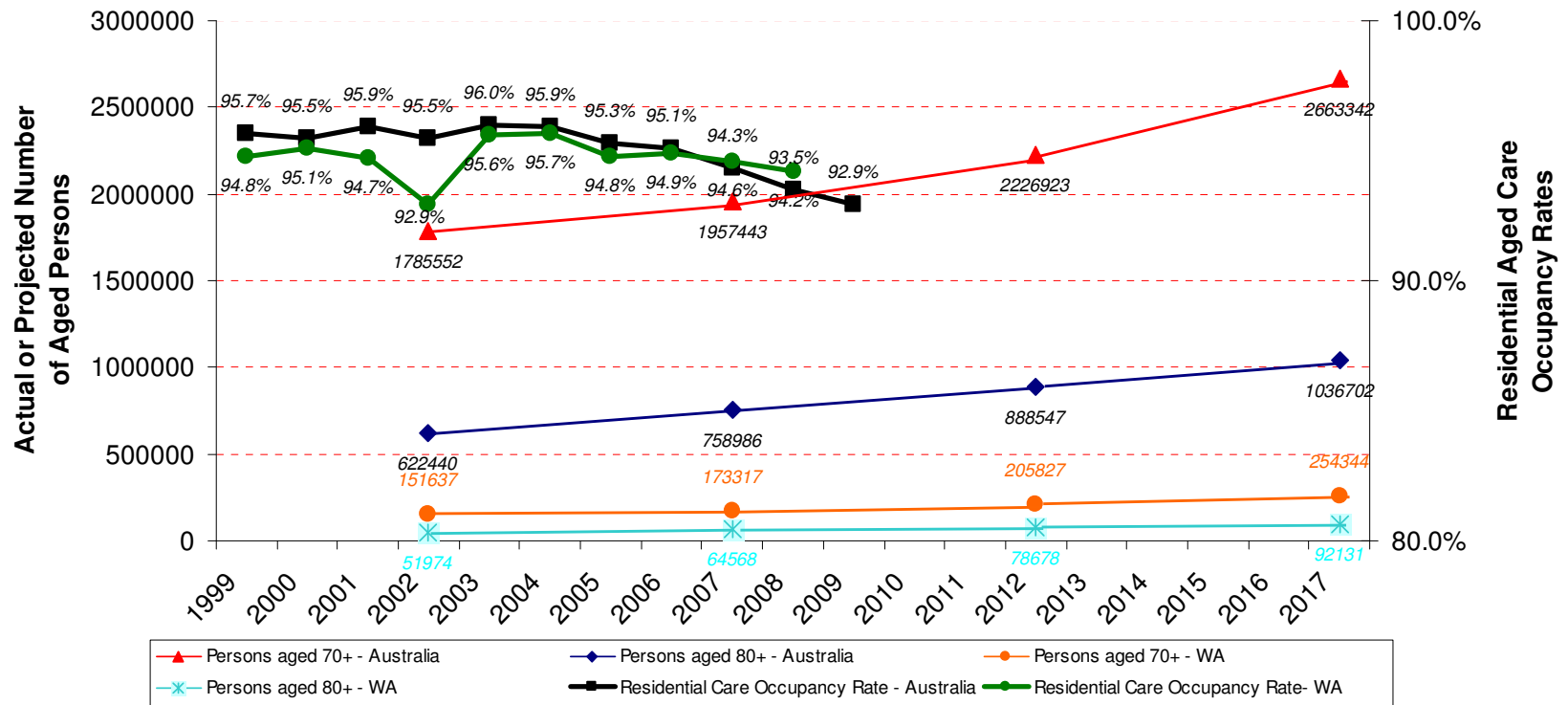
Comparison of the Growth in the Number of Aged Persons aged 70+ and aged 80+ to the Occupancy Rates in Australian Residential Aged Care



Source of data : ABS, AIHW & DoHA2009 Report on the Operation of Aged Care Act 1997



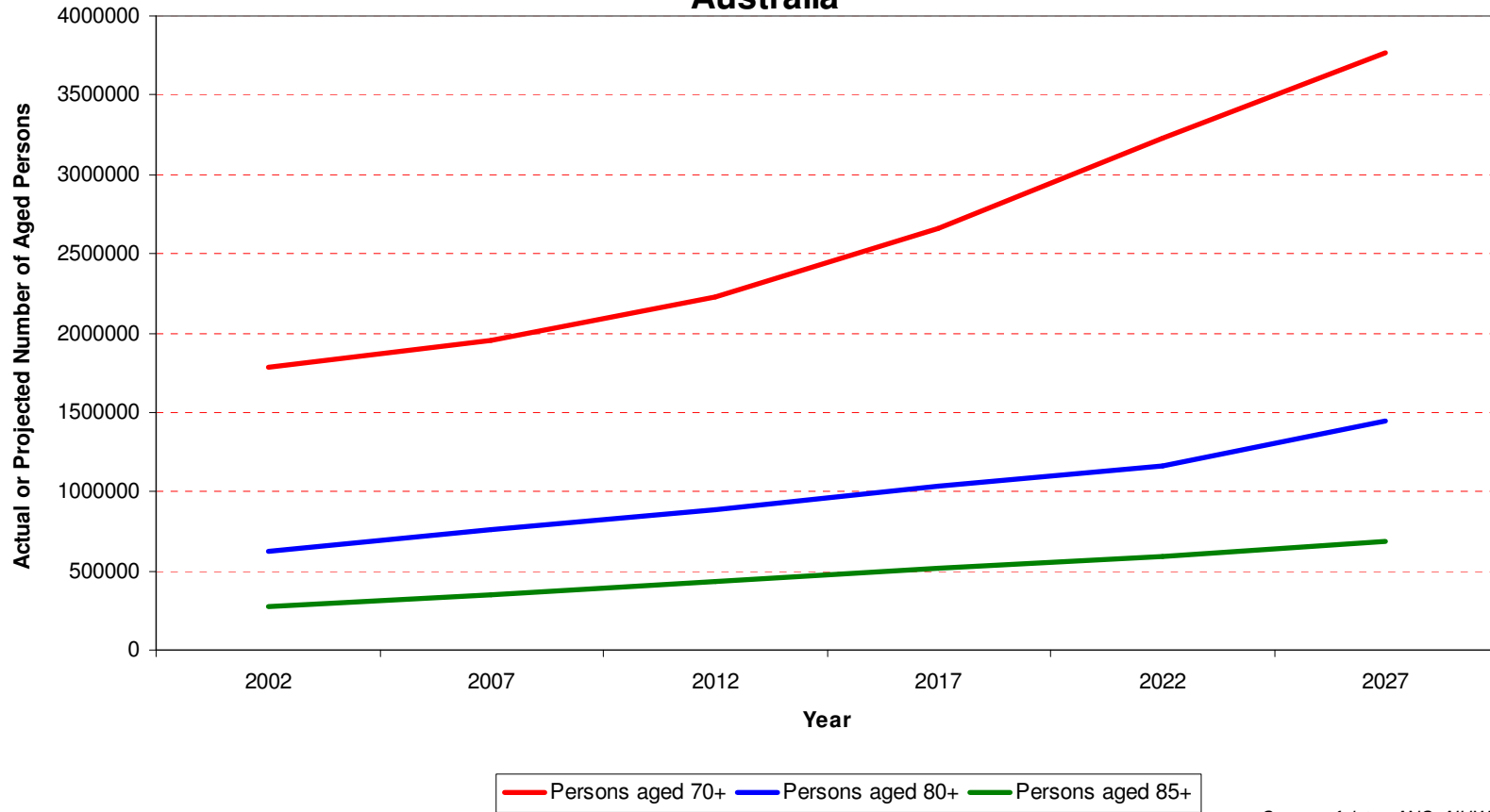
Comparison of the Growth in the Number of Aged Persons aged 70+ and aged 80+ to the Occupancy Rates in Residential Aged Care - Australia / WA



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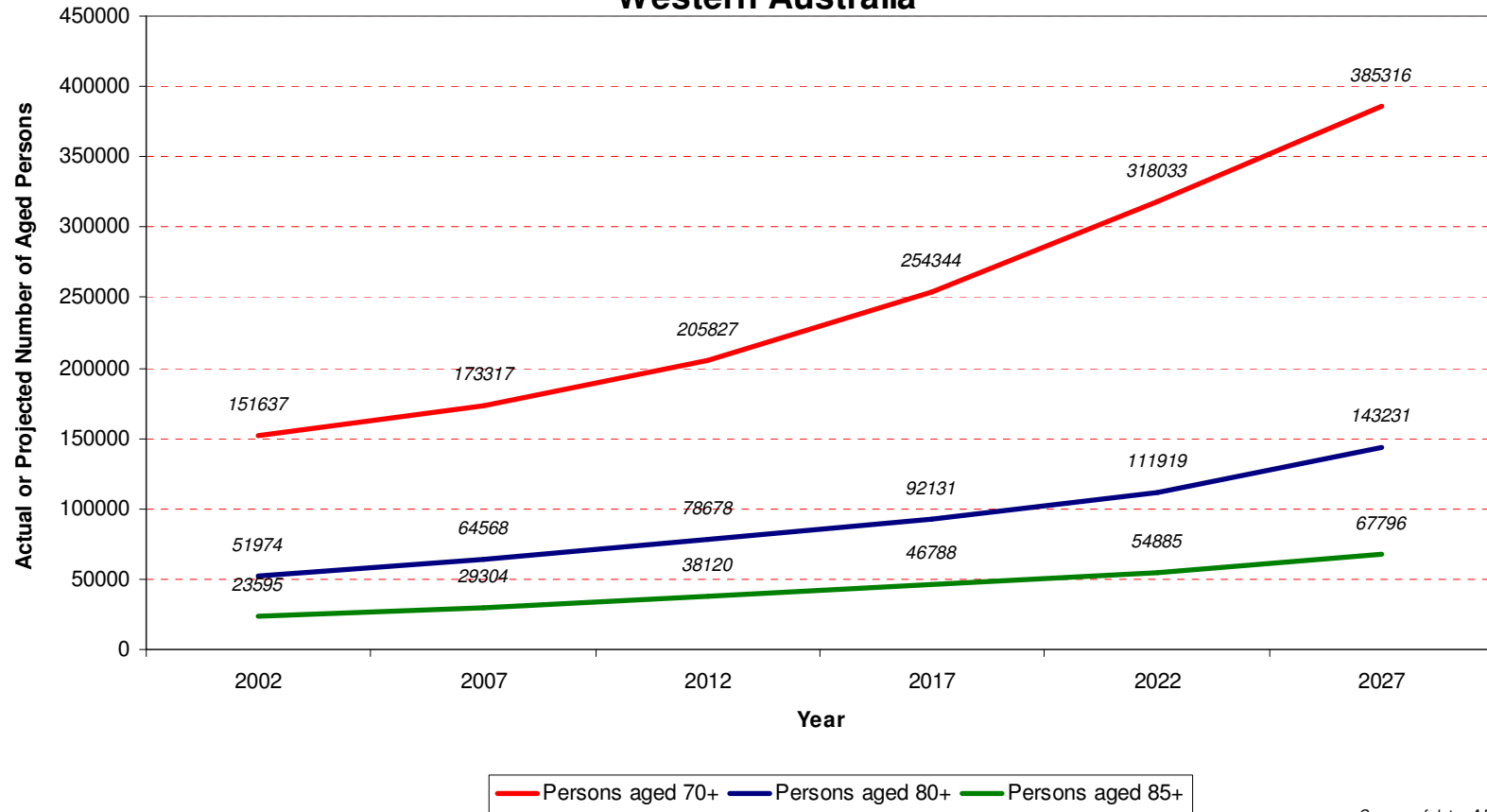
Growth in the Number of Aged Persons aged 70+, aged 80+ and aged 85+ - Australia



