

**Submission to the Department of Health and Aged Care (DoHAC)
On Funding of Support at Home Program**



**independence
matters**

Australian
Independent Retirees

INTRODUCTION:

Australian Independent Retirees (AIR) is a non-profit organization representing the interests of current and future retirees in Australia. It advocates for a fair and just economic, taxation, and social environment that recognizes and compensates for the special problems of fully or partly self-funded retirees (SFRs). Some of its key objectives are to protect and advocate for fair treatment of retirees, promote independence, provide information and support to retirees on a range of topics, including financial planning, health and wellbeing, legal, and aged care matters.

Additional information can be found in AIR's website: www.independentretirees.com

AIR members welcome the opportunity to participate in the Department's consultation on the **Stage 2a on the draft rules on [Funding for the Support at Home program](#)** (SAHP).

COMMENT:

It is appreciated that the introduction of the new Support at Home program is a significant step in reforming Australia's aged care system.

While the Program aims to provide more equitable access to home care services, it raises concerns for self-funded retirees (SFRs) as follows:

I. **Financial sustainability and potential impact on mental health**

The new Program's funding model may result in higher contributions for SFRs particularly those who do not qualify for the Commonwealth Seniors Health Card (CSHC).

Some AIR members may face increased financial burdens due to the requirement to pay a higher percentage of the cost of services, which could put a significant strain on their finances. This is especially true for those with lower incomes or who have already depleted their savings. There is uncertainty regarding the actual costs as current information quotes percentages. Our members are anxious to see the true cost according to their individual circumstances and will be keen to see some "Case studies / cameos" published.

The long-term impact of these changes is unclear, and there is concern that costs may continue to rise in the future, further eroding the financial security of self-funded retirees.

Members are concerned around the issues of equity, cost, eligibility and sustainability and we note that many SFRs feel that this funding is unfair, as they have self-funded and budgeted carefully for their retirement and have not relied on government support.

To reduce the financial burden for SFRs to access home care services with Government's financing strategy relying on SFRs to fund their aged care, there should be targeted support for Self-Funded Retirees.

It is important that Government consider additional funding sources for SFRs not only to supplement their funding source in accessing affordable and quality aged care services, but also support the sustainability of the Government's financing of the aged care sector.

Two alternate funding options worth considering are: an integrated insurance-based funding model and an Aged Care Savings Account.

The potential negative impact on mental health of older persons from the increased financial stress and uncertainty associated with changes under the Program need to be acknowledged and addressed in conjunction with the provision of training to caregivers on recognizing and responding to mental health issues.

An integrated mental health under the Program is crucial to address the emotional needs equally of older persons and carers.

Many SFR's are currently considering alternative options to purchase services privately from unregistered and unregulated providers leaving them open to scams and abuse. Many are considering going overseas to where they perceive they can purchase higher quality services for lower costs.

If many "wealthy" Australians opt out of the Aged Care System there could be a lack of funding available with a high number of higher fees potentially lost leaving a higher percentage of low means participants pay little or no fees thus making the whole system unsustainable for Australia.

II. Potential reduced access to essential services and longer waiting times

The increased costs could make it difficult for some self-funded retirees to afford the level of care they need.

Moreover, the Program's focus on prioritizing individuals with the highest needs may lead to reduced access to services for self-funded retirees with lower-level care requirements.

The increased demand for services may result in longer waiting times, potentially impacting the timely delivery of essential care.

The Government needs to implement strategies to optimize resource allocation and explore, among others, digital solutions to expedite the process.

Also, the assessment and approval processes need to be streamlined to ensure timely access to services.

It is important that the Department considers not only mitigating measures to address increased costs, reduced access, longer waiting times, and negative mental health impacts but also ensures sufficient funding is allocated under the Support at Home Program.

Otherwise, the Program's long-term sustainability is questionable, especially considering the increasing demand for aged care services and the potential strain on government resources.

III. Single Care Provider Model

The Single Care Provider model under the Program has raised several concerns for AIR members.

While it is recognised that having a single provider, responsible for delivering all approved services, means simplified care coordination, improved continuity of care and enhanced communication, it can also mean limited choice (a potential contradiction to the choice and control principles advocated in the new Act), potential dependency on one provider (making it difficult to switch providers without significant disruption to care) and reduced competition(may lead to less innovation and higher costs.)

The model may not adequately address the diverse needs of older Australians, especially those who may require specialized care or services that a single provider cannot provide.

For providers in regional and rural areas, where costs of delivering care are often higher, fixed prices for services may not be feasible.

It is noted that the Support at Home Program is still under development and the actual impact of the single care provider model will depend on various factors, including the specific implementation details and the experiences of clients and providers.

With the above potential drawbacks, it is recommended that the Department ensures that participants have adequate support to make informed choices about their care and control over their resources.

IV. Specific Funding for End-of-Life Pathway

It is appreciated by AIR members that the End-of-Life Pathway empowers individuals to choose where and how they wish to spend their final days, fostering a sense of dignity, comfort, and control.

Other benefits are:

- Prioritizes home-based care, allowing individuals to remain in familiar surroundings.

- Provides a range of services, including nursing, allied health, personal care, and palliative care.
- Offers flexibility to meet individual needs and preferences.
- Enables more people to receive care at home, reducing unnecessary hospital admissions.

SFRs are concerned about the eligibility criteria for the funding and what they will be required to pay in order to access it.

There is also concern that the \$25K for just 12 weeks per person may not be enough to cover the costs and time required for end-of-life care, especially for those with complex needs. The possibility of extension of the program may be possible for people who have extra requirements needs to be well communicated.

