

# Strategies for profitability in aged care

Webinar | 17 June 2024





# Acknowledgement of Country

We acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



This event qualifies  
for 1 CPD point. Add  
it to your log.



Please ask questions  
in the chat

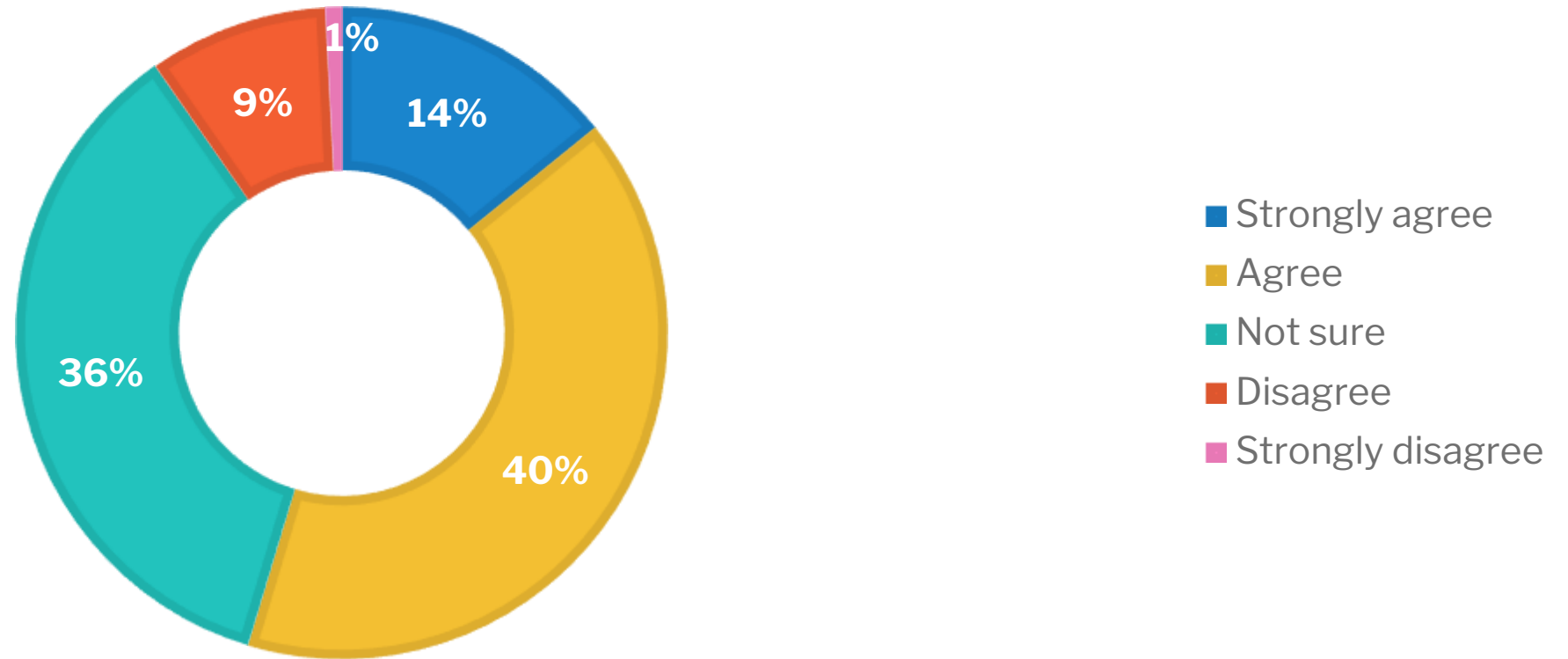


# Agenda

1. Welcome
2. Poll findings
3. Data insights
4. Let's hear from the panel
5. Key focus areas
6. More from the panel
7. Q&A
8. Close

