

# AGED CARE HOMES

The complete Australian guide



Val Nigol & Anthea Wynn

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## **About the Authors**

### **Val Nigol**

**Val** is a financial advisor and accountant who creates financial optimization strategies for individuals and families facing, or already in, retirement and later life. Residential aged care brings specific financial concerns and criteria and Val is one of very few experts in this niche area. His unique contribution to *Aged Care Homes* is up-to-date explanations of the complex rules and costs, together with mix-and-match strategies for families to consider when they are faced with moving a loved on into a care home.

### **Anthea Wynn**

**Anthea** is a non-fiction author whose strength is her ability to convert the complex into plain English. Many years of translating technical, financial material into easy-to-read material is her unique contribution to *Aged Care Homes*. She was first published at 14, previously co-authored a UK textbook on consumer credit risk management and was launch editor of an international credit risk journal.

### **Together...**

**Val and Anthea** have blended their skills to create a step-by-step guide through the Australian aged care homes system in which the human aspects of the process are sensitively rendered and the financial and technical sections are easy to follow.

They both live in Melbourne – but not together...

## **Preface**

This book is intended to be a one-stop shop. A how-to guide to the process of accessing, moving into, and maximising Mum's stay in an aged-care home. We recognised that there was no portable package covering the whole process, and this is what we have aimed to produce. The financial advice is given by a qualified expert and the practical processes have been enhanced by input from experts in their own fields. The book does not cover any aspect of aged care that is not residential.

We have written this book for you, the carer. If you are an independent adult, or adults, seeking a home for yourself, then you are both the carer and the resident. The advice applies equally well. The book has been designed for you to dip in and out of as the need arises, to guide you through the process step by step. As with any specialist field, there are many abbreviations that are commonly used in the aged-care world. We have included a Glossary of these terms at the end of the book.

We have also used the word 'Mum' throughout to signify the resident or the resident-to-be. This is primarily to make the book easier to read, but also because the majority of residents are female. None of this is intended to preclude or offend Dad, other relations or friends, or couples. If the English language had a word for a gender-neutral elder which implied dignity and respect, then we would have used that word instead. While 'elder' comes close, it still carries male overtones and doesn't read as easily as Mum.

The anecdotal stories that we have included are all true. However some names have been changed to protect individual privacy.

Over time things will change, particularly the financial details and ownership of the homes. For the most up-to-date information, we suggest that you check on the appropriate websites, ask your ACAT centre or Centrelink. For financial issues, we strongly recommend that you consult Centrelink or an independent financial advisor who specialises in this area. For legal issues, we suggest you seek professional advice.

We are not medical practitioners. Where medical information has been given in the book, we have quoted from experts. If this material raises any queries or issues for you, we suggest that you consult an appropriate medical practitioner. Lastly we have written this book independently of any organisation or sector in the aged care industry.

# Chapter 1 Introduction

You've just received the dreaded, but long expected, phone call. 'Yes, it's Mum... she's had a fall. Yeah... broken her hip.' You know what this really means. That Mum can't live at home on her own any more. And it also means that as of this minute, you have been catapulted into the process of finding a residential care home for her.

If you have already been through this process previously, you will at least have some idea about what is involved. If that was sometime ago, then things, particularly the rules around the finances, will have changed.

If, like most people, this is your first encounter, then the chances are that you won't have a clue about where to start. That is where this book comes in. Even if you feel that your own situation is pressing, it is worth your while to have a quick read of this chapter. It will give you a broader perspective of this new world you are about to enter.

## Today's big picture

To give you some idea of the profile of aged-care homes and their residents in 2009, we will start by painting the big picture of the industry Australia-wide. While you may ask what this has to do with your own particular situation, having some broader understanding can give you an insight into the nature and structure of the industry.

The following is taken from the Australian Institute of Health and Welfare's *Residential age care in Australia 2007-08*. (If you would like more detail this splendid document is free and downloadable from [www.aihw.gov.au/publications/](http://www.aihw.gov.au/publications/). It is updated annually.)

