

PRODUCTIVITY COMMISSION

SUBMISSION

25.6.2010

CARING FOR OLDER AUSTRALIANS

I am making a submission about the inequity of accommodation charges levied on high care residents of nursing homes. This is based on an adverse experience with the care provider for my wife while she was being cared for in a nursing home for terminal Alzheimers Disease and on the lack of regulatory control by the DH&A. It also motivated by the recent attempts by the care provider industry to have building maintenance costs made chargeable as well having accommodation bonds apply to high care patients. My hope is that this submission will contribute to preventing the financial exploitation of vulnerable persons with terminal illnesses in nursing homes.

The relevant background is clause 57A-2-1(l) of the Aged Care Act (1997). This states:
"The approved provider must use any payment of the accommodation charge it receives in the following ways:

- (1). To meet capital works costs relating to residential care.
- (2). To retire debt relating to residential care.
- (3). Where no capital expenditure is reasonably necessary to comply with matters specified in the Certification Principles for the purposes of subsection 38 -3(3) and meeting accreditation requirements - needed to improve the quality and range of aged care services".

This is recognised by the DH&A in their brochure, January 2010, where it is stated:
" By law it (the accommodation charge) must be used by the home to improve building standards and the quality and range of aged care services provided".

Dealing firstly with "capital works costs" there are a number of issues of concern:

1. It is anomalous that a potential recipient of a service should be required to meet the costs of any structure needed to provide the service. Surely the users of the new service are the persons that 'provide a return of the investment'.
2. For any future planned structural change, it is always possible that the high-care recipient will not be alive when the capital works are completed. In other words, no accommodation charge should be made until the capital works are operational within the life span of the resident, at which time the charge should be for the use of the facility..
3. There is unnecessary duplication if both an accommodation charge and an accommodation bond are levied for the same facility.
4. While there is appeal in updating dormitory style accommodation to single room accommodation, plus or minus en suite facilities, in a high care unit this is not necessarily in the best interests of the residents. It is unwise to leave dementia residents unattended alone in a room while those who need heavy assistance with toileting and showering get little benefit from en suite facilities.

5. While a nursing home resident should not be levied for the building of new accommodation facilities that they may not need or use, they should have the option to choose, and pay for, a higher grade of accommodation if available. In other words, the above is not an argument against developing additional facilities, merely that any charge should only be for the use of the facility..

6. This element of choice requires the care recipient be properly informed so that they can exercise their choice. Unfortunately, with the existing accommodation charges, they are not informed as to how the monies will be used, that is, whether it is in accordance with the Aged Care Act, so that there is no opportunity to decline the levy.

Regarding the charging for additional staff, there is no stipulated staff- patient ratio for nursing homes; the needs for additional specific staff-provided services to individuals are met by government funding. It is difficult to see what justification there can be for charging single residents for any change in overall staffing levels. The existing set up of accommodation charges allows the service provider to impose an accommodation charge for any change in staffing levels and encourages retrospective charging.

The issue of retiring debt is covered in the above two scenarios.

The present situation is thoroughly unsatisfactory. The accommodation charge is a covert unregulated way of providing the service provider industry with unearned income, exploiting vulnerable people. It should be abolished and the raising of funds for new developments be through more conventional channels, with residents being charged only for using the facility.

Regarding accommodation bonds being mooted for high care residents, the concealed nature of the true cost should be noted. These are:

1. The monthly deduction of \$299.00 for 5 years.
2. The return of capital not adjusted for inflation.
3. The loss of income on the money loaned to the service provider.

For a loan of \$500,00:00, over a period of 5 years, this amounts to approximately a charge of \$50,000:00 per year. This is on top of the basic and income tested fees which can amount to in excess of \$30,000.

To have this bond, as well as the accommodation charge, levied for high care home residents, is indefensible. A more transparent fair and honest system of financing the accommodation needs of residents in high care units in nursing homes is needed.

Yours Faithfully

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