Source of data : ANS, AIHW & DoHA

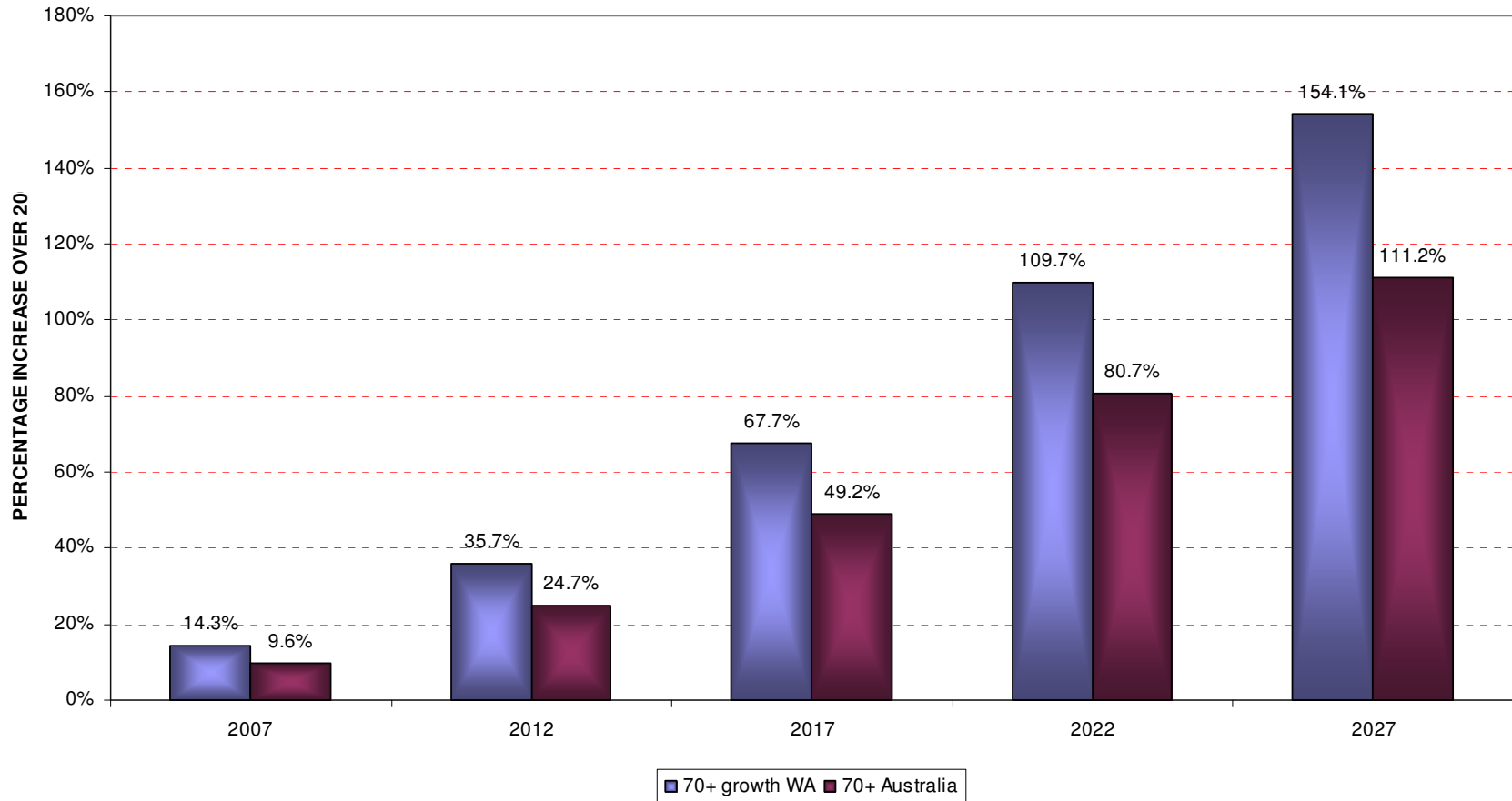


Growth in the Number of Aged Persons aged 70+, aged 80+ and aged 85+ - Western Australia



