



Optimising ACFI to fund quality care and what the resident pays

Presented by Alteris Lifestyle and Care
and Mirus Australia

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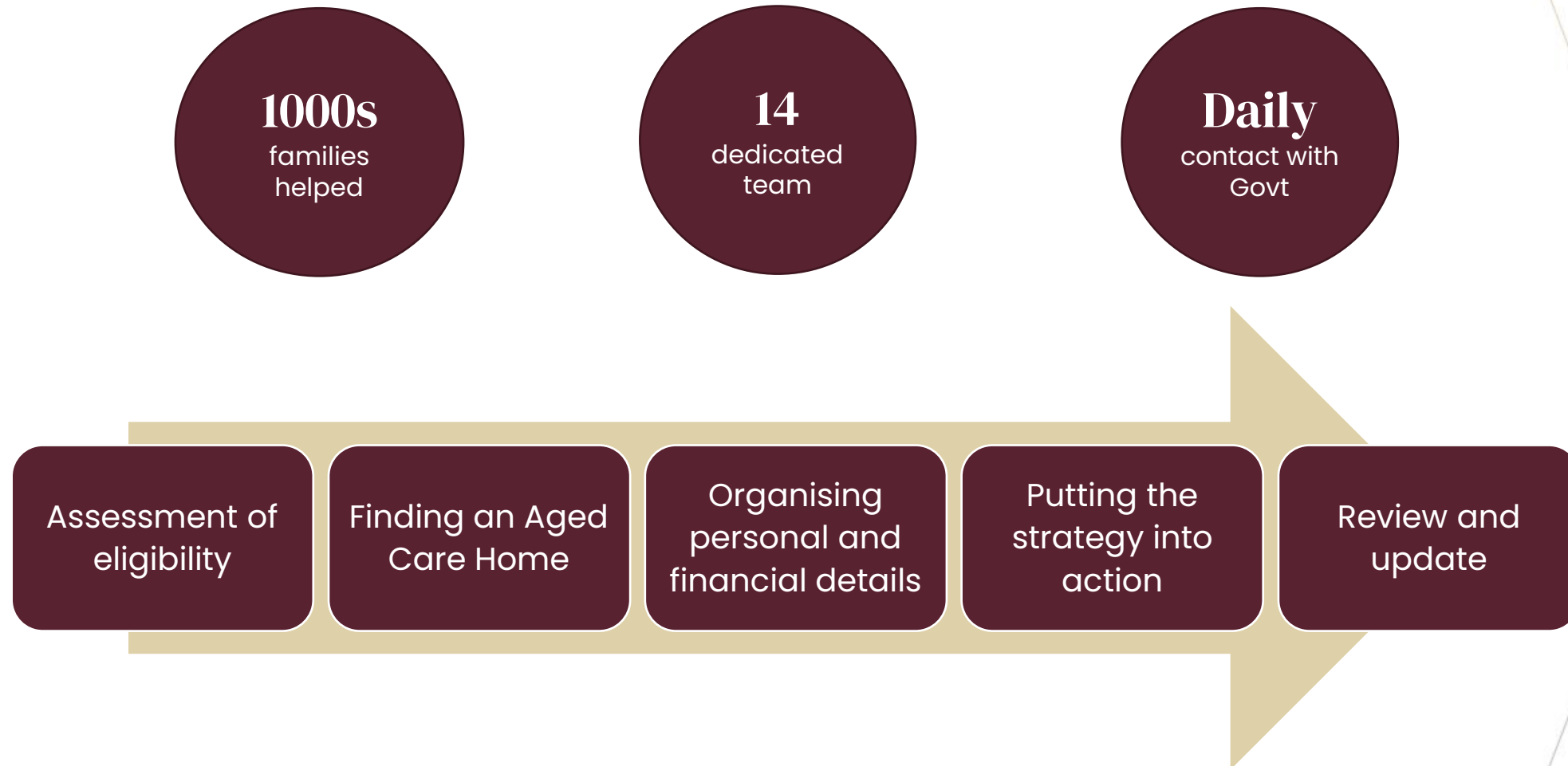
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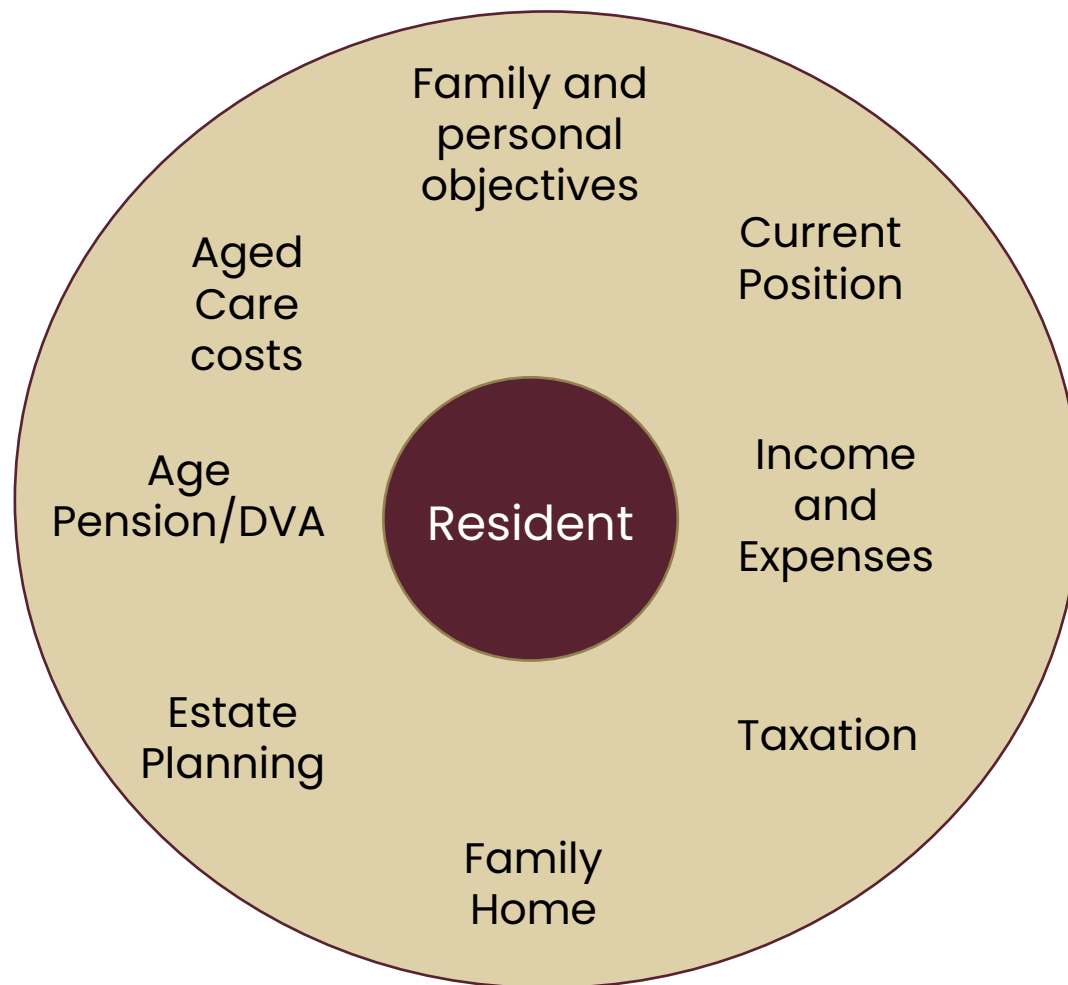
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The social security and aged care information is current as at 1 September 2020 but is likely to vary with future Centrelink/DVA changes.