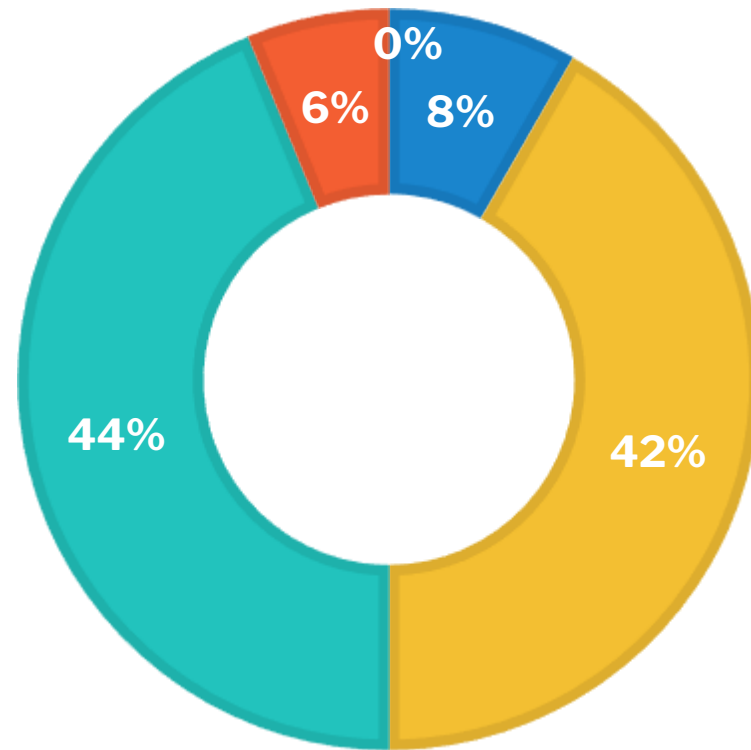


# My business is currently financially better off under the AN-ACC structure than ACFI



Represents 310 responses

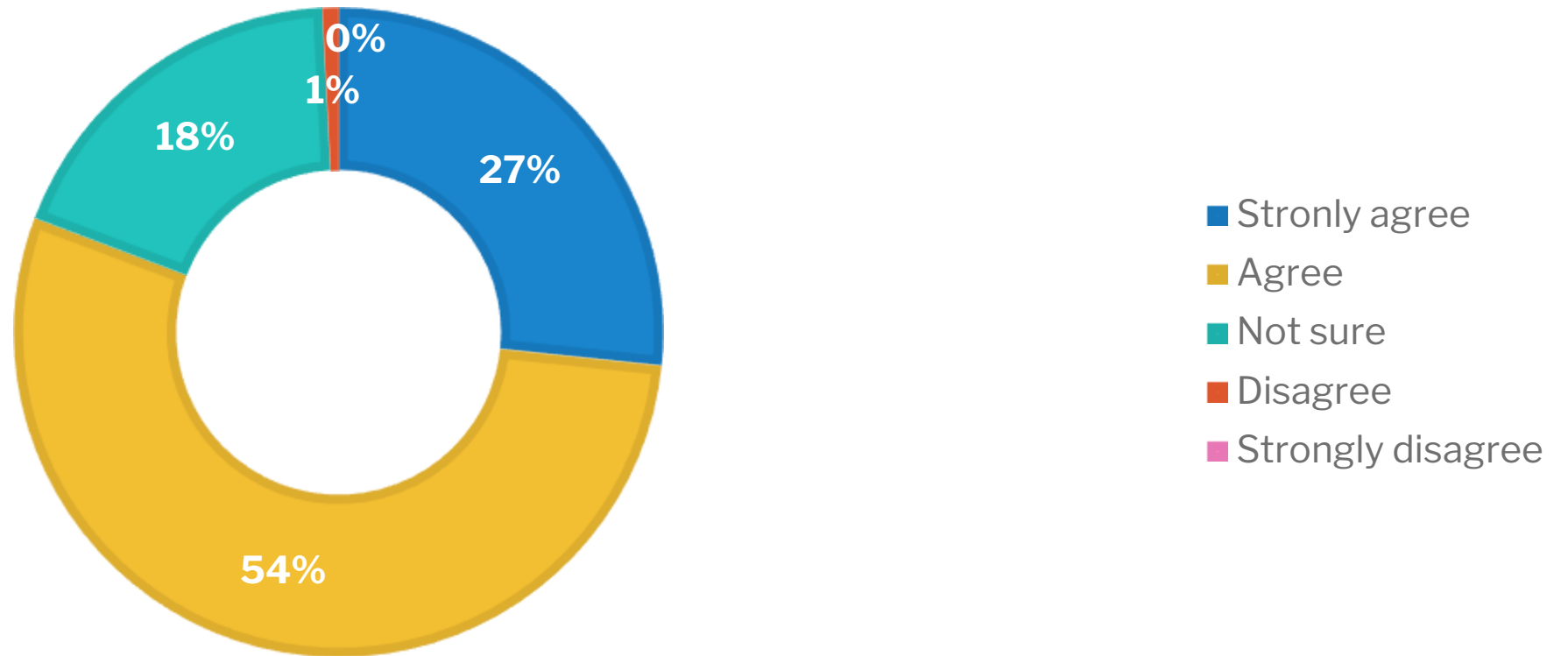
# The future profitability and viability of my business will depend mostly on non-care income