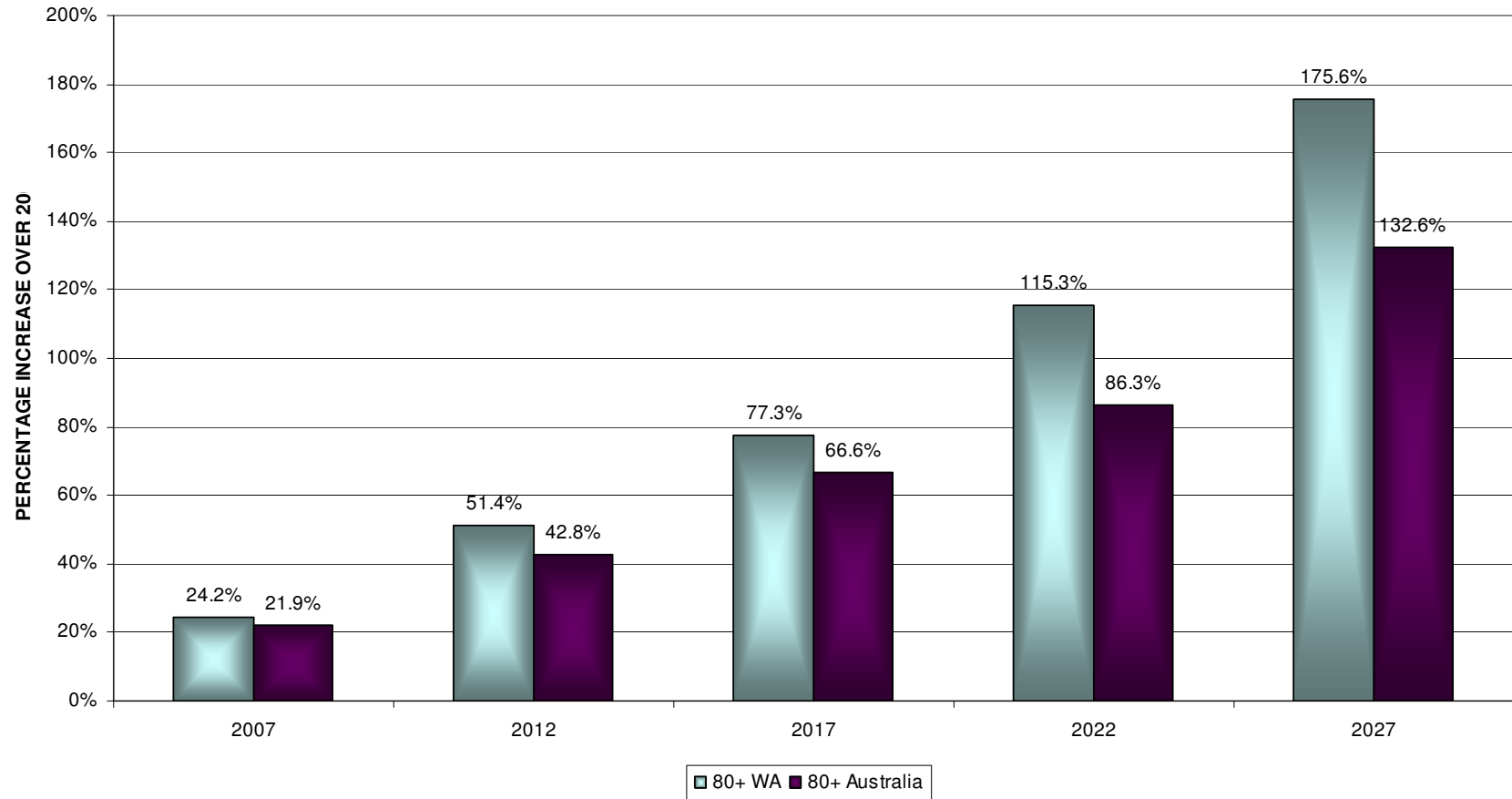


PERCENTAGE GROWTH OF PERSONS AGED 70 + FROM 2002 to 2027 WESTERN AUSTRALIA COMPARED TO AUSTRALIA



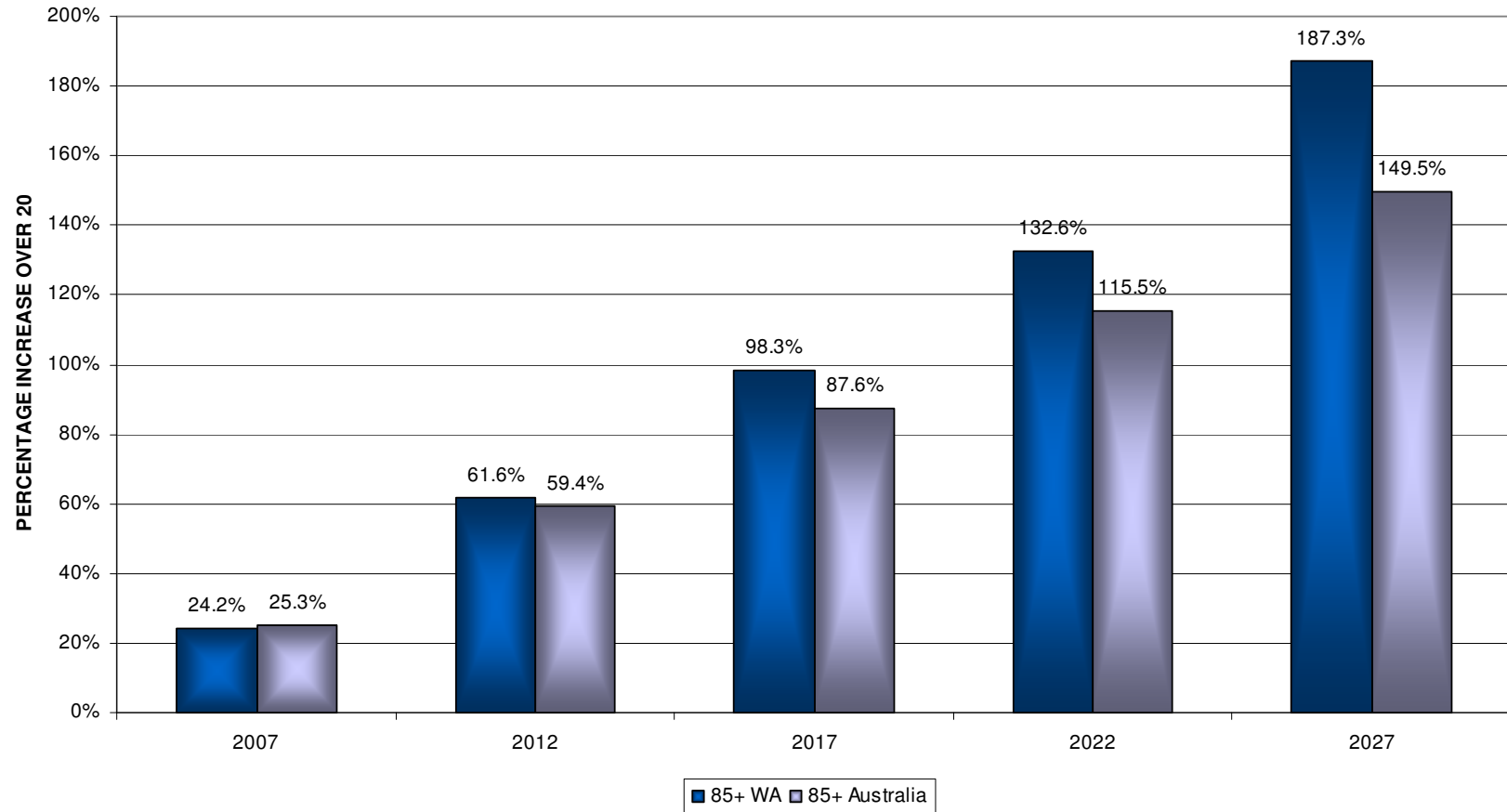


PERCENTAGE GROWTH OF PERSONS AGED 80 + FROM 2002 to 2027 WESTERN AUSTRALIA COMPARED TO AUSTRALIA



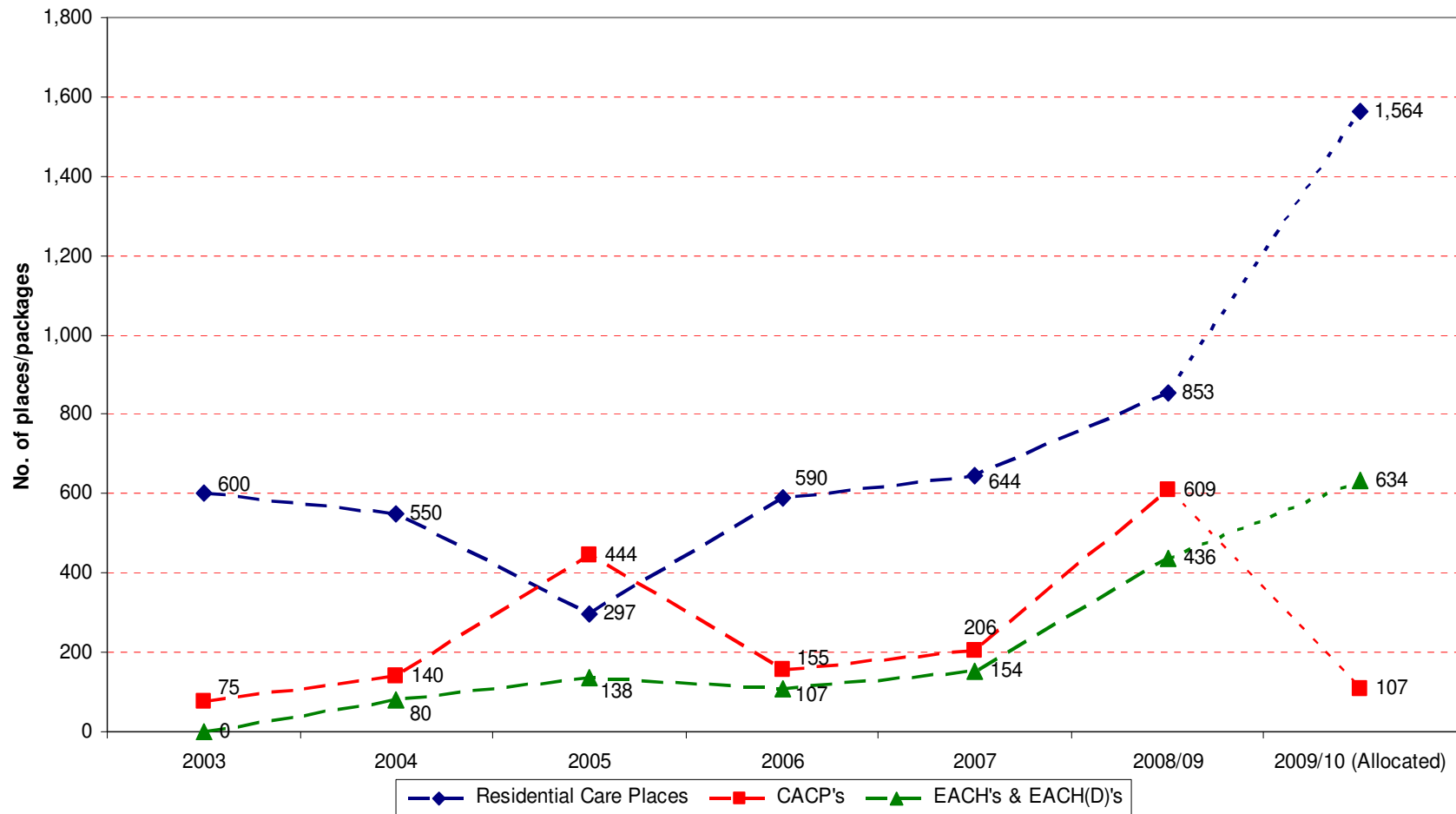


PERCENTAGE GROWTH OF PERSONS AGED 85 + FROM 2002 to 2027 WESTERN AUSTRALIA COMPARED TO AUSTRALIA



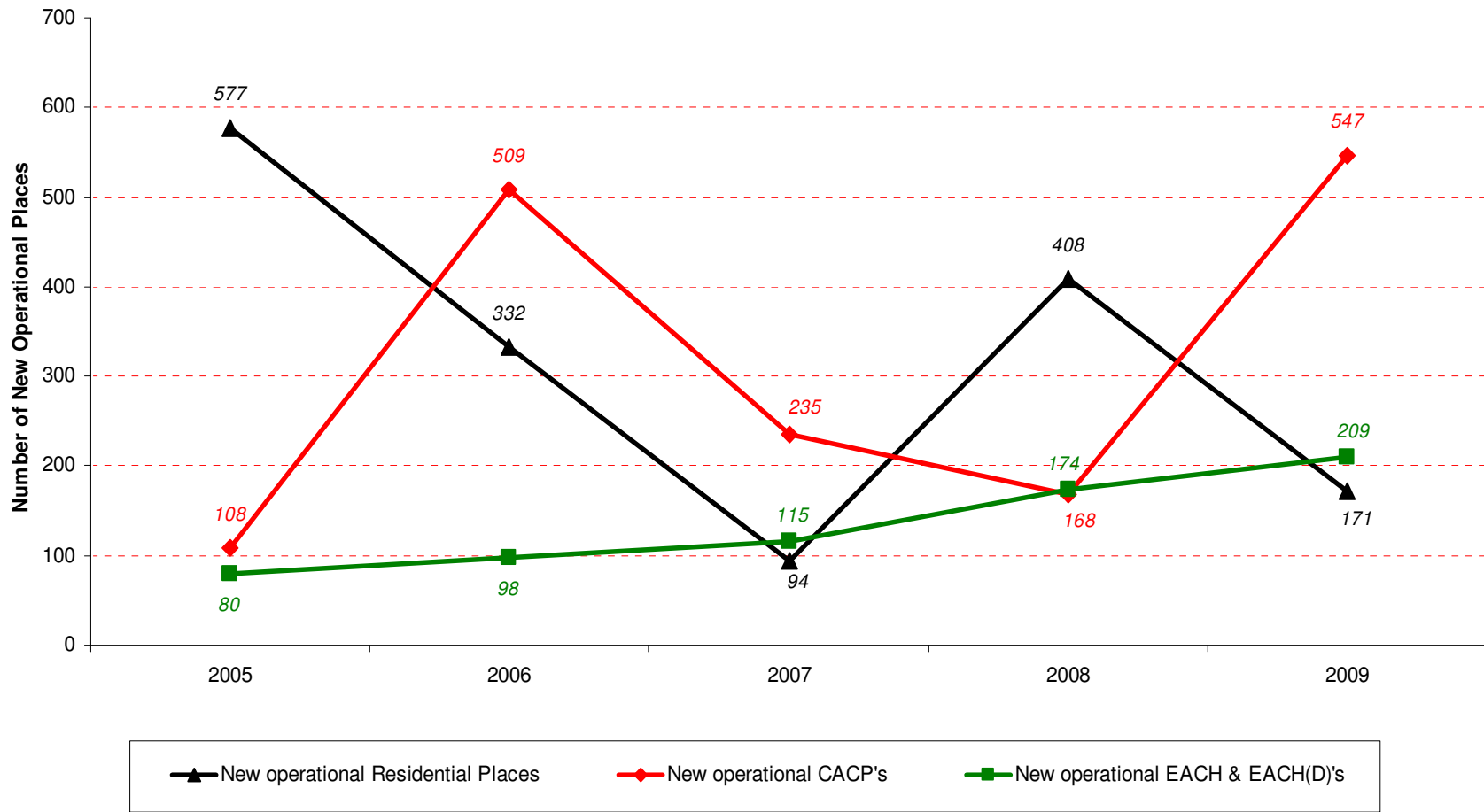


Additional ACAR Allocations Accepted* in Western Australia



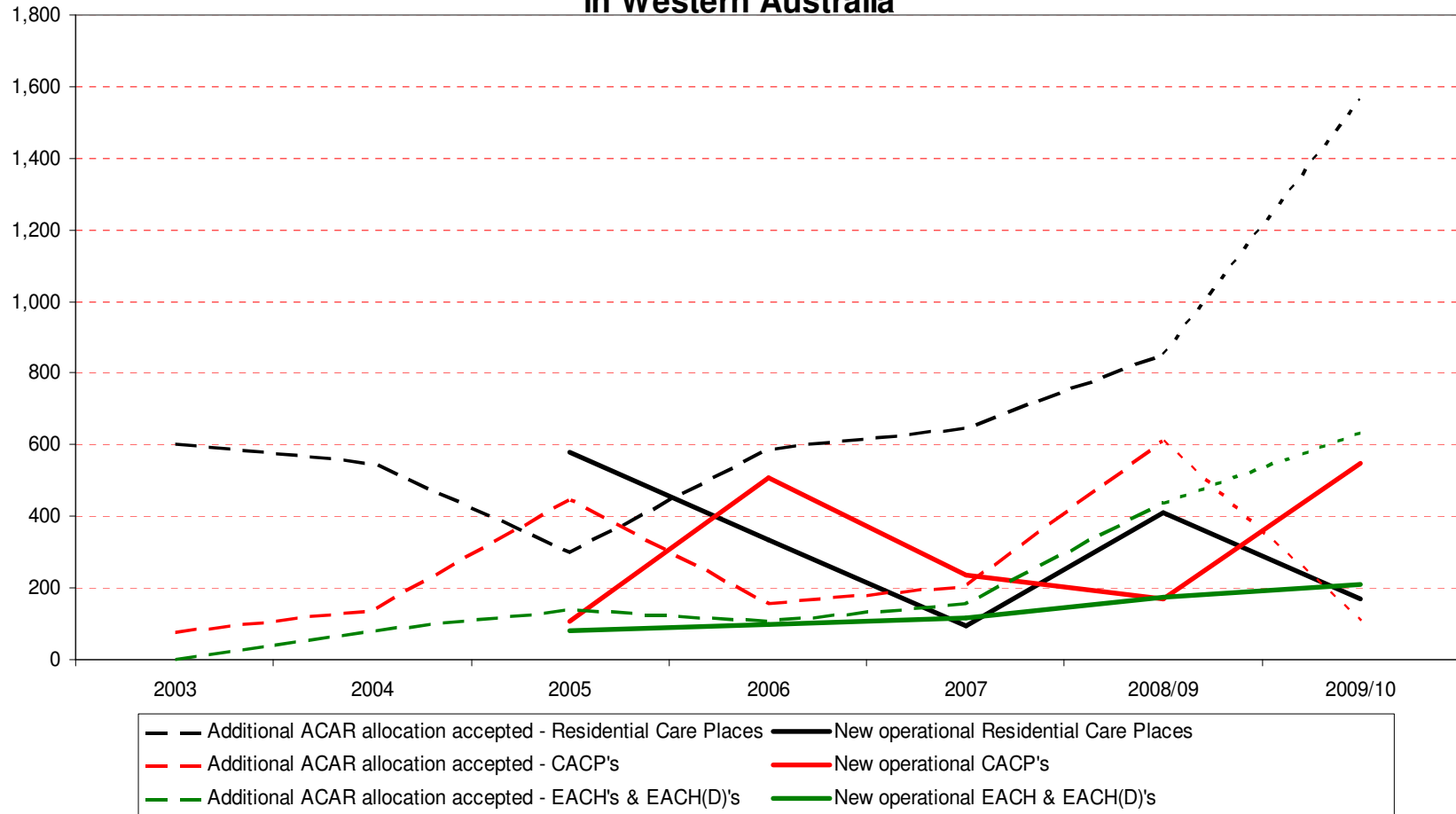


