



Association of Independent Retirees (A.I.R.) Limited

ACN 102 164 385

Submission

to

Inquiry into Residential and Community Aged Care in Australia

November 2008

28 November 2008

The Secretary
Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600 email : fpa.sen@aph.gov.au

Dear Ms McDonald

**Association of Independent Retirees (A.I.R.) Limited
Submission to Inquiry into Residential and Community Aged Care in Australia**

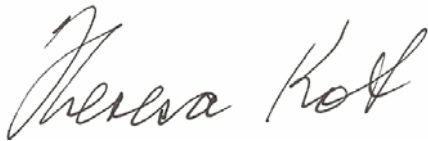
In the attached Submission, A.I.R. recognises (1) that current funding levels of Residential Aged Care Facilities might not be sufficient to meet the expected quality service provision outcomes; and (2) the inequity that exists for some new residents regarding the Care Recipient's Minimum Permissible Asset Value when establishing the amount of Accommodation Bond payable.

A.I.R. believes that it is fair that all residents entering into residential care should pay an Accommodation Bond to assist the Provider financially, and that residents, after payment of the Bond amount, should expect to be left with sufficient amount to meet personal expenses for several years.

A.I.R. is grateful to have this opportunity to make this Submission, and also for the extension of Submission date to 1 December 2008.

Should you require any further information, please contact me on phone: (02) 9553 6805 or by email at: tkot@ozemail.com.au

Yours sincerely



Theresa Kot
National President

About the Association of Independent Retirees (A.I.R.) Limited

The Association of Independent Retirees (A.I.R.) Limited is the peak body representing the interests of retirees who are fully or partly self-funded in retirement. A.I.R.'s members include full self-funded retirees, part-pensioners, and superannuants.

Formed in 1990, A.I.R. is a not-for-profit, non-political, volunteer organisation that is focused on matters affecting the standard of living, health and welfare of retired and partly-retired people.

As well as carrying out research and gathering information that will assist its members in maximising their life opportunities, A.I.R. is committed to educating the wider community (including political parties at all levels of Government) regarding the views and concerns of self-funded retirees.

Introduction

The Association of Independent Retirees (A.I.R.) Limited (hereafter referred to as A.I.R.) recognises that its members and all retirees need to have assurance of the availability of high standards of care and service in residential aged care facilities.

The Association of Independent Retirees puts forward to the Inquiry the following Recommendations:

1. That the Accommodation Bond requirements, as set out in the Aged Care Act 1997, should be amended to include payment of the Bond in both Low and High Care in residential care facilities.
2. That, in terms of The Aged Care Act 1997, 57-12, Subsection (3)(b), A.I.R. requests the Federal Government to increase a care recipient's minimum permissible asset value to be an amount equal to 4 times the basic age pension amount at the time of the care recipient's entry to residential care service.

Recommendation 1 - Accommodation Bond

The benefit of having an Accommodation Bond in both Low and High Care would be the additional financial resources available to the Provider, thus assisting in maintaining high standards required by Government, and high standards of care and service needed by residents. It would also assist the smooth transition of a resident from one level of care to another.

It is becoming evident that with Home and Community Care services being used more frequently by retirees, more people are entering residential care High Care as the first point of entry.

Recommendation 2 – Care Recipient's Minimum Permissible Asset Value

'The Aged Care Act 1997, 57-12, Subsection (3) A care recipient's minimum permissible asset value is

- (a) the amount obtained by rounding to the nearest \$500 (rounding \$250.00 upwards) an amount equal to 2.5 times the * basic age pension amount at the time of the care recipient's entry to the residential care service; or
- (b) such higher amount as is specified in, or worked out in accordance with User Rights Principles (**basic age pension amount means the annual maximum basic rate under point 1064-B1 of the Social Security Act 1991 that applies to a person who is not a member of a couple within the meaning of that section*)'.

The present amount of 2.5 times the basic age pension amount, approx. \$36,500 is inadequate for most residents' personal expenses, and needs to be calculated at 4 times the amount of the basic age pension, approx. \$58,500.

(Please note: The basic age pension rate used was \$562.10 per fortnight, \$14612 per annum).

After paying an accommodation bond, many residents could be left with insufficient funds for personal expenses. Many Low Care residents are reasonably mobile and will not want to spend all their time in their care residence. Of these, some will not have relatives or friends to take them out, so they have to rely on taxis and paid companions, particularly when attending medical specialists appointments. The personal expenses listed below are examples of those which might be incurred by Low Care residents who receive a part Age Pension, or a Commonwealth Seniors Health Card, because both groups would receive prescription medicines under the Pharmaceutical Benefits Scheme. There would be personal expenses other than those listed, but the main items have been shown. Some residents in Aged Care would require more than 6 prescriptions per month, but 6 appeared to be a reasonable average.

For Low Care Residents	Per Month	Per Year
Private Health Insurance (Hospital cover only)	\$91	
Podiatrist \$40 every six weeks	27	
Pharmaceuticals under PBS – 6 per month @ \$5.00	30	
Vitamins /Alternate health	-	
Vitamin D – Ostevit-D, 90 tablets, \$15.20	5	
Arthritis - Bioglan Glucosamine \$25.95 month	26	
Fish Oil Capsules – Bioglan 400 capsules \$17.95	5	
Incontinence aids – Tena – 24 pads \$10.30 per week	41	
Taxi fares – half price – 1 return fare weekly \$25	100	
Companion – 3 hours per fortnight - estimated	100	
Lunch outing – care facility bus	15	
Hairdresser/Barber	15	
Cosmetics, Creams, toiletries, sundries - estimated	30	
Footwear - per year \$150.00 - estimated	12	
Clothing - per year \$400.00 - estimated	33	
Telephone - estimated	40	
	<u>\$ 570 x 12 =</u>	\$6840 pa

Note: There are one-off items of special expenditure that could be incurred over the resident's stay, such as: Wheelie/walker \$160; 4-wheeler motorised Chair \$1,750; 4-wheeler motorised Chair indoor/outdoor \$2890.

The above chart illustrates that the present Care Recipient's minimum permissible asset value of around \$36,500 is inadequate, and that one of four times the basic age pension amount i.e. approximately \$58,500 would ensure that the resident had sufficient funds to last for eight to nine years. There could be some additional income from Bank Interest, but this would be offset by 'gap' payments to medical specialists, or additional Private Health Insurance that would give more cover than the Hospital only cover amount listed, other expenses not listed, or possible items of special expenditure noted above.