Alteris Lifestyle and Care



Each resident is different



Specialist Aged Care Advice helps clients make an informed choice and achieve their preferred outcome knowing they have support at a very emotional and stressful time.

Means tested care fee (MTCF) must knows

- Determined by the residents assessable income and assets
- It's not payable if its below \$1 per day
- Reviewed quarterly
- Means not disclosed residents (*by not submitting an asset and income assessment*)
- They pay for the full cost of their care

Means Tested Care Fee
Co – contribution to ACFI

Contribution towards
cost of care

Calculated by Department
of Human Services

Cannot exceed the
resident's ACFI

Annual cap: \$28,087
Lifetime cap: \$67,410

Quiz

Which of the following is correct?

- All residents are required to contribute to their cost of care
- Low means residents are never required to pay a MTCF
- Means not disclosed residents, pay their cost of care but are not subject to the annual fee cap
- MTCF paid by resident is always capped at their cost of care

ACFI must knows

- What it pays for
- Optimising ACFI
- ACFI case study
- The means tested care fee – an ACFI co-contribution

Making Care Better

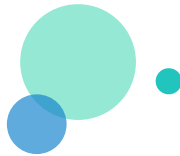
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Sustainability: The Profit Equation.

With 70% of revenue derived from subsidies (ACFI), 30% from occupancy and 70% of cost sitting in people, these 3 levers drive financial sustainability.

The Revenue Equation
Rate x Volume
Optimised when addressed in
unison considering government
income (Rate) and resident
admissions (Unit) with the Profit
Equation factoring costs to
round out the formula



A 1% change in occupancy has little
or no impact on costs but a substantial
impact to your bottom line

Acuity based rostering ensures
adequacy of staffing to
Revenue



Where do Facilities get their Revenue from?