New Operational Places/Packages from 2005 to 2009 in Western Australia





Additional ACAR Allocation Accepted* compared to Actual New Operational Places/Packages in Western Australia





Why do you need ES?

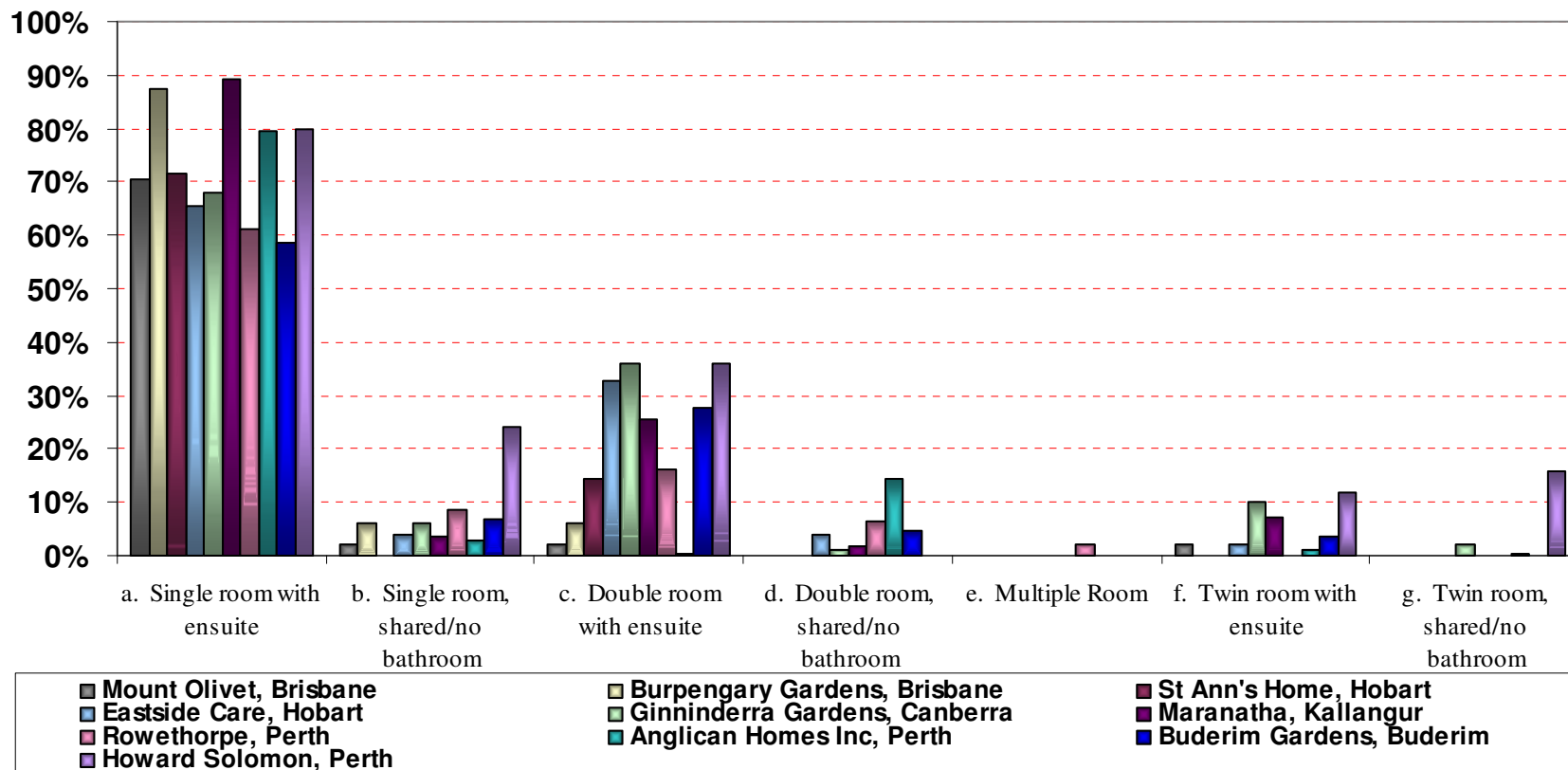
- To make single-room, ensuited High Care viable
- ...
- ...
- ...
- ...
- ...
- ...



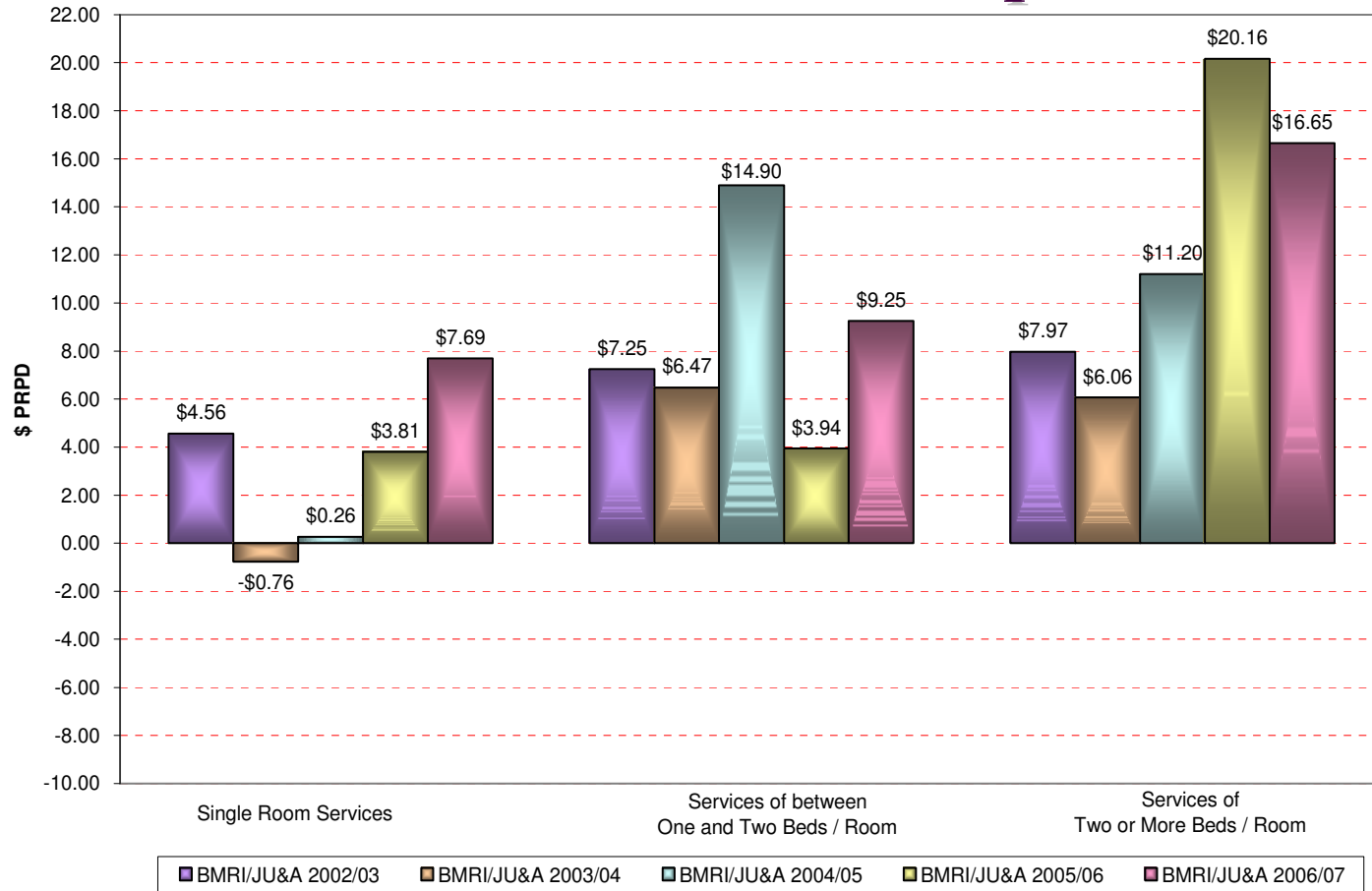
What Does Extra Service Status Mean?

A DoHA approval to charge higher fees to residents of an “above-average” service **and** to charge an accommodation **bond** to High Care residents in lieu of an accommodation **charge**.