- Strongly agree
- Agree
- Not sure
- Disagree
- Strongly disagree

Represents 310 responses

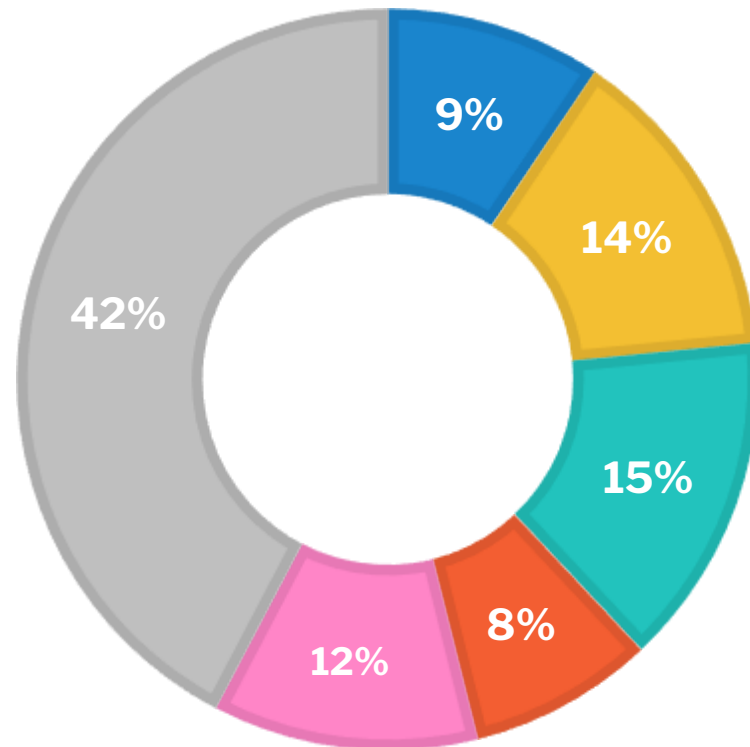
# We will be actively reviewing alternative strategies for profitability/surplus over next 12 months



Represents 310 responses



# Apart from care funding, the most important factors to future profitability will be:



- Increasing accommodation prices
- Increasing consumer contributions to daily living
- Increasing revenue from additional services
- A component of deposits kept by provider (e.g. proposed 3%)
- Other innovations not currently in place
- A combination of all the above

Represents 310 responses

# Surplus versus Compliance

QFR submissions are analysed and published on myagedcare.gov.au. Most services are in deficit for the sake of compliance, which is not sustainable. The industry average surplus/deficit compared to the average staffing rating shows an almost perfect inverse correlation.

**By how much was the budget in surplus or deficit last financial year?**

The financial performance for the last financial year gives you an insight into how they operate financially - showing how much they spent above or below their income.

-\$16.52
-\$10.90

Per resident per day deficit      Sector average ?

**Staffing**

★★★★☆ Good

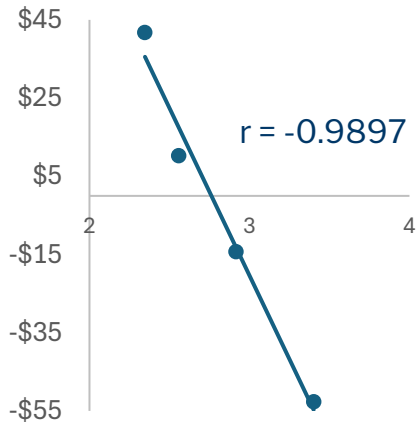
The Staffing Rating considers the amount of care provided by Registered Nurses, Enrolled Nurses, Personal Care Workers or Assistants in Nursing at Avonlea. This rating is updated quarterly.

**Quarterly Financial Report**

Approved aged care service providers are required to submit a Quarterly Financial Report (QFR).