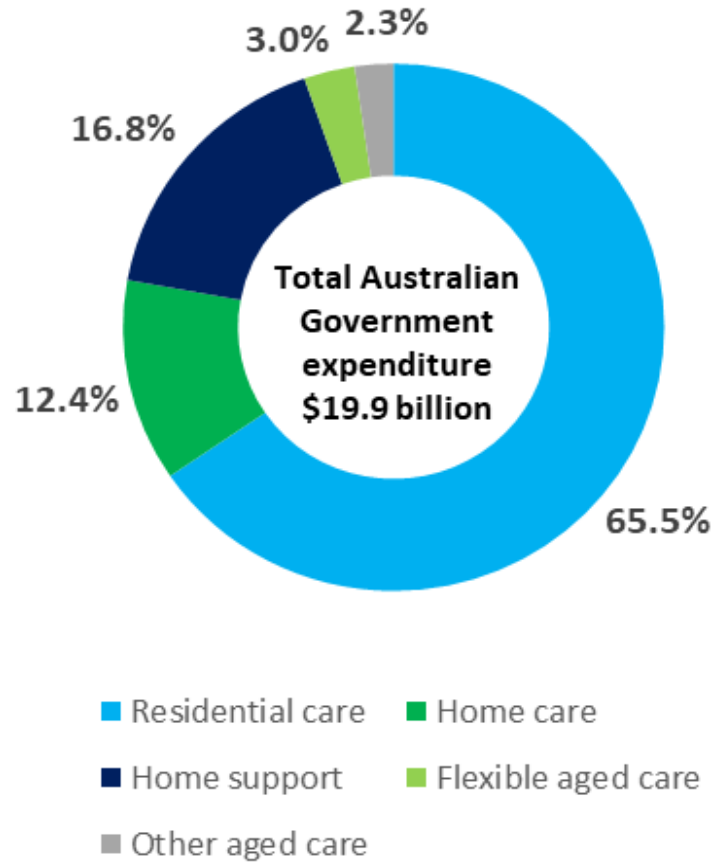
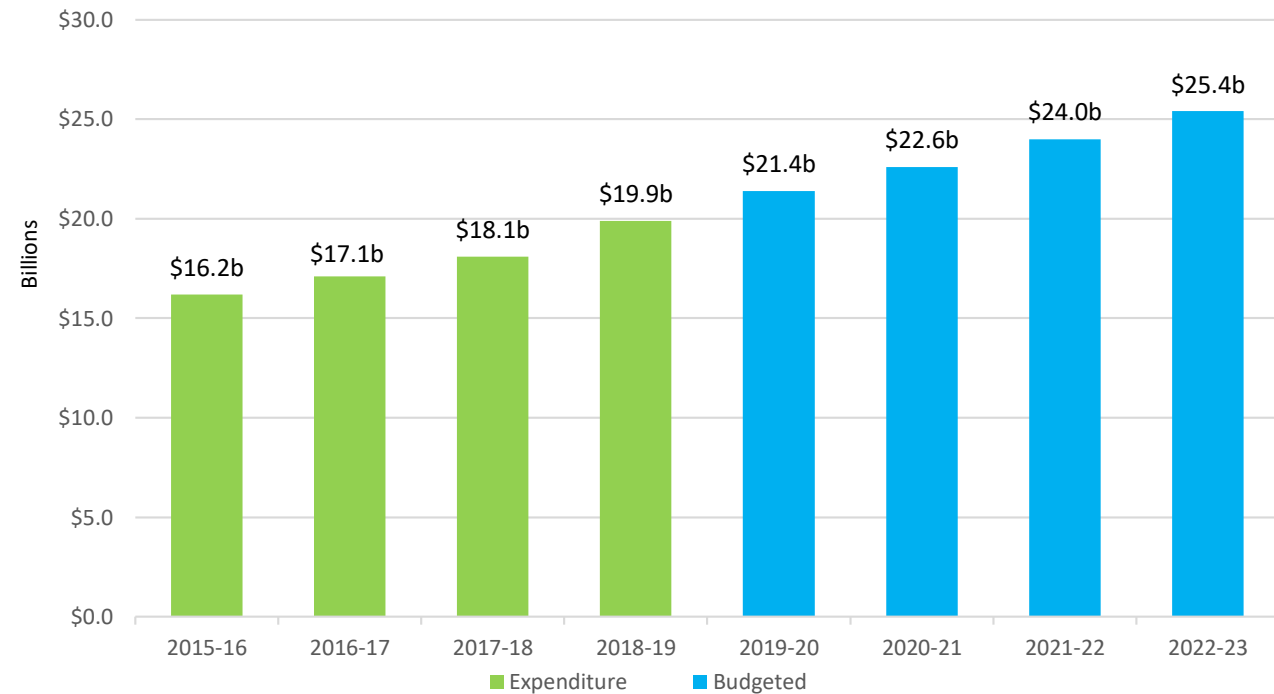


Chart 2.1: Australian Government total aged care expenditure, 2015-16 to 2018-19 and total budgeted aged care expenditure, 2019-20 to 2022-23



Source: ACFA Eight Report on the Funding and Financing of the Aged Care Industry, May 2020



