

# **ACAA 25<sup>th</sup> Annual Congress**

**Perth**

**Nov 2006**

## **The Impact of a New Funding System**

**by**

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# Possible Loss of RCS Cat 7 Subsidy for New Residents

1. **Loss of \$9600pa per resident**
2. **“Grandparented” for existing residents**
3. **20% of all Low Care Residents are Cat 7. This is 13509 residents or \$130,000,000pa.**
4. **42% of Low Care services have >20% Cat 7’s** (Source: 2005 Bentleys/JU&A National Survey)
5. **11% of Low Care services have >40% Cat 7’s** (Source: 2005 Bentleys/JU&A National Survey)



# **Possible Reduction in Number of New Funded RCS Cat 6 Residents**

- 1. Loss of \$12,500pa per resident**
- 2. “Grandparented” for existing residents**
- 3. 22% of all Low Care Residents are Cat 6. This is 14523 residents or \$181,500,000pa.**



# **Possible Increase in Funding for Dementia and Palliative Care**

- 1. Re-allocate “funded” places availability to High Care**



# Possible Impacts

1. **Decline in proportion of new residents who can be levied bonds**
2. **Increase in ES places**

# The No Additional Fee Extra Services Concept

## Value of \$250,000 Bond in High Care:

|                                      |                          |
|--------------------------------------|--------------------------|
| \$250,000 @ 5.6%pa                   | \$14,000pa               |
| Plus: Retentions                     | <u>3,282</u>             |
|                                      | \$17,282pa               |
| Less: “Claw-back” @ \$2.50/day       | <u>913</u>               |
| <b>Total Value of \$250,000 Bond</b> | <b><u>\$16,369pa</u></b> |

## Compare to:

**Value of Max Accom Charge @ \$17.13/day: \$6,252pa**

**Difference: \$10,117pa or 17.71/day**

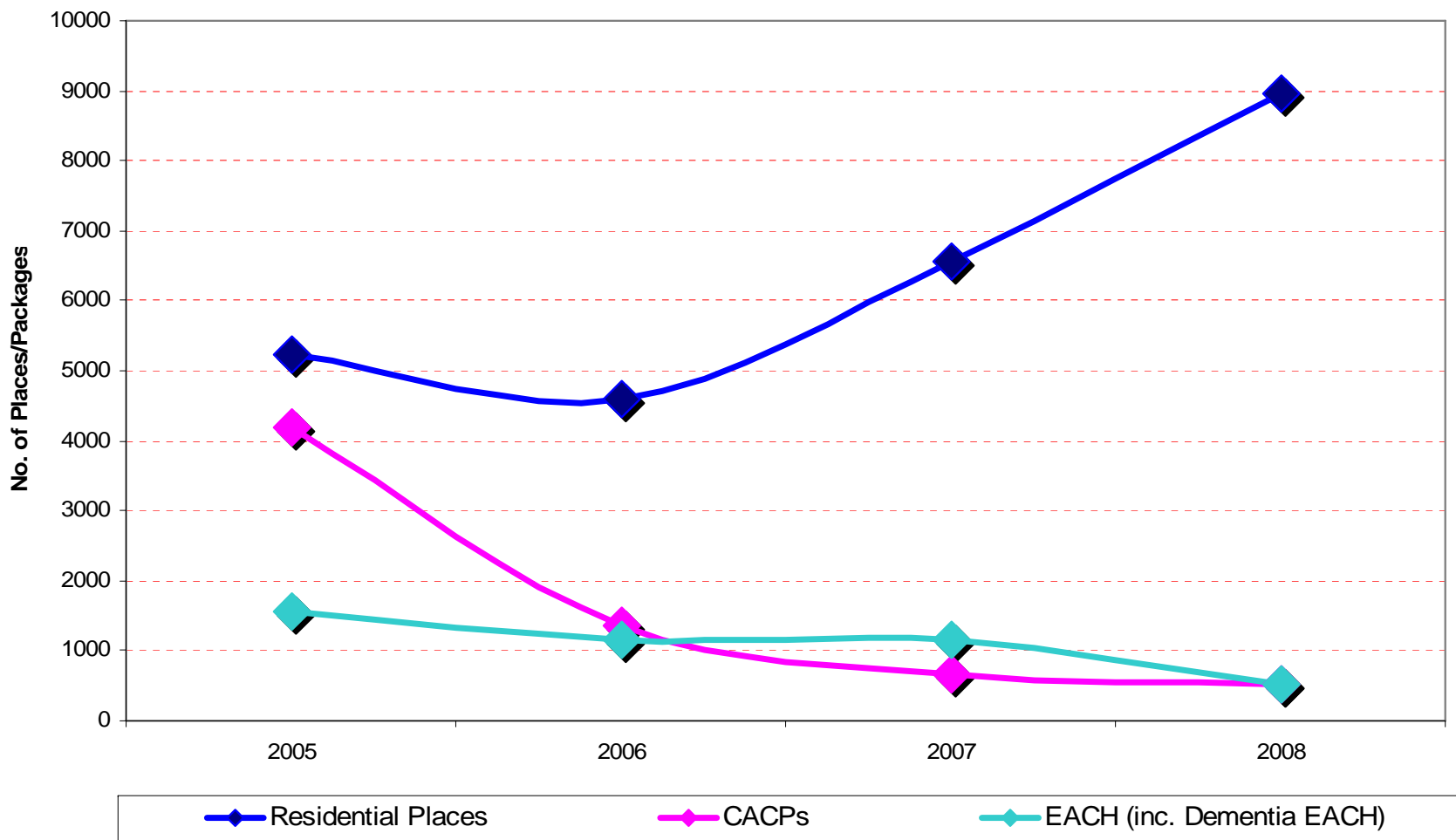
(At borrowing rate of 7.3%pa, difference is almost **\$40.00/day**)



