

# Aged Care Legislated Review – Charles Penheiro

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## Table of Contents

<b>1.</b>	<b>Tell us about you.....</b>	<b>2</b>
1.1	What is your full name?.....	2
1.2	What stakeholder category do you most identify with? .....	2
1.3	Are you providing a submission as an individual or on behalf of an organisation? .....	2
1.4	Do you identify with any special needs groups? .....	2
1.5	What is your organisation’s name? .....	2
1.6	Which category does your organisation most identify with?.....	2
1.7	Do we have your permission to publish parts of your response that are not personally identifiable? .....	2
<b>2.</b>	<b>Response to Criteria in the Legislation .....</b>	<b>3</b>
2.1	Whether unmet demand for residential and home care places has been reduced.....	3
2.2	Whether the number and mix of places for residential care and home care should continue to be controlled.....	3
2.3	Whether further steps could be taken to change key aged care services from a supply driven model to a consumer demand driven model .....	3
2.4	The effectiveness of means testing arrangements for aged care services, including an assessment of the alignment of charges across residential care and home care services .....	4
2.5	The effectiveness of arrangements for regulating prices for aged care accommodation	4
2.6	The effectiveness of arrangements for protecting equity of access to aged care services for different population groups.....	4
2.7	The effectiveness of workforce strategies in aged care services, including strategies for the education, recruitment, retention and funding of aged care workers.....	5
2.8	The effectiveness of arrangements for protecting refundable deposits and accommodation bonds .....	5
2.9	The effectiveness of arrangements for facilitating access to aged care services.....	5
<b>3.</b>	<b>Other comments .....</b>	<b>6</b>

## **1. Tell us about you**

### **1.1 What is your full name?**

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### **1.2 What stakeholder category do you most identify with?**

Financial Services organisation

### **1.3 Are you providing a submission as an individual or on behalf of an organisation?**

Organisation

### **1.4 Do you identify with any special needs groups?**

Nil

### **1.5 What is your organisation's name?**

Charles Penheiro (Financial Planner specialising in Age Care Financial Planning)

### **1.6 Which category does your organisation most identify with?**

Aged Care Provider

### **1.7 Do we have your permission to publish parts of your response that are not personally identifiable?**

Yes, publish all parts of my response except my name and email address

## 2. Response to Criteria in the Legislation

### 2.1 Whether unmet demand for residential and home care places has been reduced

Refers to Section 4(2)(a) in the Act

In this context, unmet demand means:

- a person who needs aged care services is unable to access the service they are eligible for e.g. a person with an Aged Care Assessment Team / Service (ACAT or ACAS ) approval for residential care is unable to find an available place; or
- a person who needs home care services is able to access care, but not the level of care they need e.g. the person is eligible for a level 4 package but can only access a level 2 package.

Response provided:

*Nil*

### 2.2 Whether the number and mix of places for residential care and home care should continue to be controlled

Refers to Section 4(2)(b) in the Act

In this context:

- the number and mix of packages and places refers to the number and location of residential aged care places and the number and level of home care packages allocated by Government; and
- controlled means the process by which the government sets the number of residential care places or home care packages available.

Response provided:

*Nil*

### 2.3 Whether further steps could be taken to change key aged care services from a supply driven model to a consumer demand driven model

Refers to Section 4(2)(c) in the Act

In this context:

- a supply driven model refers to the current system where the government controls the number, funding level and location of residential aged care places and the number and level of home care packages;
- a consumer demand driven model refers to a model where once a consumer is assessed as needing care, they will receive appropriate funding, and can choose services from a provider of their choice and also choose how, where and what services will be delivered.

Response provided:

*Nil*

## 2.4 The effectiveness of means testing arrangements for aged care services, including an assessment of the alignment of charges across residential care and home care services

Refers to Section 4(2)(d) in the Act

In this context:

- means testing arrangements means the assessment process where:
  - the capacity of a person to contribute to their care or accommodation is assessed (their assessable income and assets are determined); and
  - the contribution that they should make to their care or accommodation is decided (their means or income tested care fee, and any accommodation payment or contribution is determined).

Response provided:

*The age care reforms from 1 July 2014 addressed the need for making the cost of residential care more in line with a residents ability to pay for their care. However subsequent legislation in regards to the means tested care fee is forcing many families hand in requiring them to sell the family home in order to cover residential age care accommodation costs and ongoing fees. In theory this would appear a fine proposal. However this, combined with changes to the way Centrelink assess the family home for age pension purposes, means that more residents are being left in a larger negative cash flow situation. In addition, the idea of selling the family home is causing disruption between family members who have the authority to sell the family home on behalf of a parent, and those that do not.*

## 2.5 The effectiveness of arrangements for regulating prices for aged care accommodation

Refers to Section 4(2)(e) in the Act

In this context:

- regulating prices for aged care accommodation means the legislation that controls how a residential aged care provider advertises their accommodation prices.