ACFI: Aged Care Funding Instrument

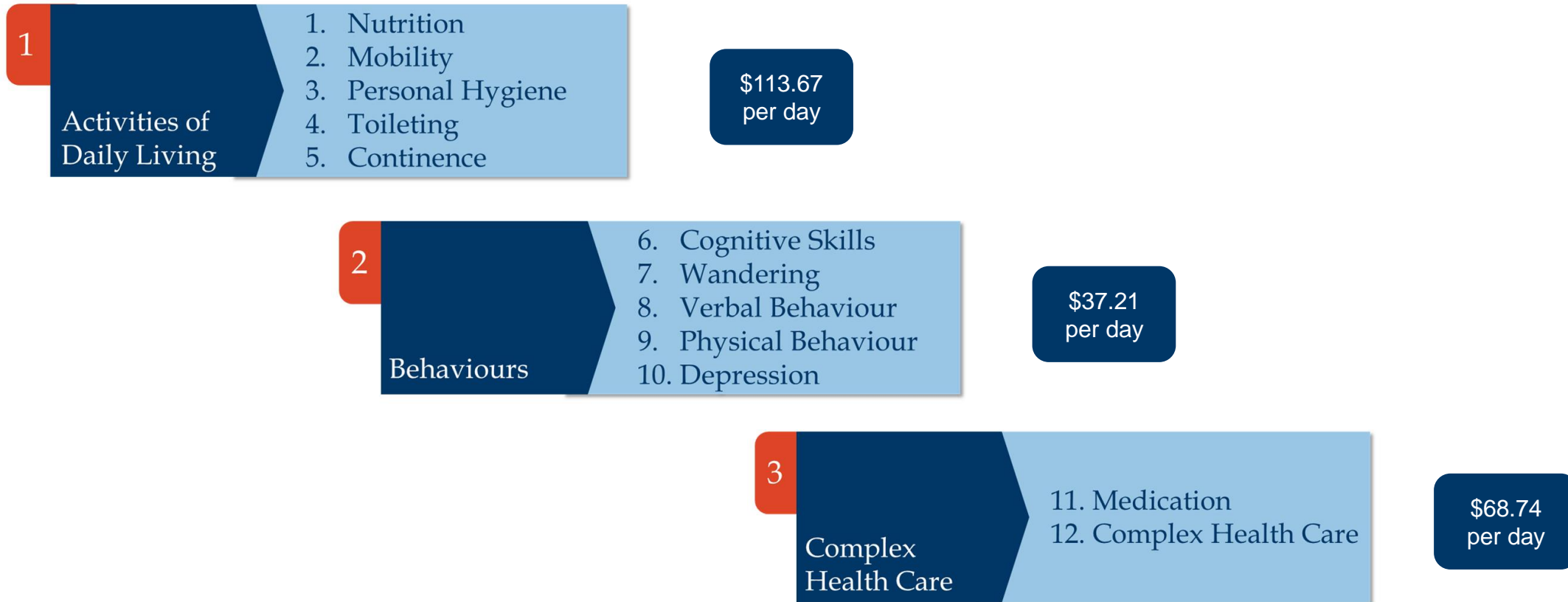
- ACFI is a government funding tool that was introduced in 2008
- Is a voluntary appraisal process based at a point in time like a Facebook timeline photo
- It is an Activity Based Funding Instrument which aligns care payments with the related 'usual care needs' activities or required resources i.e. staff time.





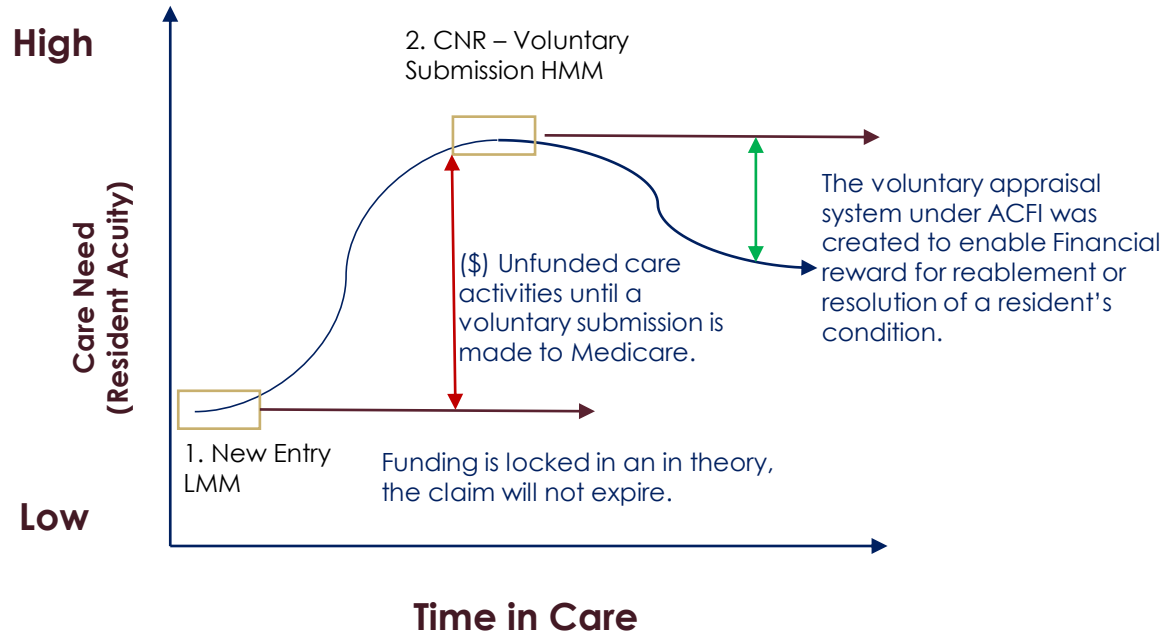
ACFI Structure

The ACFI has 12 questions across 3 domains





ACFI Principles and the Basis of a Voluntary Assessment Framework



ACFI Claims are based on the Usual Care Needs of a residents which represents the ongoing care at the time of an appraisal. The Aged Care Law notes that the period of appraisal is a 2 month which represents the Ongoing & Usual Care needs at the time of appraisal.

Aged Care Legislation References

a. Ref: Division 27 of the Aged Care Act

<https://www.legislation.gov.au/Details/C2017C00047>
27-2 Expiry dates and reappraisal periods

b. Usual Care Needs pg. 7 ACFI User Guide

The ACFI questions refer to Usual Care Needs. These are what has been assessed as the care needs of the care recipient **at the time of the appraisal.** This does not include any expected occasional needs or any occasional or unusual needs that are present at the time of the appraisal. These needs are evidenced in relevant assessment documentation.



