

Prepare to make tough decisions on aged care

Beware as ScoMo sharks your VoVo



Families should discuss elderly parents' wishes before it is too late

Neale Prior

We have to do more to prepare to make the tough decisions about gaining access to aged care and possibly even entering care facilities.

That was the message from leading aged care industry players and observers gathered last week at the CEO Voice roundtable presented by the Australian Institute of Management WA and *West Business*.

Financial planner Aldis Purins said there were many people aged from 40 to 70 who had not only the responsibility for their children "living out of our pockets" but also for parents with increasing needs.

The WP Financial Planners expert in aged-care services said it was crucial that families had discussions about the aged-care wishes and options because there often was not the time when decisions had to be made.

"Many times we have people coming into us in a frenzy," he said. "We have people coming in saying 'we need to get Mum in yesterday, the hospital is about to kick her out'."

"Aged-care providers see the resident who comes in. But 90 to 95 per cent of the people we talk to are the children of the resident because they are either not in the position to make the choice themselves, or are just too frail and don't have an understanding of it."

To say the funding model for aged care is complex is an understatement. It involves an interac-

tion of Centrelink and specialist aged-care means-testing. Then there is the option to pay the rental part of residential care by making a lump-sum refundable accommodation, paying a daily accommodation charge or agreeing to a mixture of both.

Deborah Costello, of advice service Advocare, said there were many misunderstandings about the rules covering aged care as well as looming changes. "It is not just the consumers who are confused, it is the care providers as well," she said.

"We hear things that care providers are saying to clients and families that are actually wrong. We are checking that information with the funding bodies and the information is incorrect. The Government needs to get its act together in providing accurate information to get out there."

Mercy Community Services chief Chris Hall said reforms to make things simpler have actually made them more complex. He said the industry was highly regulated and over-regulated.

"A lot more has to be done," Mr Hall said. "Even people in my industry with aged parents don't have a clue where to start. When you try to access the professional services, they don't even know."

AIM WA chief executive Gary Martin said it was a challenge for leaders of the aged-care sector to consider their obligation to provide clear and accurate information for the increasing number of self-funded retirees who will get access to aged care.

"All retirees should have a clear view of how they would fund their aged care but this is particularly important for self-funded retirees, given the combined cost of care and accommodation," he said.

Mr Purins said anyone with more than \$816,000 of assets outside the family home was a self-funded reti-

CEO VOICE

ree for aged-care purposes. "That is not all that much assets, particularly if you've got to fund not one but two people in aged care," he said.

"You need to consider the funding a lot earlier. As a financial planner, it is a discussion that should be taking place with all the clients and it does not have to be involved."

Carrie Sutcliffe, of the Aged Care Complaints Commissioner's office, said one of the top queries her group received was about fees and charges, with people having difficulty understanding statements.

She said getting a relative a place in a home was often a rushed decision and not all the information provided by the care provide was properly understood.

"It is very complex," she said. "Each financial situation is different and there is not a one size fits all strategy for everyone."

Amaroo Care chief David Fenwick said people once came into aged care facilities when they had several years to live, but many were entering now with a multitude of conditions and a life expectancy of around 18 months.

"People only become interested in aged care when the elderly parent gets admitted to hospital with an acute episode," Mr Fenwick said.

"That mad scramble means there's been no plan of looking for a bed at a facility not too far away from home. Meanwhile we have supply far lower than it should be because of the mining boom and we couldn't get buildings."

Bethanie Group chief executive Christopher How said those ageing needed to have frank discussions with families about how much they were willing to put towards bank-rolling care until they died.

This might be along the lines of "I know the house is worth \$1 million, if I need help liquidate the house" and providing instructions about how much should be allocated to various services and costs to allow a lifetime of care.

"Have the conversation with the kids," Mr How said.



Aldis Purins outlines the implications of the rule changes coming in on January 1 next year

WHAT A COUPLE OF MONTHS MEANS ...

Mary has to enter aged care some time soon. She's been quoted a \$450,000 Refundable Accommodation Deposit (RAD).

She elects to pay \$50,000 towards the RAD and therefore has to pay \$63 per day of Daily Accommodation Payment (DAP).

Mary decides to rent out house worth \$850,000.

Family estimates she will receive rent of about \$26,000 and have expenses of around \$4,000. She has around \$120,000 cash in the bank earning interest and \$20,000 of personal effects.

The rules change on January 1 so that her rental income will be counted under Centrelink's age pension income test.

Here's how her financial situation could be quite different if she enters now rather than in January.

