

ACAA

ANALYSIS OF BUDGET 2009- 2010

CAP INDEX

The Budget has fixed CAP at 8.75% plus annual COPO index and it will remain as a separate index to the base subsidy.

COPO INDEX

There is no indication at this stage that there will be any change to the COPO index. COPO Index will be applied to base subsidy.

PENSION INCREASE

All single aged pensioners have received a weekly increase of \$32.49 payable from 20 September 2009.

Aged care providers will receive \$22.49 for each full single pensioner per week. Full pensioners are approximately 70% of the resident population. The base pension will rise to \$256.27 per week or \$36.61 per day basic care fee.

The full single pensioner within an aged care setting will retain \$10.09 per week for personal use.

There will be a transition arrangement for new part pensioners and new non pensioners to bring all payments into line over time however, existing pensioners in these two categories will be grandparented for the length of their stay at existing rates plus any applicable half yearly index.

The percentage of the aged pension that will in future be contributed towards the basic daily care fee will be 84% of the new combined pension amount which obviously involves a 1% reduction from the existing 85%.

This means that existing residents are making a contribution from the single aged pension at 77% of the new combined total pension and there is a complicated formula which will apply a 1% increment each six months from 20 September 2009 until all new residents, full pension, part pension and self funded non pensioners either pay 84% of pension as the basic daily care fee or the equivalent if self funded non pensioner.

\$25M provision over four years to assist with the transitioning provisions for new part pensioners and new self funded retirees where Government will make up the difference to the higher daily fee.

It is also our understanding that all pensioners will receive the six monthly index to base pensions on 20/09/2009 and 20/03/2010. The Government has asked ABS to develop a new index specifically targeted at social welfare beneficiaries. The new pension increase each six months will then become the greater of CPI, 25% of average weekly earnings or the newly developed index.

PRUDENTIAL REGULATION

The Budget makes provision to not proceed with recovery action from the industry in circumstances where the Commonwealth is unable to secure full reimbursement for bond liabilities where a provider has failed to repay bonds to residents.

TECHNOLOGY

Assistive technology in community care programs has been discontinued with \$25.8M returned to Government coffers.

VIABILITY SUPPLEMENT

The viability supplement for rural and remote facilities has been increased by \$14.8M over five years.

PALLIATIVE CARE STRATEGY

Confirmed the maintenance of funding for the residential care palliative care program.

CAPITAL FUNDING

There was no provision in this budget for any change to the existing capital system for residential care. ACAA is very disappointed that Government has not moved to address the very difficult capital situation. ACAA believes many providers will again review their commitment to capital investment and would put even more building work on hold until this issue is addressed.

COMMUNITY CARE

Community care funding increase would be contained to growth and the COPO index.

HACC places would be increased by 6% for the full year.

ACFI

It is planned to change the boundary between ACFI High and Low Care to more accurately reflect the ACFI assessment model and avoid the number of ACAT low/ACFI high events occurring.

INCOME TESTED FEE

The 28 day exemption period for the income tested fee will be removed. Residents will in future be required to pay the income tested fee from date of admission. This will probably require most providers to set the fee at the maximum rate until advised of the assessed rate from Centrelink.