Single-ensuited rooms are the most preferred type of High Care accommodation (“Greatly Preferred” accommodation type)



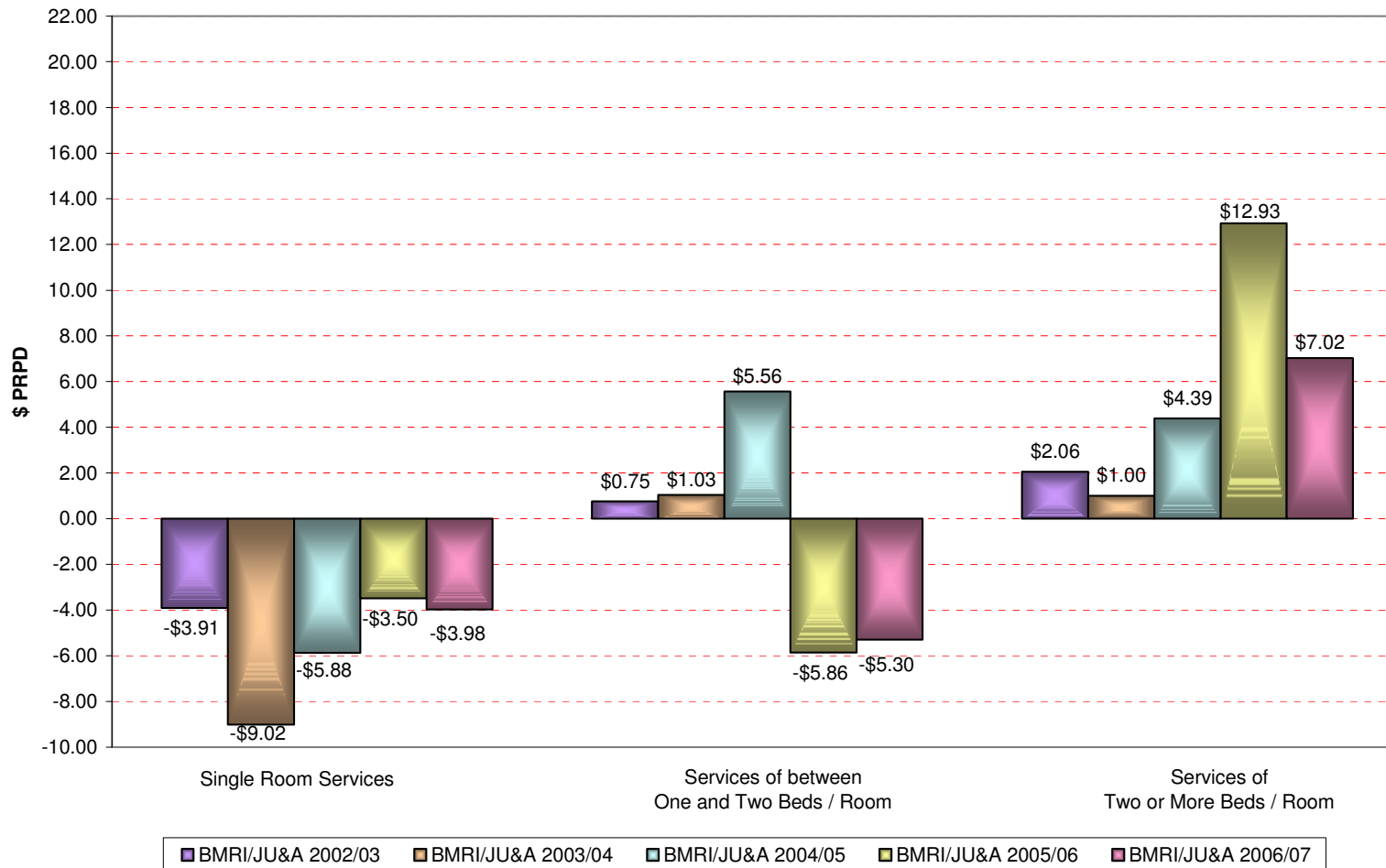
Single room High Care services are costly to build and run, both before “capital” costs...



Source: Bentleys
MRI/JU&A
National Survey

Movement in EBITDA by Room Type - High Care

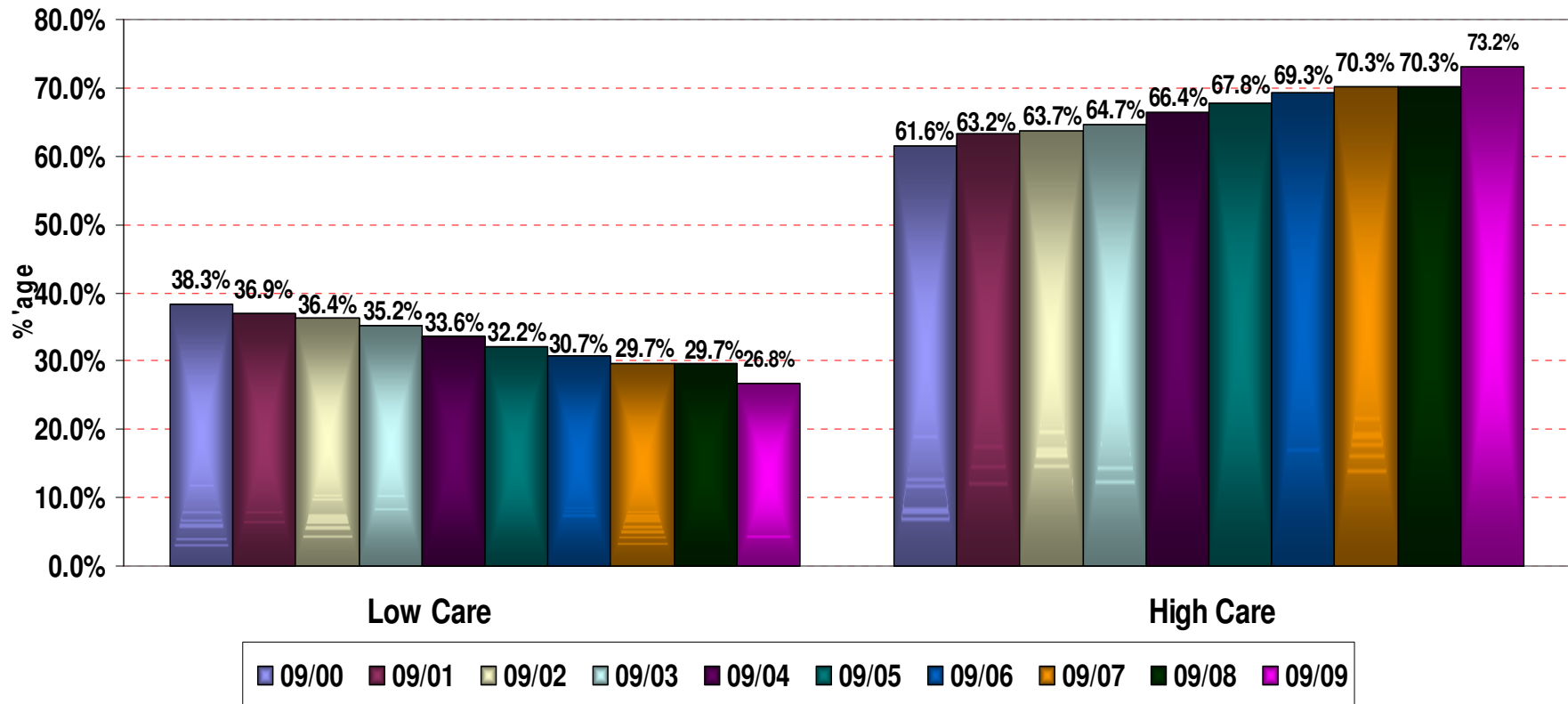
...and after “capital” costs.



Source: Bentleys MRI/JU&A National Survey

Movement in Surplus/(Deficit) After Other Costs by Room Type - High Care

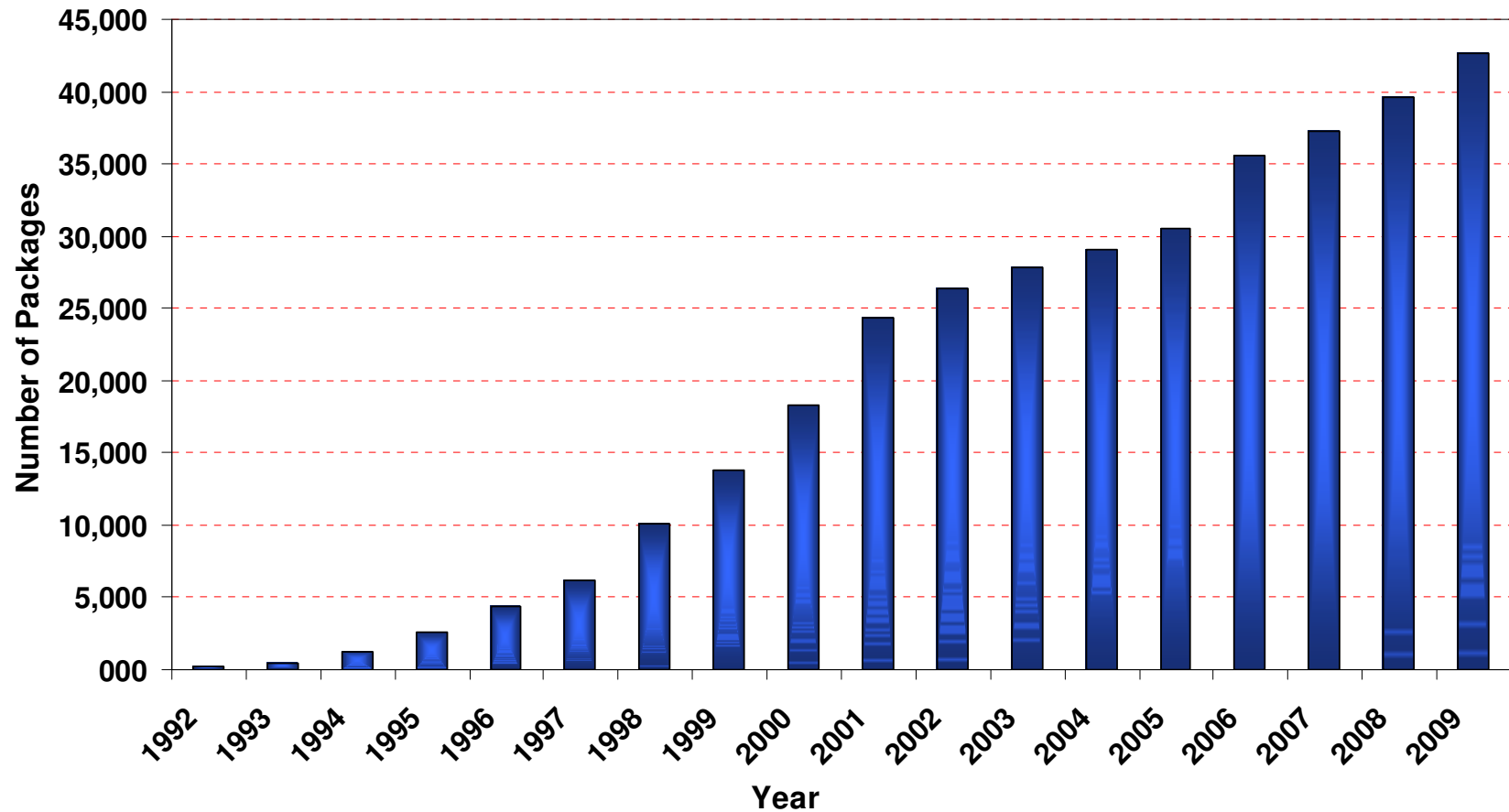
Numbers of Low Care residents are decreasing



Movement in Low Care & High Care Resident RCS/ACFI Levels as Proportions of All Australian Residential Aged Care Residents Sep 2000 to Sep 2009