Response provided:

*The reforms of 1 July 2014 mean that the accommodation charge can now be paid in instalments (daily accommodation payments) rather than by a lumpsum (refundable accommodation deposit). This enables more clients to enter residential care who have minimal assets but a regular income. However, the reality is (in my experience) that few residential age care facilities will mention the option of paying by daily accommodation payments (DAP) and only mention the Refundable accommodation deposit (RAD) option as what they need to pay to enter care. The effect of this is that residential age care facilities prefer lumpsum deposits which nullifies the spirit of the legislation and hence fewer people enter age care based on their ability to pay a DAP. This is in spite of the fact that advertising indicates otherwise.*

## 2.6 The effectiveness of arrangements for protecting equity of access to aged care services for different population groups

Refers to Section 4(2)(f) in the Act

In this context equity of access means that regardless of cultural or linguistic background, sexuality, life circumstance or location, consumers can access the care and support they need.

In this context different population groups could include:

- people from Aboriginal and/or Torres Strait Islander communities;
- people from culturally and linguistically diverse (CALD) backgrounds;
- people who live in rural or remote areas;
- people who are financially or socially disadvantaged;

- people who are veterans of the Australian Defence Force or an allied defence force including the spouse, widow or widower of a veteran;
- people who are homeless, or at risk of becoming homeless;
- people who are care leavers (which includes Forgotten Australians, Former Child Migrants and Stolen Generations);
- parents separated from their children by forced adoption or removal; and/or
- people from lesbian, gay, bisexual, trans/transgender and intersex (LGBTI) communities.

Response provided:

*As per 2.5 for those that are financial disadvantaged in the sense that they can pay a regular ongoing fee but not a large upfront cost.*

## **2.7 The effectiveness of workforce strategies in aged care services, including strategies for the education, recruitment, retention and funding of aged care workers**

Refers to Section 4(2)(g) in the Act

In this context aged care workers could include:

- paid direct-care workers including nurses personal care or community care workers, and allied health professionals such as physiotherapists and occupational therapists; and
- paid non-direct care workers including: managers who work in administration or ancillary workers who provide catering, cleaning, laundry, maintenance and gardening.

Response provided:

*Nil*

## **2.8 The effectiveness of arrangements for protecting refundable deposits and accommodation bonds**

Refers to Section 4(2)(h) in the Act

In this context:

- arrangements for protecting refundable deposits and accommodation bonds means the operation of the Aged Care Accommodation Bond Guarantee Scheme.

Response provided:

*Nil*

## **2.9 The effectiveness of arrangements for facilitating access to aged care services**

Refers to Section 4(2)(i) in the Act

In this context access to aged care services means:

- how aged care information is accessed; and
- how consumers access aged care services through the aged care assessment process.

Response provided:

*Nil*

### 3. Other comments

Response provided:

*I am a financial adviser that specialises in the area of age care financial planning. The highlighted points above relate to my own experience in working with families whose loved ones are entering or about to enter residential care. Subsequent legislation since the main reforms of 1 July 2014 have meant that it is becoming harder for families to make decisions in this space when the cost of care is continually increasing. In addition, changes to the way Centrelink view assets and income for Centrelink age pension purposes means that residential age care costs continually rise, while Centrelink age pension benefits continually fall. The biggest obstacle to the above mentioned is a family being put in a position to sell the family home. People going into residential age care are vulnerable. Even if they have a family member or close friend to act on their behalf, the legislative changes from a financial perspective is very complex and hence hard for the family member or close friend to understand. I do believe that the legislative changes to residential age care since 1 July 2014, from a financial perspective, is overall positive and required. However it should be phased in for the next generation (baby boomers) and not the current generation (builders) entering care. These changes have been implemented (in my opinion) too quickly. I believe the changes of 1 July 14 (which was major reform) should have been allowed stay as is for a while and further change implemented once the baby boomers started to enter care who have greater wealth and hence means to pay. The subsequent changes to the system since 1 July 2014 (see attached list of changes) substantially disadvantage the very generation who require these services and received the least from the government in terms of welfare, education and superannuation benefits during their working life.*