How ACFI Relates to You

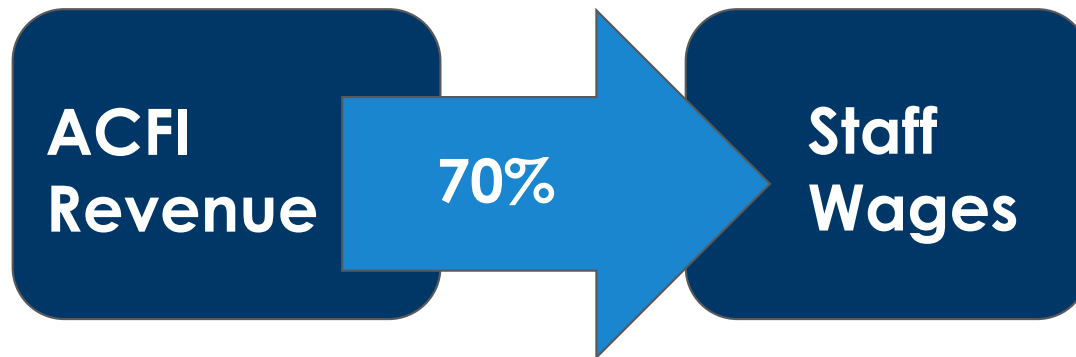
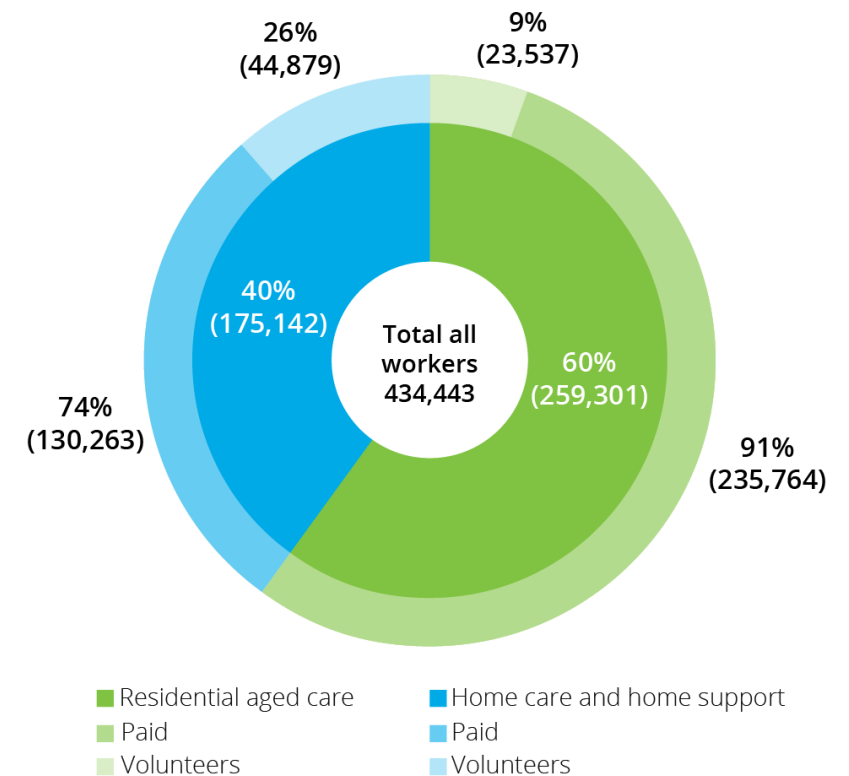


Chart 2.4: Aged care workforce composition, source ACFA 2020





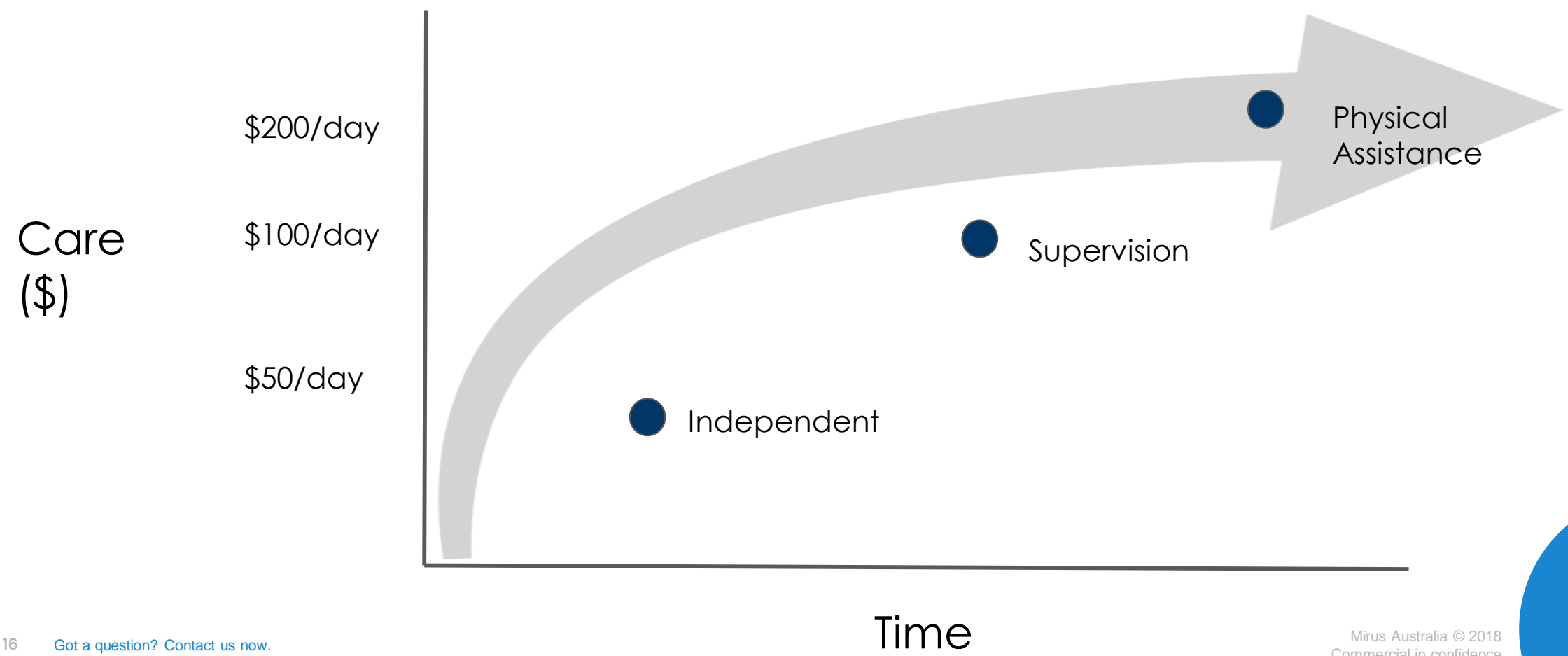
Jane's needs change over time . . .