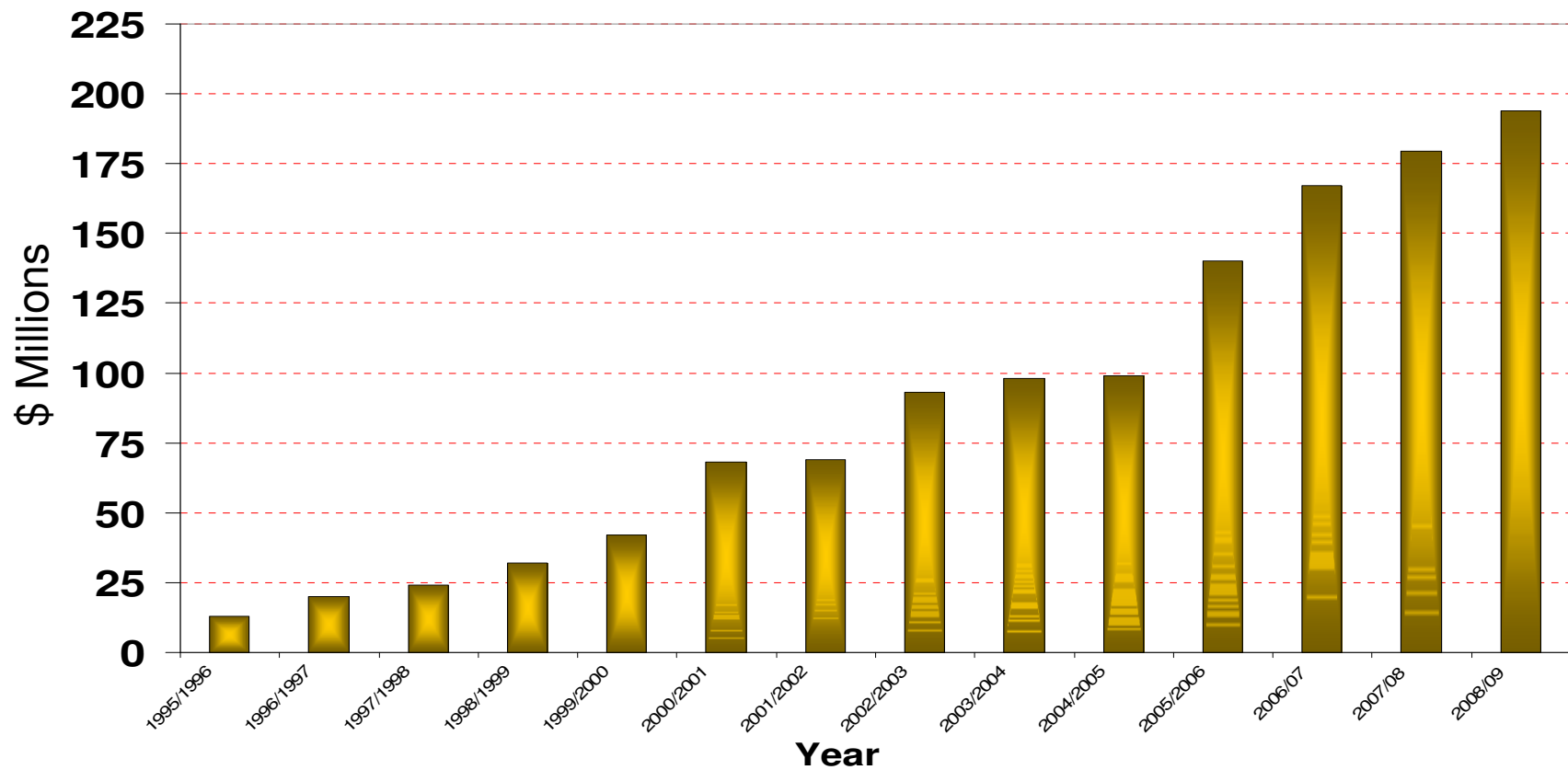
Numbers of CACPs are increasing

Number of Community Aged Care Packages, 1992 to 2009

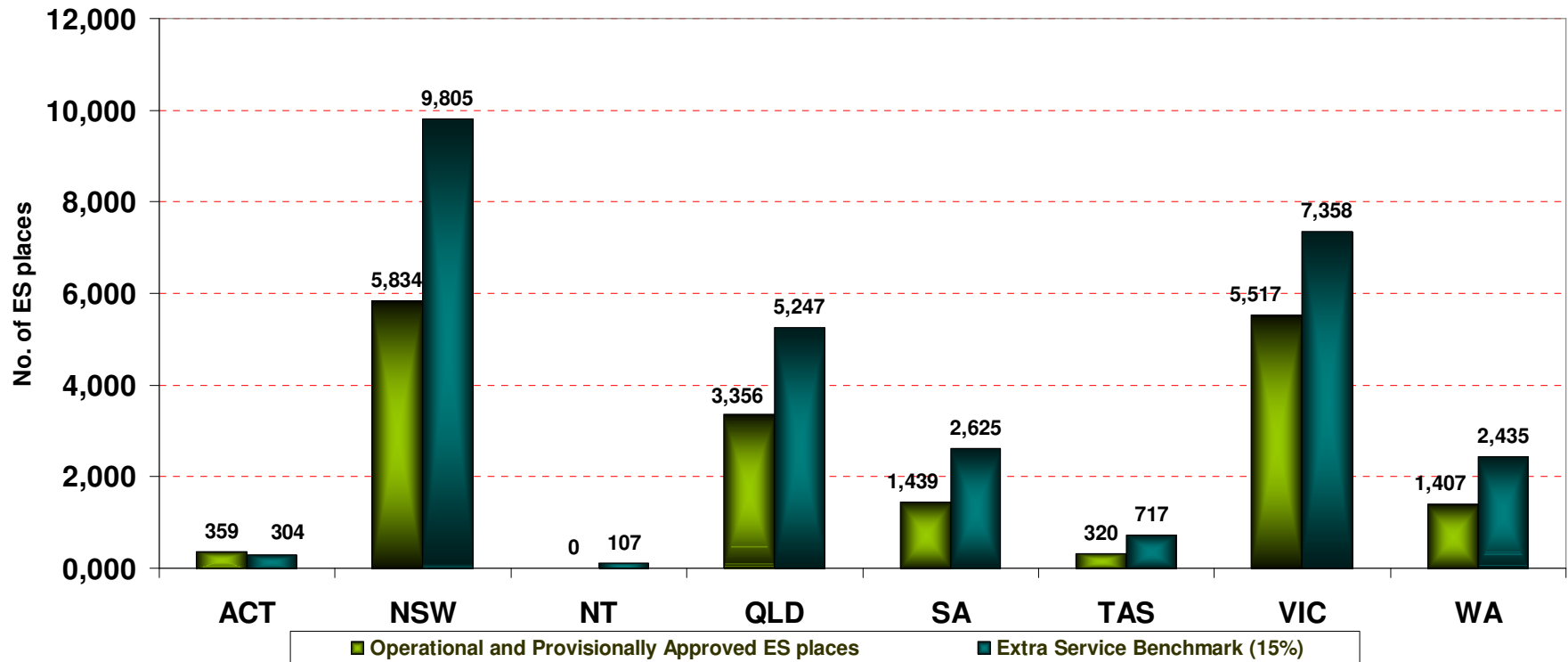


Commonwealth support for respite is increasing

Australian Government support for National Respite for Carers Program, 1995/96 - 2008/09

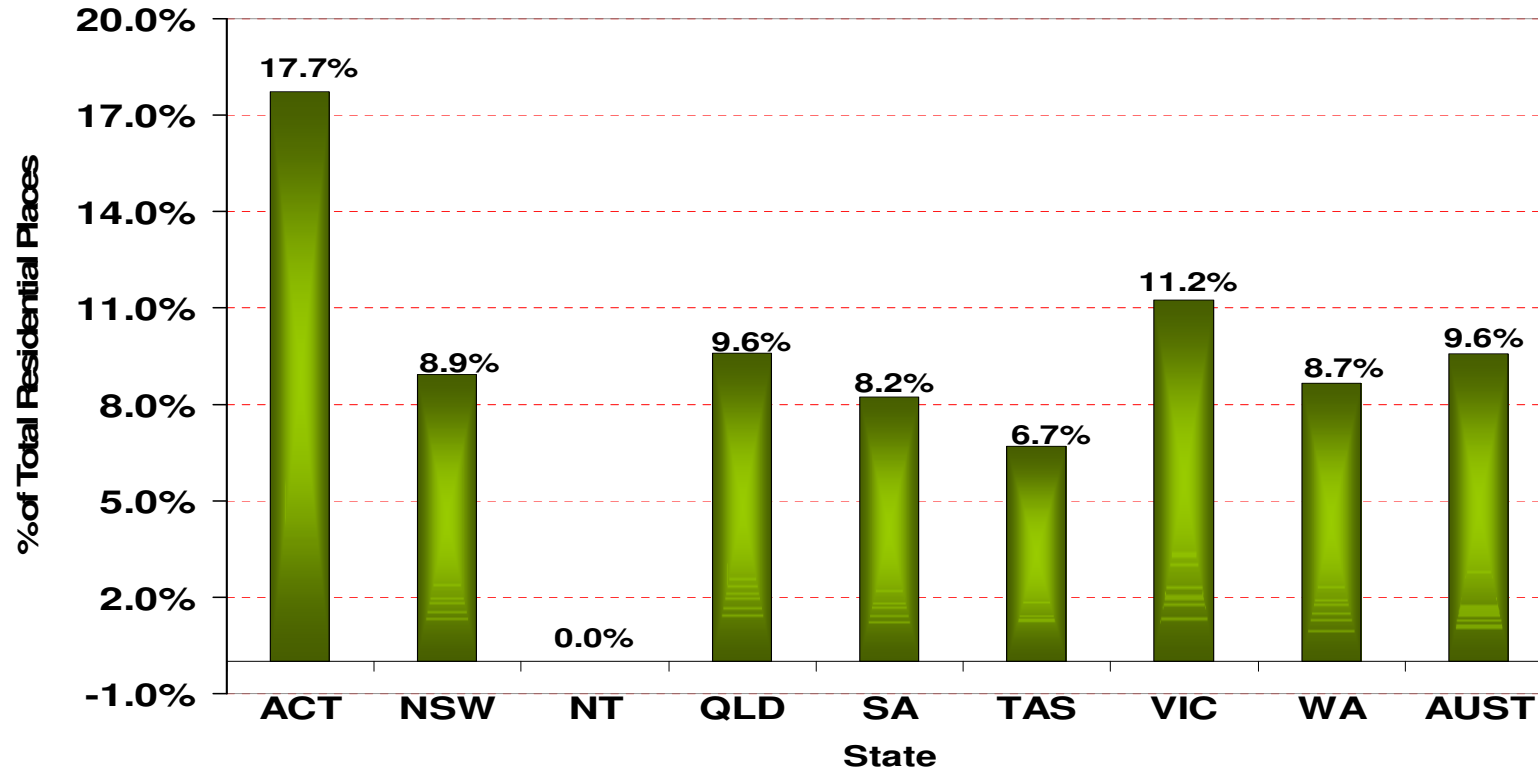


How do the numbers of ES places compare to the 15% limit in 2010?