It is important to note that these are just potential concerns. The Government needs to ensure, that everyone has access to quality affordable end-of-life care, regardless of their financial circumstances.

V. Funding provision for spiritual support

Spirituality is a crucial aspect of well-being for many individuals, and it can play a significant role in coping with the challenges of aging.

By raising awareness of the importance of spiritual care and advocating for specific funding, this essential aspect of well-being can be adequately addressed.

The new Support at Home Program has been designed to address a wide range of needs, including social, emotional, and spiritual well-being, however, it doesn't explicitly allocate specific funding for spirituality.

Without designated funding, providers may not be able to offer specialized spiritual care services, such as pastoral visits or chaplaincy and some AIR members may struggle to access the spiritual support they need.

When seeking support for such, there is potential for discrimination if spirituality is not explicitly recognized as a legitimate need.

AIR is advocating for the Department to allocate specific funding for spiritual care within the Support at Home Program.

Providers, on the other hand, should be encouraged to adopt inclusive policies that recognize the importance of spirituality and accommodate diverse beliefs.

They should also explore flexible funding options and find creative ways to use existing funding to support spiritual care, such as incorporating spiritual activities into other services.

Another option that should be explored is to leverage community resources by connecting with local religious organizations or community groups that offer spiritual support services.

VI. TRIAL OF POOLED FUNDING FOR FAMILY AND FRIENDS

AIR welcomes the Department's plan to conduct a trial of pooled funding for a select group of residents in retirement villages.

AIR is advocating for a simultaneous trial for a similar select group of family and friends citing the benefits of pooled funding as follows:

- **Shared financial burden:** Pooled funding allows you to contribute a smaller amount towards a larger goal, making it more manageable for everyone involved.
- **Achieving larger goals:** By combining resources, you can achieve goals that would be difficult or impossible to reach individually, such as supporting a loved one's education or starting a business.
- **Increased flexibility:** Pooled funds can be used for a variety of purposes, giving you the freedom to adapt to changing needs and priorities.
- **Strengthened relationships:** Pooled funding can bring family and friends closer together, fostering a sense of shared purpose and collaboration.
- **Greater impact:** Pooling resources can have a greater impact on the cause or person supported.
- **Simplified decision-making:** A single pool of funds can streamline the decision-making process, avoiding the need for multiple individual contributions.

To ensure transparency and avoid misunderstandings, it is important to establish clear guidelines and communication channels.

VII. CONSIDERATIONS FOR MEANS-TESTING CRITERIA

AIR members understand that the exact details of the means-testing criteria for the Support at Home Program under the new Aged Care Act are still being finalized. Also, that there will be a means-testing system in place, which will assess individuals' income and assets to determine their contribution towards the cost of care.

It is important for the Department to consider the following factors when determining the means testing criteria, as these criteria can significantly impact self-funded retirees' capacity for co-contributions and motivation for self-sufficiency, among others:

- **Fairness and Equity:** The criteria should be designed to ensure that those who genuinely need support receive it, while those with sufficient resources contribute to the system. This requires careful consideration of asset and income thresholds, as well as potential loopholes and avoidance strategies.

- **Simplicity and Clarity:** The rules should be clear, easy to understand, and avoid unnecessary complexity. This will minimize confusion and frustration for retirees and their advisors, enabling them to make informed decisions about their financial future.
- **Incentives for Self-Sufficiency:** The criteria should encourage self-reliance and responsible financial planning. This could involve measures such as recognizing and rewarding savings and investment efforts, providing incentives for downsizing or releasing equity in the family home and/or alternate sources of funding for aged care such as an integrated insurance-based model and Aged Care Savings Account as previously mentioned.
- **Impact on Estate Planning:** The Department should consider how changes to means testing might influence estate planning decisions. For example, stricter rules could lead to more complex strategies to minimize the impact of asset tests on eligibility for aged care support.
- **Flexibility and Adaptability:** The system should be adaptable to changing economic and demographic conditions. This might involve regular reviews of thresholds and eligibility criteria to ensure they remain relevant and effective.
- **Protection of Family Homes:** The Department should carefully consider the impact of means testing on the family home, which is often a significant asset for older Australians. It's important to balance the need for fairness with the desire to protect family homes and ensure that retirees can age in place.
- **Consultation with Stakeholders:** The Department should continue to engage with a wide range of stakeholders (including the young generations) to gather input on the potential impacts of different policy options. This will help ensure that the final criteria are well-informed, reflect the needs and support of the community (including the young generations) thereby sustaining the Government's financing of the aged care sector.

By carefully considering these factors, the Department of Health and Aged Care can develop means testing criteria that are fair, equitable, and sustainable, while minimizing unintended consequences for self-funded retirees and their families.

RECOMMENDATION:

It is recommended that consideration be given to the measures needed to address the specific needs and concerns of self-funded retirees to ensure they can continue to age with dignity and independence.

By implementing the recommended measures to address the:

- financial sustainability and potential impact on mental health
- potential reduced access and longer waiting times
- single care provider

- specific funding for End-of-Life Pathway and
- funding for spiritual support
- trial of pooled funding for a similar select group of family and friends (to be conducted simultaneously with the Department's planned trial for retirement village residents)
- considerations for means-testing criteria

The Government should mitigate the risks, significantly improve access to home care services for many Australians and maximize the benefits of the important reforms under the new Support at Home Program, thereby ensuring the sustainability of its financing strategy for the aged sector.