## **Possible Impacts (Con't)**

- 1. Unfunded Places**
- 2. Apartments and serviced apartments**
- 3. Funded home care**

# Movement in Nos. of Residential & Home Care Places Released in ACARs 2005-2008





# Possible Impacts (Cont'd)

## 1. Self-funded home Care

1. Reverse mortgages
2. Other

## 2. Self-funded residential care

1. Reverse mortgages
2. Use of bond lump sums / exit fees (DMF's)
3. Other



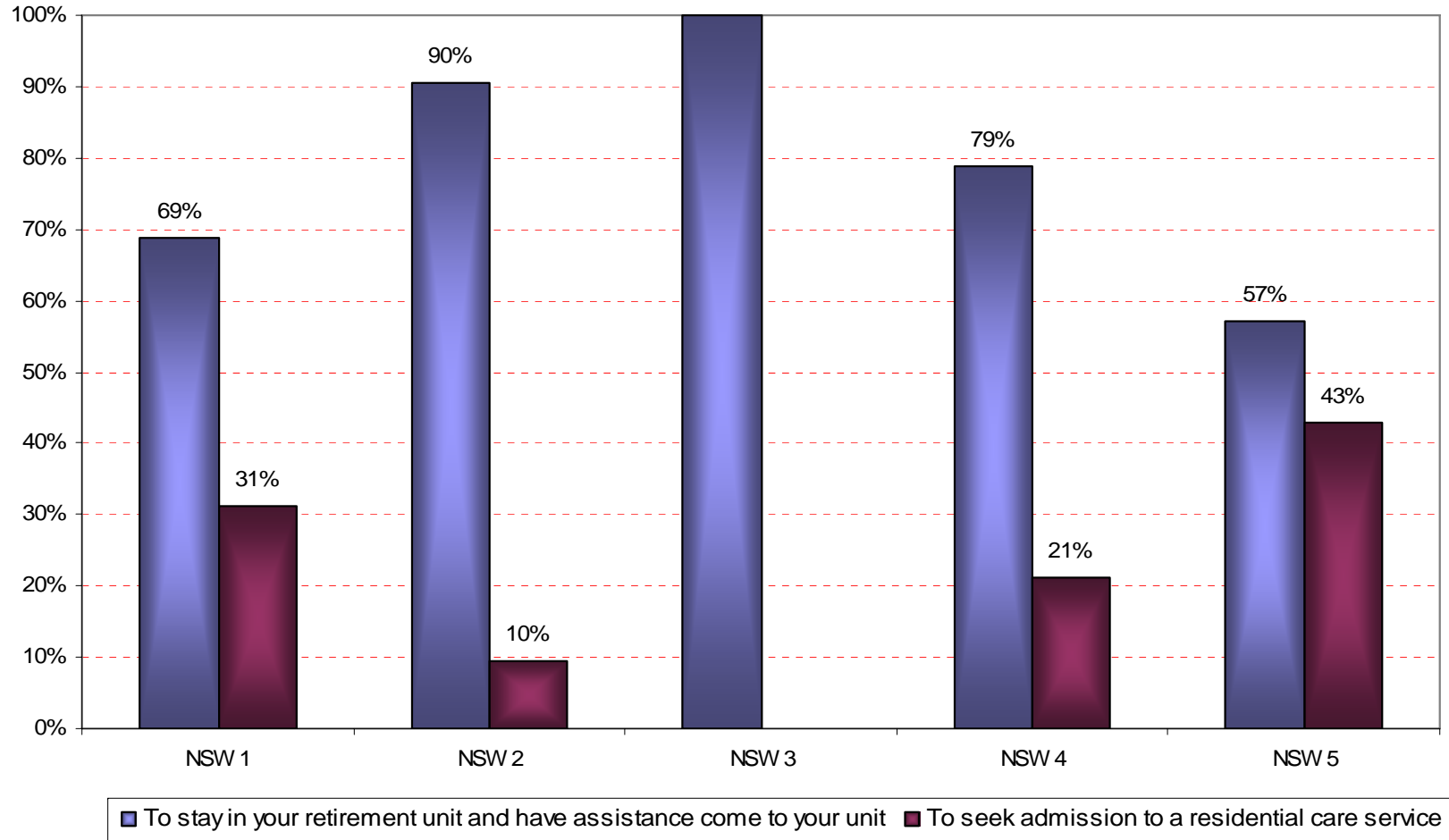
## **Possible Impacts (Con't)**

- 1. Massive growth in funded places for HC**
- 2. Occupancy shortfalls in all funded care**
- 3. Low desirability of “new system” LC places.**



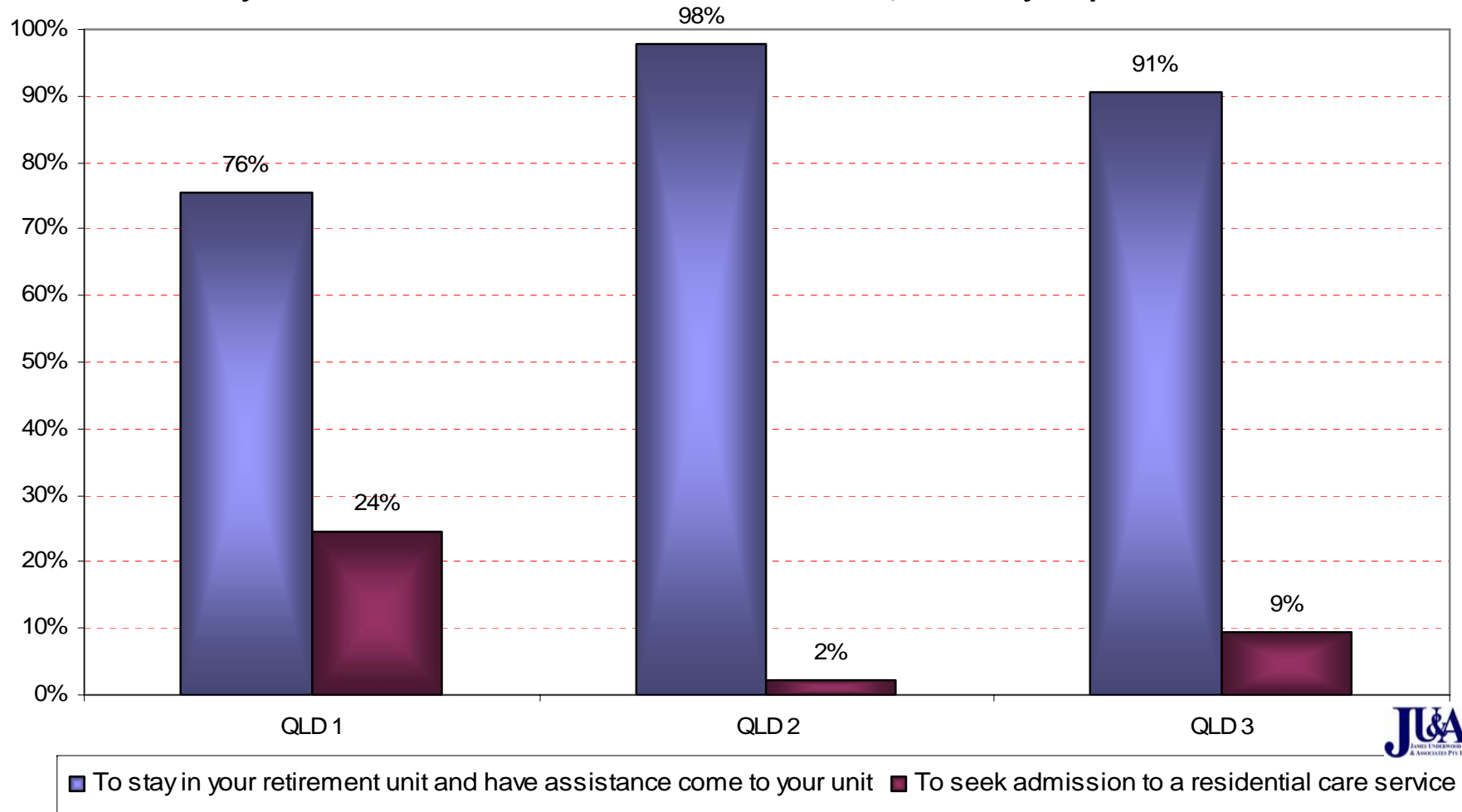
## FUTURE CARE PREFERENCES NSW RETIREMENT VILLAGE RESPONDENTS - 2006

*"If your care needs increase to a residential care level, which is your preference?"*