How much care did residents receive on average last quarter? 178 minutes

↑ 3 mins above target



Industry Average Surplus/Deficit by Staffing Star Rating Oct-Dec 2023					
Staffing Rating	★	★★	★★★	★★★★	★★★★★
Avg Surplus/Deficit	\$7.58	\$1.97	-\$4.82	-\$19.83	-\$16.88

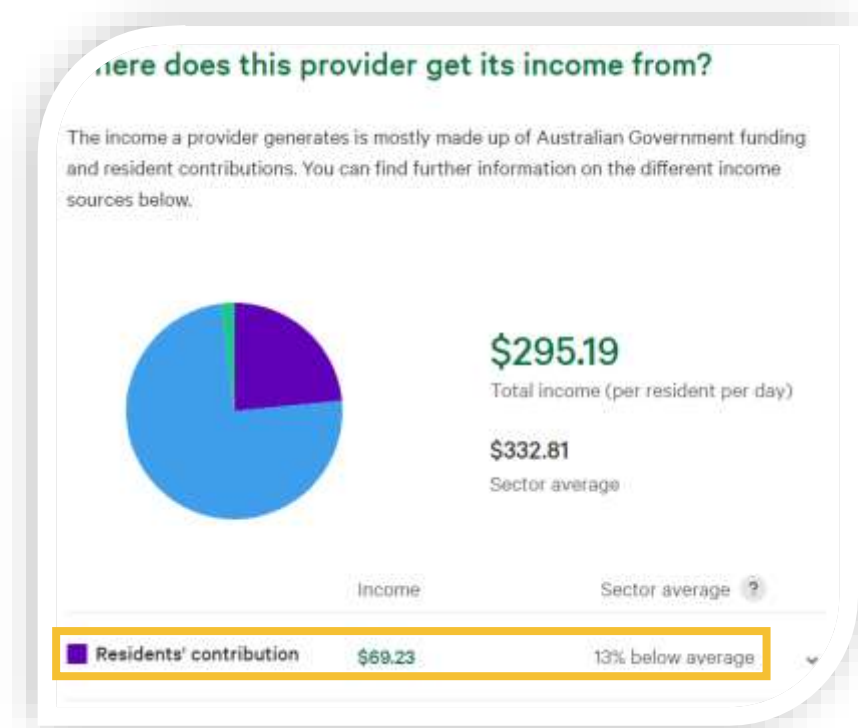
	Surplus/Deficit Quartile	Average Staffing Rating	Avg Surplus/Deficit
Biggest Surplus	1	2.35	\$41.81
	2	2.56	\$10.31
	3	2.91	-\$14.22
Biggest Loss	4	3.40	-\$52.65

# Surplus within Compliance



Overlaying the average resident contribution with surplus/deficit and staffing rating we see another strong correlation.

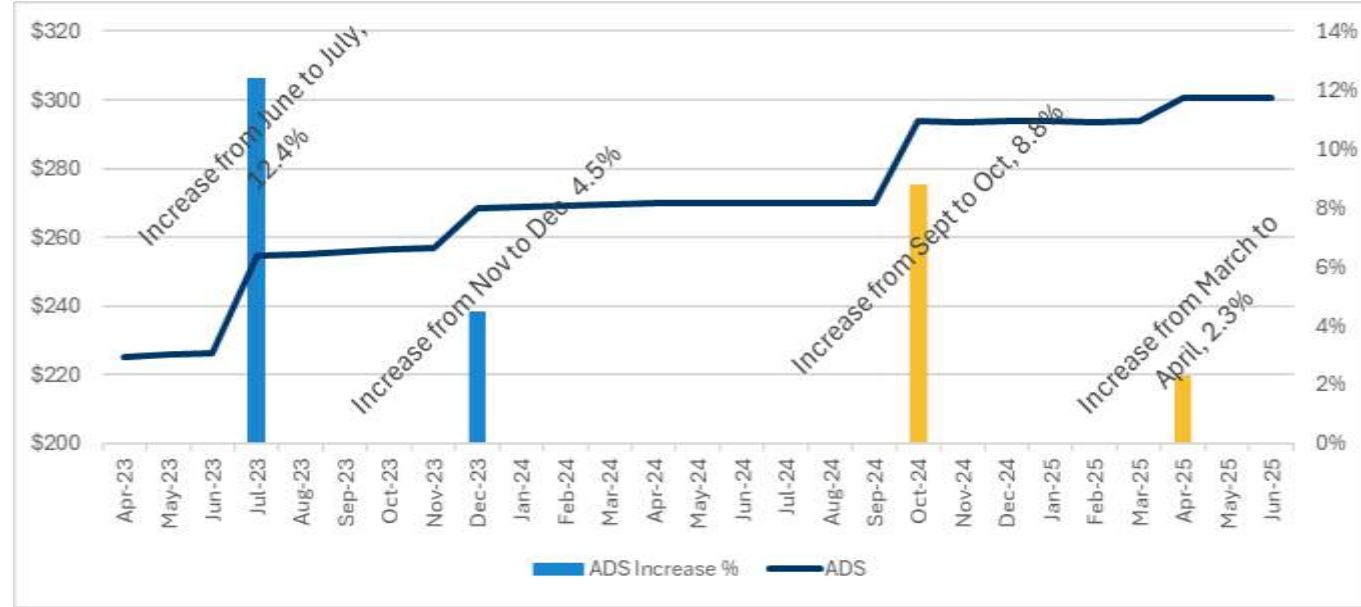
Realising surplus within the constraints of compliance can be achieved via resident contribution.