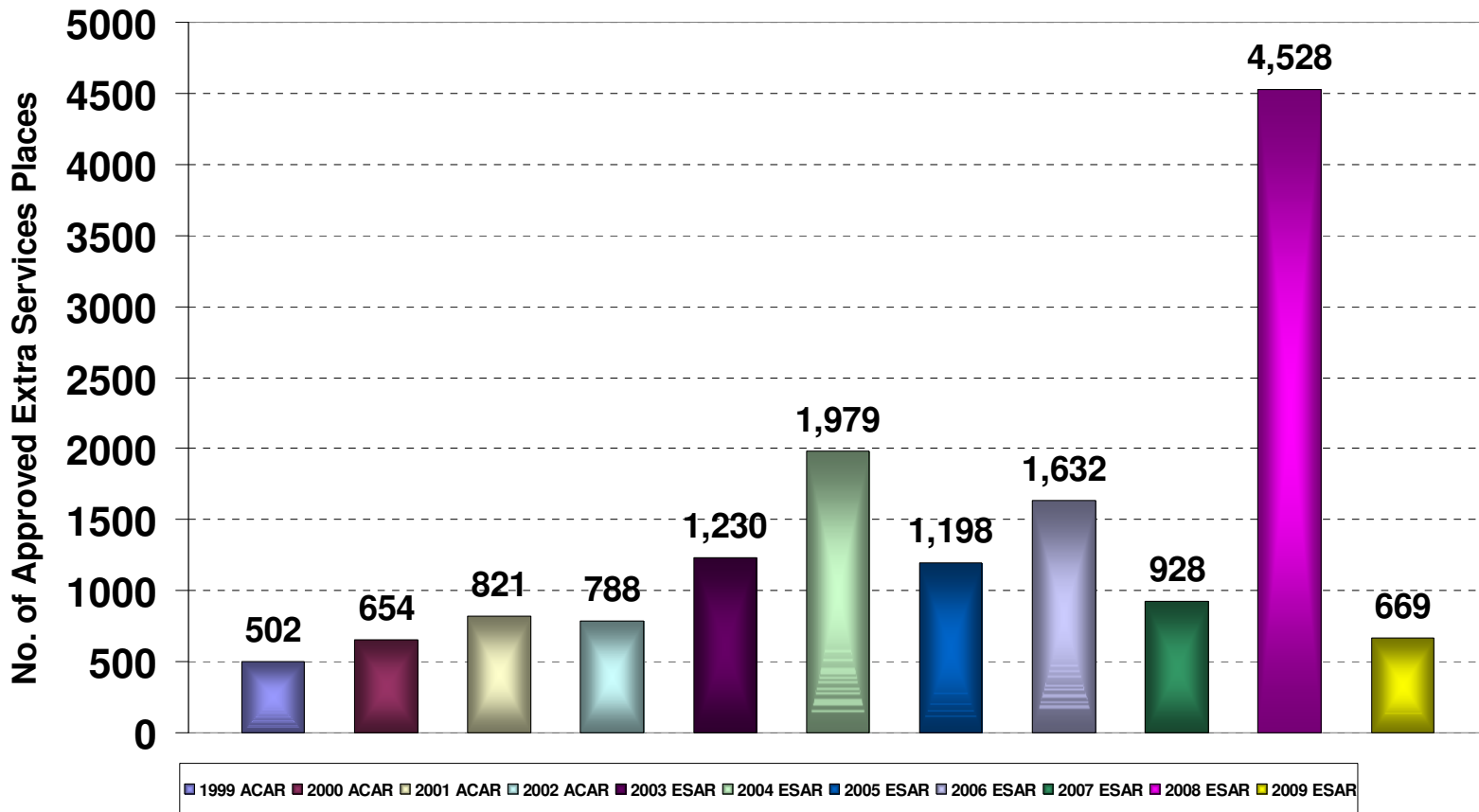
Operational plus Provisionally-Approved Extra Service Places Compared to Australian Government Benchmark of 15% of all Residential Care Places – As at May 10, updated with Jul 09 ESAR allocations.

9.5% of all residential places in Australia are ES



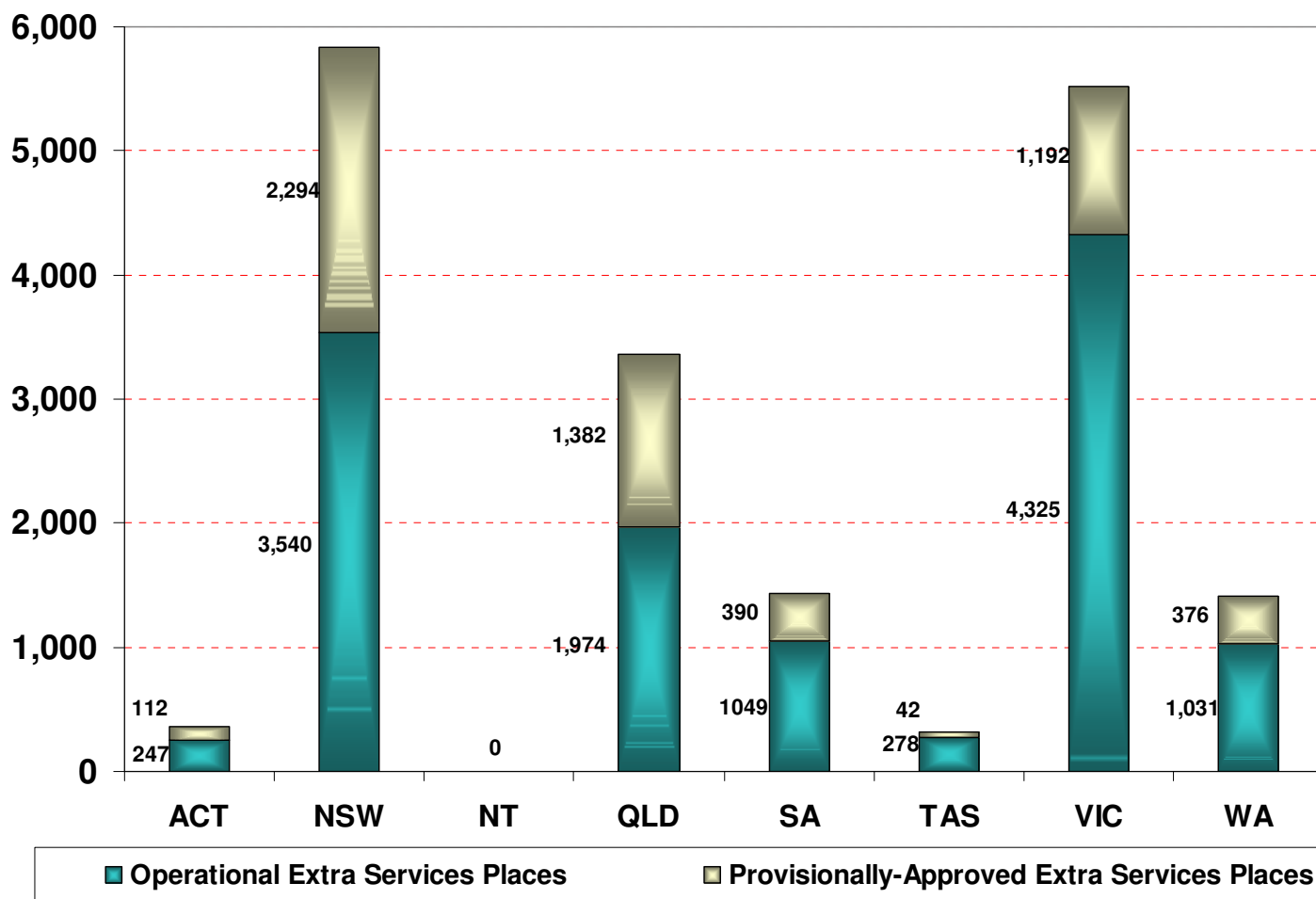
Operational plus Provisionally-Approved Extra Service Places as a Percentage of Residential Aged Care Places - as at May 10, updated with Jul 09 ESAR allocations and using 30 Jun 09 DoHA Service List plus Provisionally Approved Places from 2007 & 2008 for number of Residential Care places.

ES numbers expanded rapidly until DoHA's advice of "over-supply" in some regions in 2009



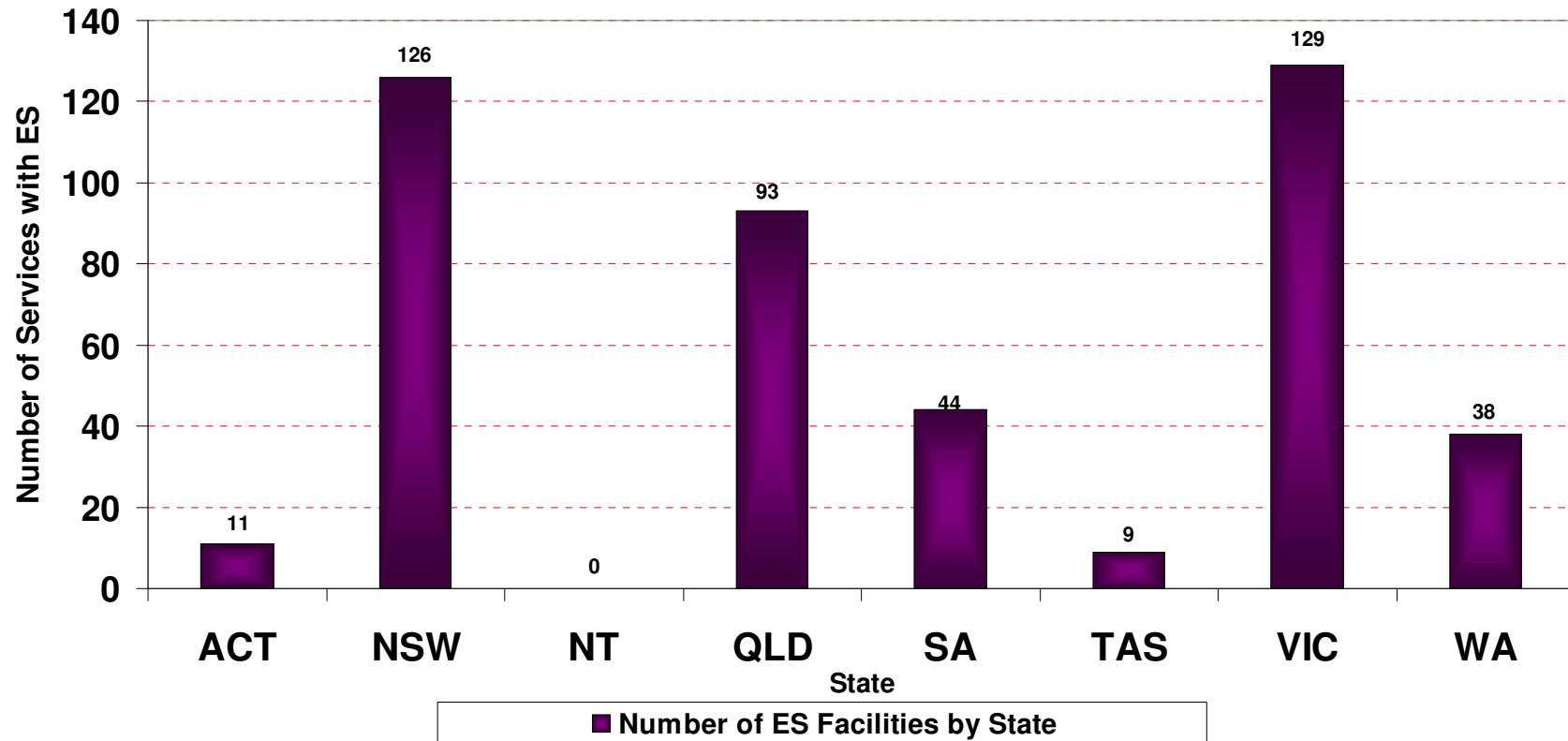
*New approvals for Extra Services Places – Total per Year
(Includes Jul 2009 ESAR allocations)*

NSW is still leading the ES way...but only just!