- Jane was very independent when she first arrived
- Over time Jane's behaviour changed
- Jane needed additional support after a fall and a diagnosis of dementia



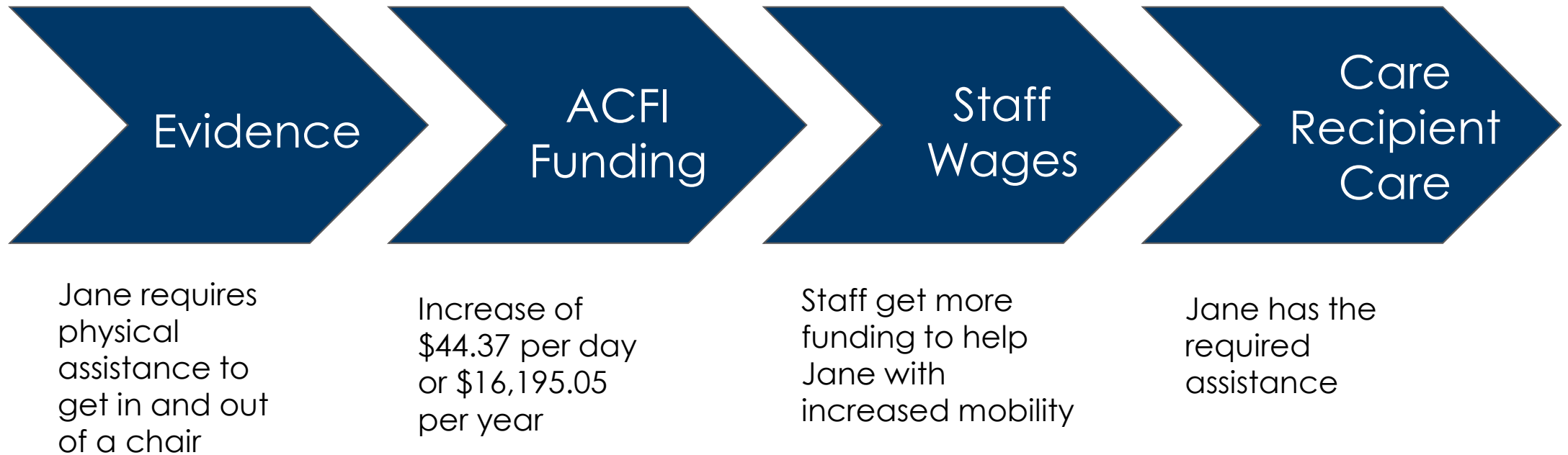


Care Recipient Care Journey





Example of Changing Care Needs and Funding





- Jane has been in care for nine months and her ACFI is currently \$160 per day
- Last month she had a fall and broke her hip.
- Her mobility and confidence have been severely impacted and she is depressed
- As a result, her care needs have increased significantly

Question 1 – Will her ACFI automatically increase?