## FUTURE CARE PREFERENCES QLD RETIREMENT VILLAGE RESPONDENTS - 2006

*"If your care needs increase to a residential care level, which is your preference?"*

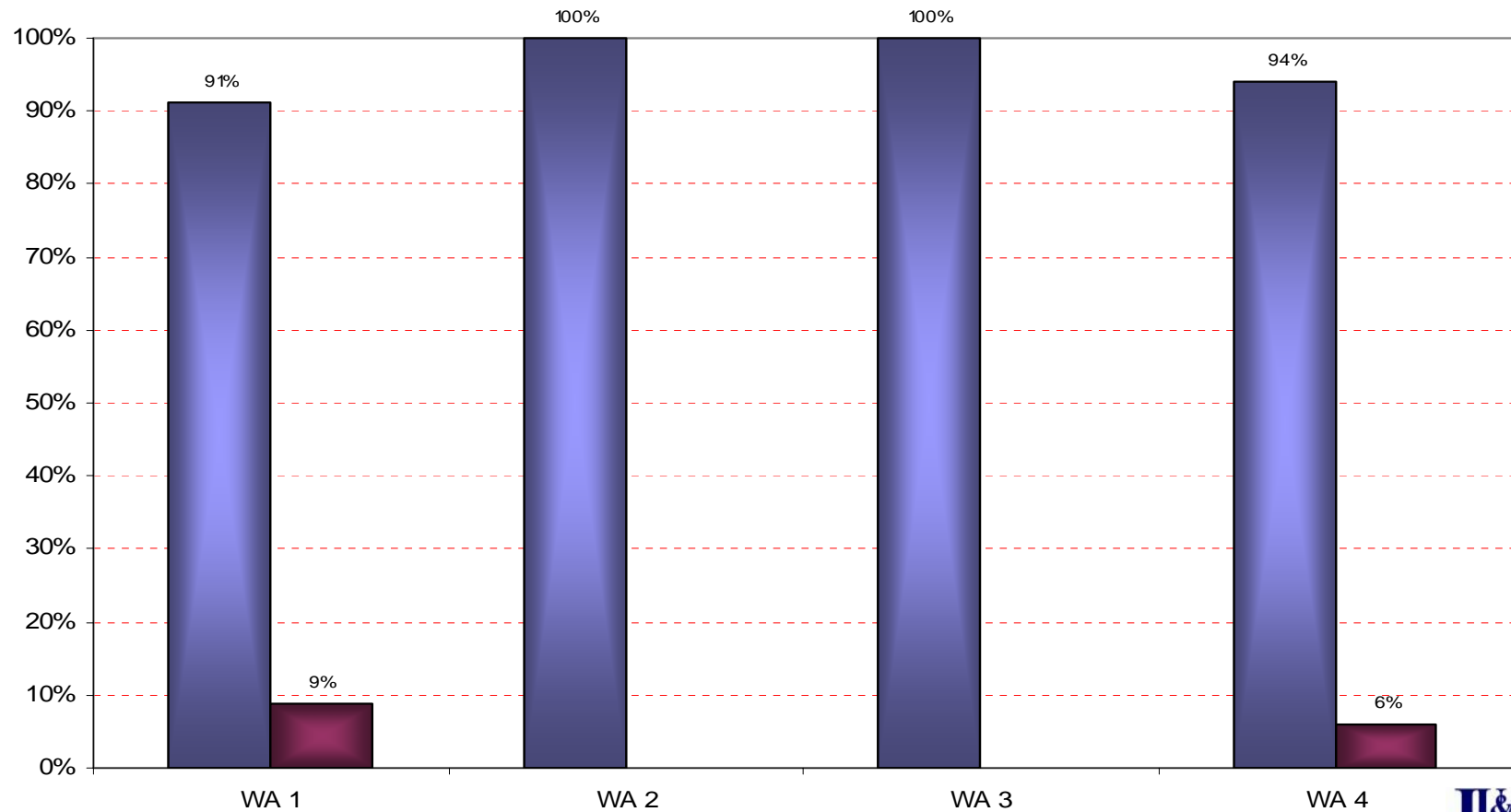




## FUTURE CARE PREFERENCES

### WA RETIREMENT VILLAGE & RENTAL UNIT RESPONDENTS - 2005

*"If your care needs increase to a residential care level, which is your preference?"*



■ To stay in your retirement unit and have assistance come to your unit ■ To seek admission to a residential care service