Avg Resident Contribution		Staff Rating				
		★	★★	★★★	★★★★	★★★★★
Surplus/Deficit Quartile	1	\$80.51	\$85.63	\$89.71	\$92.81	\$102.09
	2	\$79.90	\$85.59	\$88.47	\$86.98	\$88.01
	3	\$81.09	\$84.21	\$85.40	\$86.87	\$86.46
	4	\$80.27	\$83.61	\$82.84	\$87.32	\$88.69



# Forecasting the next AN-ACC Price



	FY23		FY24		FY25	
	Oct-22 to Jun-23	Jul-23 to Nov-23	Dec-23 to Sept-24	Oct-24 to Mar-25	Apr-25 to ---	
NWAU Price	216.80	243.10	253.82	276.16	282.51	
NWAU Indexation		12.13%	4.41%	8.80%	2.30%	

The FY24 NWAU advice recommended a price of \$243.10, which was an increase of 12.13%. We also saw an additional NWAU increase in December 2023 of 4.4%. Combined with the delay to this next indexation shows that government is taking an incremental approach to pricing. If we assume a similar approach for the new financial year, then the new price should incorporate the observed inflation along with the FWC aged care work value case decision. This could mean an initial indexation of 8% - 12%, with a possible secondary adjustment of up to 4%. The lower the initial price the more likely a second adjustment will occur.

# Meet the panel



**Chris Mamarelis**

Chief Executive Officer  
Whiddon



**Athena Ermides**

Chief Executive Officer  
Good Shepherd Lodge



**Lee Martin- RN, JP,  
MACN, AICD**

Chief Executive Officer  
Lutheran Homes  
Barossa



**Tim Hicks**

Executive GM, Policy  
and Advocacy  
Bolton Clarke



**David Cox**

Managing Director  
Curtin Heritage Living

# What are some key focus areas?

Assuming AN-ACC achieving max margin, efficient rosters and not including revenue from additional business services such as Homecare etc.

## Profitability analysis

- Take a holistic look at income. Has ACFI income subsidised other cost centres?
- *Many have not reviewed in years*

## Bonds/RAD money

- Are you using it efficiently and gaining the maximum return? Should you be targeting DAPs?
- *RADs will be phased out in 5-10 yrs*

## Additional services

- Is this a strategy you can employ? There are external and sometimes internal constraints.
- *Task force response coming*

## Supported resident ratios

- Can you get over 40%? Can you make more money going the other way?
- *Not always obvious answer*

## Accommodation and Occupancy

- Is occupancy the problem it once was? Do some of your pricing strategies reflect old fears?
- *Occupancy industry wide increase*

## Other operational costs

- Outsource/ Insource/Automate and review major non care costs and structures to become more efficient



# More from the panel



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Questions from the  
chat



# Profitability analysis



## A strategic approach

By focusing on the management of capital, accommodation pricing and services tailored to **residents' needs**, providers can find a pathway to increased funding and long-term **financial viability**.

Scan the code to request your profitability analysis report:





# Our next webinar



## Navigating workforce challenges in the rapidly expanding Aged Care sector

Expert insights and strategies for addressing current workforce challenges in the sector.

**Thursday, 25 July 2024**

**12pm – 1pm AEST**

<https://www.mirusaustralia.com/navigating-workforce-challenges-in-aged-care/>

Check your inbox for details or scan QR code to register now:



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