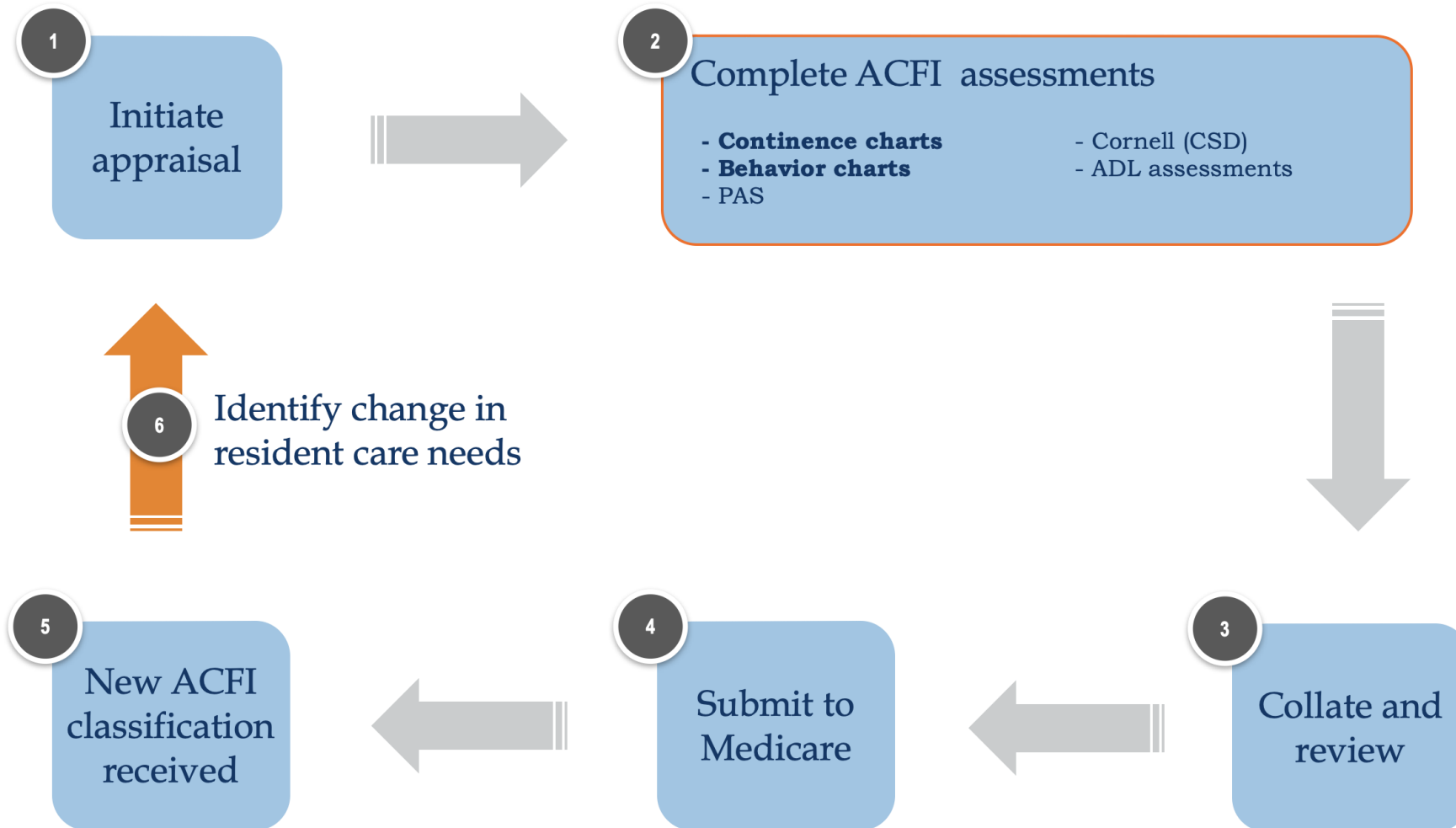
1. Yes
2. No
3. Don't know

Question 2 – When will her ACFI increase?

1. Immediately upon her return to the facility
2. After the next scheduled ACFI review
3. After an ACFI reappraisal has been submitted and approved



