



### **Presentation to the Senate Committee**

I wish to thank you for the opportunity to write this submission to the Senate Committee.

The following are comments and concerns that I have as a CEO and provider of Community and Residential care in regards to the LLLB reforms and the ACFI under subsidisation to providers in delivering care.

It is my firm belief that with the Living Longer Living Better reforms (LLLB), the Government have forgotten about people and solely concentrated on money. Of course we have an ageing population but in making decisions about age care, the Government's main concern has been to save money and they have forgotten about the people who have made this country what it is. The Minister has stated that he has spoken with consumers; well in my position as CEO of a 117 bed facility, a number of ILU's, member on three other committees working for the community care area and helping to re-establish a bowls Club with over 1000 members, nobody I have spoken to, know about the LLLB reforms. This is a reform being placed on the people of Australia of which a great majority know nothing about.....it says a lot about communication, working with the people and for the people.

This organisation is certainly happy with the concept of Level 1, Level 2, Level 3 and Level 4 in the Community care sector and full credit to the Government for that concept. We also felt that the idea of Bonds in high care is a good concept and the gateway for contact again for information is again a good idea, however many other ideas in the reform fly in the face of reason.

I will address my concerns as per issues;

**Aged Care Bills:**

**Issue 4: Refundable Accommodation Deposit (RAD) and Daily Accommodation Payment (DAP).**

In regards to this issue I have concerns for people wishing to enter residential care and for the provider as well.

The Government is putting forward that a 28 day period for clients be put in place (for clients) as a time period to decide a payment option. It is clear that there should be a default position, and that should be the RAD, as this is more beneficial to the consumer and the approved provider. This allows for financial investment ,and funds then become available for improvement to the residential aged care facility (RACF).

Facilities need money in the bank so that capital developments can take place. Banks will not lend money unless the RACF has funds already invested. The policies to date from this Government have been to cut funds to facilities which:

- 1) make it impossible to meet expenditure increases and
- 2) leaves nil money for investment.

The industry is slowly being squeezed of the funds needed to extend an appropriate care to people in residential settings.

You maybe aware that the Government want to remove the retention from bonds, this would mean a loss to this facility of \$134,000.00 per year on top of the Aged Care Funding Instrument of nil increase for this passed year and the abolition of the 1.75% CAP back in 2008; this facility will be losing close on \$350,000 per year thanks to government changes. Says a lot about care for the elderly people of Australia!!!

And they are not stopping at those reductions.

**Example in regards to the RAD and DAP.**

A provider advertises that their bond is \$370,000. For high care.

A person enters residential care with a Centrelink financial assessment of \$150,000.00. Based on the process from the 1<sup>st</sup> of July 2014 this is what will happen.

The person hands the provider \$107,000. This is calculated as \$150,000 less \$43,000 which the Government require the person to keep for themselves.

You now have \$107,000 bond. As the facility has a bond requirement of \$370,000 that person must pay a periodic payment of (known as a daily accommodation payment DAP) worked out on the difference between the \$107,000 and the \$370,000. On today's scales that is \$263,000 x 6.99% MPIR which equates to \$18,383.70 per year or \$50.37 per day.

The client can then elect to have this taken out of the bond of \$107,000. This is unfair to the provider as they cannot invest the bond, and secondly unfair to the client as they have already paid a bond and they have to be expected that the DAP be taken out of that amount which is \$18,383.70 per year.

I believe that the old system was not broke so use it. That is, receive a bond for investment or a part bond and part DAP , in this case \$107,000 can be paid as \$50,000 bond and the remaining amount of \$57,000. As a DAP.

Request:

- That RAD be identified as the default payment.
- Use the old system it worked.

### **Issue 7: Community care co-payments**

In short the introduction of Level 1, 2,3,4, into the community setting is a good step, but that is where it ends.

The Government as a result of this introduction have cut 10% from the existing CACP and EACH financials to fund the dementia section of Community care. On top of this, the Government are now looking for a co-payment by people to receive care in their own home. Where as the community were asked to contribute up to \$62.00 per week for their care and most people were paying around \$30.00 a week, we now find that people will be expected to pay for pensioners up t \$62.00 a week (\$1560 extra), for Part Pensions up to \$158.00 week (8,216pa) and self funded retirees \$254 per week (\$13,200 pa). This will be all Centrelink assessed.

What are the implications: More people will choose to not receive care because they either don't have the money or they don't wish to pay for this service which will result in more hospital emergency visits and admissions and people entering residential care earlier than they wanted to. This fly's in the face of what the Government wanting to achieve, and that is the keep people in their own home for as long as possible. The Government are putting obstacles in front of this happening.

I would request that the Co-payments for Community care be removed from the current reform process. If there is to be a charge then align it with the pension and nobody, including part pensioners and self funded retirees, would pay anymore than 17.5% of the pension.

Summary:

There will be much hardship with this reform package. Many smaller and medium size providers will suffer the most. The question is do you want a quality age care system or a second rate one. Your decision.

I would appreciate the opportunity to meet with the senate Committee to express my views on this LLLB reform.

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