Operational and Provisionally-Approved Extra Service Places - As at May 10, updated with Jul 09 ESAR allocations.

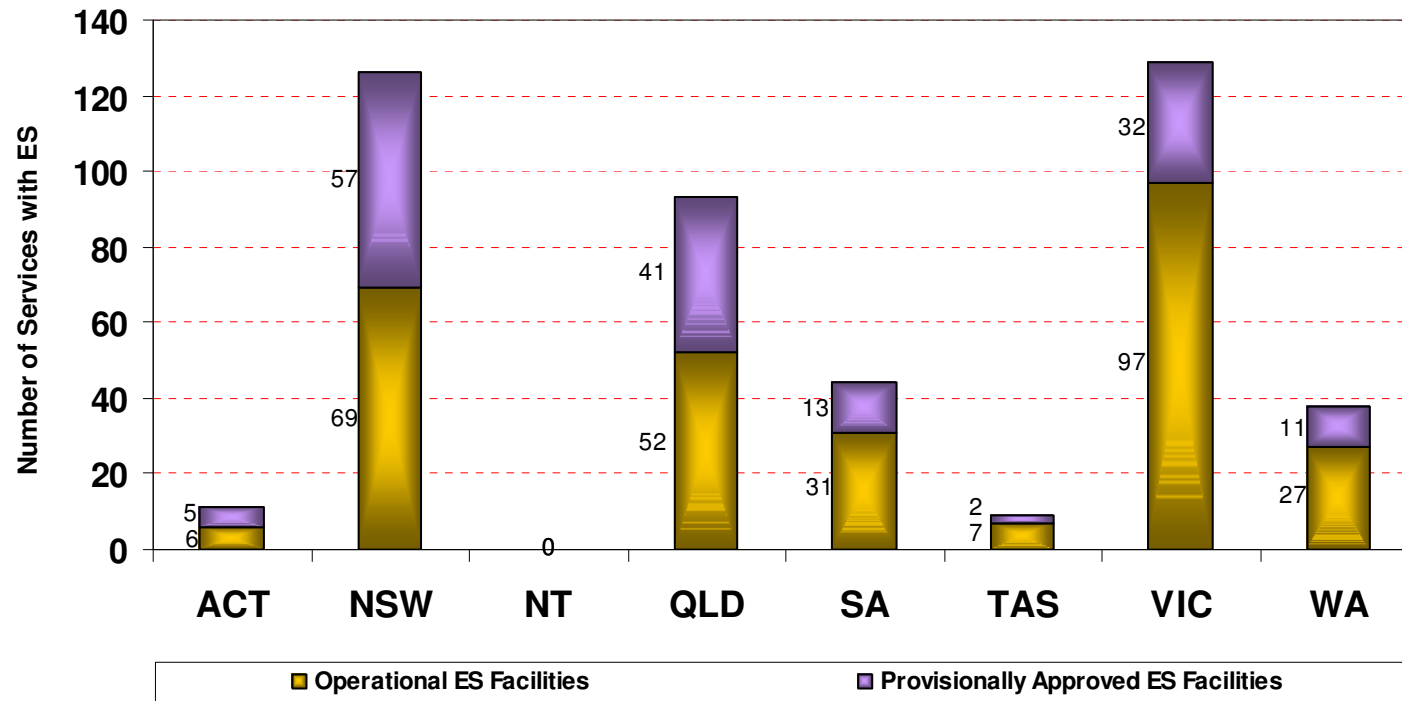
15% of all Services have ES...



Operational and Provisionally-Approved Extra Service Places. As at May 10, updated with Jul 09 ESAR allocations.



...but not all are operational yet



Operational and Provisionally-Approved Extra Service Places as at May 10, updated with July 09 ESAR allocations

Groupings of recent successful ES applications

| Operator | No. of Services | | No. of States & Territories |
|--------------------|------------------------|-----------|--|
| Anglican | 6 | in | 3 States plus ACT |
| Baptist | 2 | in | 2 States |
| Catholic | 12 | in | 4 States |
| Charitable | 24 | in | 5 States plus ACT |
| Churches of Christ | 9 | in | 2 States |
| Freemasons | 1 | in | 1 State |
| Jewish | 1 | in | 1 State |
| Lutheran | 5 | in | 2 States |
| Private-for-Profit | 65 | in | 4 States |
| Religious – Other | 7 | in | 2 States |
| Russian | 1 | in | 1 State |
| Uniting Church | 3 | in | 3 States |
| TOTAL | 136 | in | 6 States plus ACT |



The basics for applying for ES status

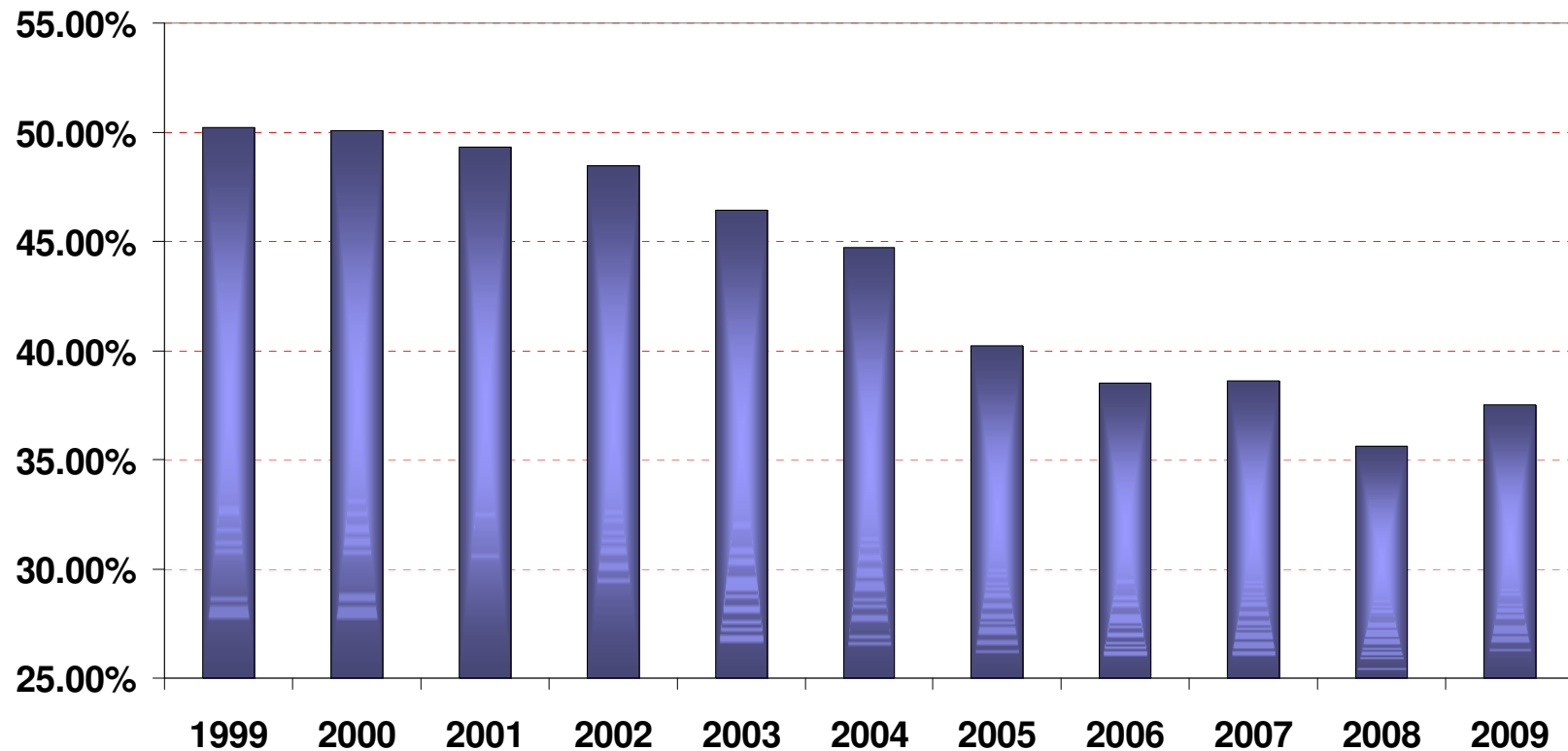
- ...
- ...
- Not be in a region deemed to be “over-supplied”
- Have 60 ‘points’ on ESS list
- ...
- ...
- Select ‘all’ or ‘definable areas’



How do you market ES?

- As being particularly flash *or*
- As having larger/newer/better rooms *or*
- Like a **non-ES low care** service:
 - **Without** differentiating care
 - **Without** differentiating service standards
 - **Without** differentiating staff
 - Differentiating **only** by payment terms

Numbers of concessional residents are decreasing (usually)



Movement in Proportions of Concessional and Assisted & Supported Residents as a Proportion of all Residents in Australian High and Low Care Services June 1999 – June 2009



Remember...

- Extra services does **not** mean ‘over the top’
- It does **not** mean ‘rich people only’
- It does **not** mean ‘the Ritz’
- “*Extra services*” is actually Latin for “*bonds and viability in High Care*”



Marketing recommendations – Bonded High Care and General

- Avoid the term “Extra Services” altogether:
 - **instead use “Bonds in High Care”**
- Focus on the excellent facility:
 - **private ensuited rooms, “name” provider, location, staff levels, food etc.**
- Don’t market as an “additional” ES daily fee to be paid every fortnight or month:
 - **advise residents of the one standard option offered of bond, basic daily care fee, and the total annual retention (ie statutory retention plus ES fee component). This assists accessibility of all places to any home-owning pensioner who lives alone, regardless of how little income they may have.**
 - **“Peace of mind” guarantee**
- Consider making Low Care non-ES retentions the same as High Care ES through pp’s.



Marketing recommendations – Bonded High Care and General (Cont'd)

- An open day with key referrers (ACATs etc)
- Placing DL-size brochures in doctors' surgeries
- No Centrelink/DVA asset assessment
- Consider lower bonds with pp's
- Waive part or all of extra retention for first 20 residents
- Use respite – ensure sufficient days
- Offer emergency and short-term respite, not “scheduled” respite
- Monitor feedback from potential residents



Marketing recommendations – Bonded High Care and General (Cont'd)

- Determine centralised or “site-by-site” admissions
- Set supported resident target
- Automatically encourage to pay a voluntary 10% or 15% deposit at entry
- “Letter of Comfort”
- No Accom Charge offered in ES services (ever)
- If numbers of ES places wrong, change them
- Delete any and all ES conditions that are different to general conditions



Additional fee strategies for very low or no care need persons

- DoHA Qtrly Survey of ACFI as at 30 Jun 09:
 - There are 5785 persons on saved RCS rates of \$27.94/day or more whose ACFI subsidy would be \$14.11.day or less.



Additional fee strategies for very low or no care need persons (cont'd)

- Offer unfunded places in non-ES wings to persons with a NNN subsidy (or NLN, NNL or NLL)
- Charge an additional \$40 to \$50/day
- Offer to withdraw the amount from the bond lump sum automatically
- Advise persons they will be moved to a funded status once their care needs qualify them for a High Care subsidy (ACFI or ACAT)