The ACFI Appraisal Process



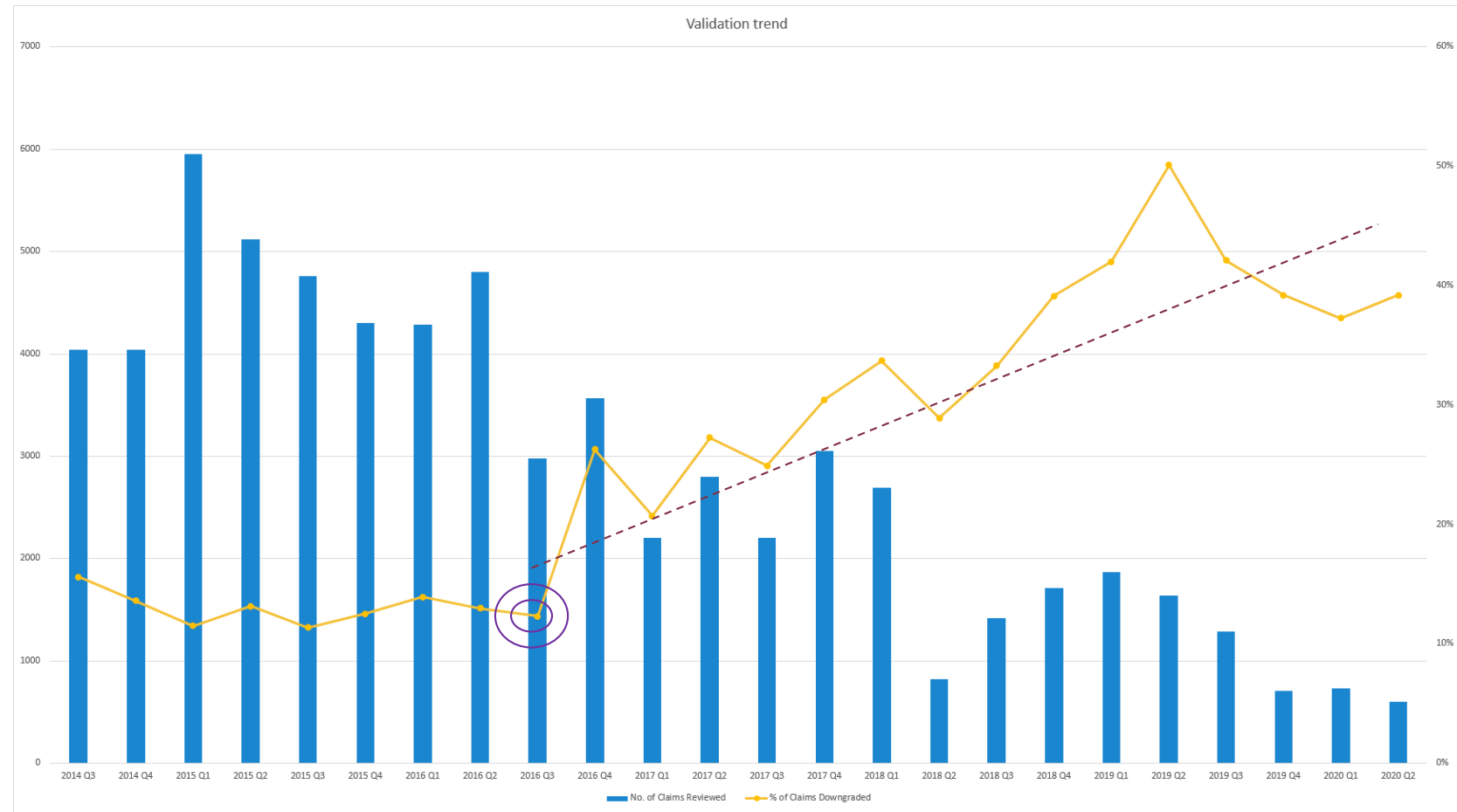


Accountability to the Taxpayers

Aged care clients, staff set to pay for government crackdown
– SMH June 2016



First ASX Listed Aged
Care Providers Report on
Earnings August 2016



*Source – Dept of Health Quality Reporting - Quarterly Validation Statistics (National Average)

Case Study

Jane is a
means not disclosed
resident



Jane's current financial situation – prior to moving to care

Jane's Assets		Jane's Income	
	\$		\$
Home	1,600,000		
Bank Accounts	55,000	Bank Accounts	550
Share Portfolio	370,000	Share Portfolio	20,350
Family Discretionary Trust	550,000	Family Discretionary Trust	48,125
Holiday House	375,000	Holiday House	0
Home Contents & Personal Effects	25,000	Age Pension	0
Total	2,975,000	Total	69,025

Assumed interest rates: Bank Accounts – 1%; Share Portfolio (inc. imputation credits) – 5.5%; Discretionary Trust – 8.75%; Holiday House – not rented

Jane's decision – to submit the SA457 or be means not disclosed

- Jane is a wealthy widow with almost \$3,000,000 in assets generating an annual income of \$69,000 per year
- She needs to move to residential care and has chosen a suite in an extra services facility with an advertised RAD of \$1,500,000 plus an extra services fee of \$55 per day
- When she moves to care, her family intends to sell her home and use the proceeds to pay the lump sum RAD. She will then retain her investment portfolio
- She asked her Alteris Lifestyle and Care adviser if she should complete the *Residential Aged Care Calculation of your cost of care (SA457)*
- The adviser estimates she will be required to pay a means tested care fee of \$152.50 per day if she completes and lodges the form until she reaches her annual cap – currently \$28,087.41
- If she elects to be 'means not disclosed', she will be required to pay the maximum means tested care fee (currently \$256.44) but limited to her ACFI until she reaches her annual cap

Jane's dilemma

- Last year the average ACFI paid to facilities was approximately \$180 per resident per day¹
- If Jane completes & lodges the *Residential Aged Care Calculation of your cost of care (SA457)* she will be required to pay a means tested care fee of \$152.50 per day for 184 days until she reaches her annual cap
- Jane's decision is whether to submit an assessment and pay a lower means tested care fee or pay the maximum cost of care at entry until she reaches the annual cap
- Other examples of MTCF and days to reach the annual cap

Daily MTCF	Days to reach annual cap
\$160	176
\$180	156
\$200	140

Ready reckoner

Means test care fee test

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Means Tested Care Fee calculation

Income Test

50% assessable income¹ in excess of the threshold

Currently \$27,736.80pa single & \$27,216.80 each member of a couple

PLUS

Assets Test

17.5% of assessable assets between \$50,500 and \$171,535.20 plus

1% of assessable assets between \$171,535.20 and \$413,605.60 plus

2% of assessable assets in excess of \$413,605.60

Means Tested Care Fee

Equals the result of the above calculation divided by 364 (26 fortnights)
less maximum accommodation supplement (currently \$58.19 per day)

1. Assessable income includes the pension less the pension supplements

The Means Tested Care Fee in summary

The means tested care fee is a co-contribution to the ACFI. It makes no difference to the facility if a means tested care fee is payable or not – they will receive the full ACFI

1. 100% of the ACFI paid by Medicare – those residents with few assets & limited income
2. 100% of the ACFI paid by the resident up to the annual and lifetime caps – wealthy and 'means not disclosed' residents
3. Partial ACFI paid by the resident, (means tested care fee advised by Centrelink/DVA¹) with the balance paid by Medicare – residents not listed in points 1 & 2 above

1. Limited to the annual & lifetime caps

Support every step
of the way

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