DAILY CARE CHARGES	ENTERS NOW	ENTERS NEXT YEAR
Basic Daily Fee	\$48	\$48
Daily Accommodation Payment	\$55	\$55
Means Tested Care Fee	\$30	\$17
Out of Pocket Expenses	\$10	\$10
Total (daily)	\$144	\$131
ANNUAL EFFECT		
Age pension income	\$22,805	\$13,156
Net rent*	\$22,000	\$22,000
Interest income	\$1400	\$1400
Less: annual care costs	\$52,556	\$47,724
CASH OUTFLOW	\$6351	\$11,168

THE GOVERNMENT NEEDS TO GET ITS ACT TOGETHER.

DEBORAH COSTELLO



ALL RETIREES SHOULD HAVE A CLEAR VIEW OF HOW THEY WOULD FUND THEIR AGED CARE.

GARY MARTIN



Treasurer Scott Morrison
Picture: Getty Images



An Iced VoVo

Many of us with grey hair have a childhood memory of Iced VoVos, those excessively sweet biscuits that our pops, nannas and elderly neighbours used to serve with Amgoorie tea and Pablo coffee.

Australian Institute of Management WA chief executive Gary Martin kicked off CEO Voice roundtable discussion of aged care last week with a metaphor based on this now-unfashionable treat.

For those who cannot remember or have chosen to forget, pretend to have never indulged, the Iced VoVo is a shortbread-style biscuit duo with raised strips of thick pink icing on the two outer edges. It has a single but all-too-shallow strip of delicious raspberry jam-like filling running down the middle.

Professor Martin said Australia's 2.3 million self-funded retirees should be thinking of aged care like this coconut-sprinkled treat.

"One of the pink strips is the cost of 'care,'" he said. "The other pink strip is the cost of 'accommodation'. In the middle lies the raspberry jam — the money."

In other words, there is not enough being provided to care for a population that is getting older in a State where investment in care facilities got forgotten in a mining boom.

We are becoming increasingly reluctant to enter traditional residential aged-care facilities until we are unable to look after ourselves.

Amana Living chief executive Stephanie Buckland said her group had care residents not many years ago who were able to drive cars, but now she believed it did not have any drive residents. "Our customers are becoming more frail with more complex conditions," she said.

The industry is also confronting hospitals trying to clear beds quickly when older patients come in with illnesses or injuries, including Fiona Stanley Hospital having a three-day turnaround policy for people with broken femurs. The so-called bed blockers are sent back to their nursing homes or to intermediate care facilities.

Meath Care chief executive Olive Wright said policies like FSH's meant the staff of aged-care facilities had to have increased skills to deal with the more complex health problems. "At the end of the day we are a customer of the Government who provides the service to their elderly, vulnerable people," she said.

And into this mix there is about \$1.2 billion of cuts for the sector, unveiled in the Federal Budget in May as part of attempts by Treasurer Scott Morrison to reduce the Budget deficit.

These cuts have prompted furious lobbying for the sector and warnings that, if imposed too harshly and too quickly, could provide further disincentive for it to provide beds for people with chronic conditions and high-care needs.

Aged and Community Services WA chief executive Trevor Lovelle said he was hoping the Federal Government would unveil some modification in the mid-year Budget update in December that would reduce the potential harm of the cuts to the residential care budget.

Mr Lovelle said the industry was also trying to come to grips with the demands of the new consumer-directed care funding model for home services that would take effect in February.

"There is a new market opening which we have never had to deal with before," he said.



THE SITUATION IS ONLY GOING TO GET WORSE UNLESS WE INFORM THE COMMUNITY.

DAVID FENWICK



NOW IS NOT THE TIME TO SIT BACK POST BOOM - THAT CYCLE WILL UPTURN AGAIN.

TREVOR LOVELLE



"AS A SECTOR WE NEED TO STAND TOGETHER."

OLIVE WRIGHT



THERE IS NOT A ONE SIZE FITS ALL STRUCTURE FOR EVERYONE.

CARRIE SUTCLIFFE



THERE IS A CRISIS OR CRUNCH POINT COMING, YET WE ARE NOT DOING ANYTHING ABOUT IT.

CHRIS HOW



THE SKILLS OF THE PEOPLE EMPLOYED BY US NEED TO CHANGE QUITE DRAMATICALLY.

STEPHANIE BUCKLAND



WE ARE IN FOR A ROUGH RIDE AS WE GEAR TO RESPOND.

VAUGHAN HARDING, JUNIPER CEO