## Profile of residents

- Male/female spread of residents: 71% female, 29% male
- Percentage of residents aged 85 or more: 60% of females, 40% of males
- Percentage admitted into low care and high care: 28% and 72% respectively

- Main health reason for admission: dementia (48%)
- Marital status on entry: 56% widowed, 26% married/de facto, 18% single
- Previous housing: 79% own home/flat, 10% independent unit..
- Financial status: 89% pensioner (Centrelink or DVA), 9% self-funded retirees
- Average length of stay: 148 weeks (women – 170 weeks, men – 110 weeks)
- Percentage staying 8+ years: 9% (21% stay for 5 or more years)
- Percentage of residents who die in the home: 88%
- Percentage admitted for respite care: 49%

## **Profile of homes**

(A 'place' refers to a bed or room in a home, not the home itself.)

- Number of places: 172,700 (compared with 137,000 in 1996)
- Number of service providers: 2800 (compared with 3000 in 1996)
- Number of admissions for permanent care 2007-08: 53,700
- Number leaving permanent care: 53,800 (88% of these are due to death)
- The providers: 28% private, 72% not-for-profit (ie charities, religious, community-based, local and state governments)
- Average occupancy rate of a place: 93.5%
- Change in size of homes: From 1998 to 2008, the percentage of large homes has increased from 20% to 39%, which has been offset by the decline in the number of smaller homes from 53% to 31%.

## **Aged-care options**

As Mum becomes more frail there is a range of options open to you, some of which you can put into place yourself and for others you need to access the system. They are listed here in order of increasing need, from those that give some help at home, right through to full residential nursing care. Many services require an ACAT assessment (see Chapter 4) as a pre-requisite.

- help at home – with cleaning, gardening, cooking, personal care which can be provided as the needs arise,
- community-based support,
- independent living – move (without an assessment) into an independent living unit or a serviced apartment within a retirement village or an independent living complex,
- short-term respite care may be an option,
- an assessment decides that residential low care is the next step,
- high care is a fully supervised, residential nursing home,
- specialist care is mostly for dementia residents, but homes also exist for the profoundly deaf, vision-impaired and other situations,
- extra-services homes provide luxury extras that make them more like a hotel, at an extra cost. They can be low or high care,
- ageing-in-place is a home that is able to provide low care and high care (and possibly specialist care) on the one site, removing the need to relocate to a new home in the future if Mum's needs change,
- if you have specific cultural and language needs, then many culture-specific homes are also available.

This book only addresses the needs and processes for accessing residential care, ie the first three situations are not covered.

## **What you get**

As their names suggest, you get practical, day-to-day support in low care, whereas by the time you need high or specialist care, it has become a supervised nursing situation. The Australian government pays subsidies to homes that cover part of the cost; the resident must make up the difference. To receive these subsidies, the home must be accredited, ie it must have been approved (via inspection and annual audits) that it meets the 44 criteria laid down in law.

According to Jim Toohey in his article *Stay as you pay* (*The Bulletin* June 19, 2007) this is how they operate. (The figures have been updated to reflect the September 2009 costs):

## **Low care**

You get:

- Assistance with personal care, medication, cleaning, laundry, meals, activities, some therapies.
- Bond: yes, with no upper limit. Currently ranges from \$90,000 – \$700,000. Home can retain up to \$3,588 annually for five years plus all the interest.
- Charges: basic daily care fee \$36.94 (standard), or \$33.74 (protected and phased) or \$42.02 (non-standard); daily income tested fee up to \$59.38. See Chapter 5 .

## **High care**

You get:

- Special aids or furniture, nursing, meals, laundry, medication, assistance, therapy, oxygen.
- Bond: no, but if your assets are more than \$91,910.40, you may pay a daily accommodation charge of up to \$26.88 if you do not receive a means-tested pension, and \$25.02 if you do.
- Charges: basic daily care fees and daily income tested fees as for low care.

## **Extra services**

You get:

- The same as for low or high care (as applicable) plus extras that may include choices of meals, activities, single or larger rooms, beauty services.
- Bond: yes.
- Charges: as for low or high care, plus extra-services fees.

## **Carers**

Although we focus on the person needing the care, it is equally important to remember the needs of the care-giver or carer. These are the people providing unpaid informal support to older and disabled people who continue to live in their own homes. They are most often family members, partners or spouses, and women. More worrying is the fact that one third of all carers themselves have a reported disability.

There are also the professional carers who support Mum's needs and without whom many Mums would not cope. But throughout the book when we talk about carers we are focussing on the informal, unpaid helpers.

Carers often devote many years to the caring role, often at the expense of their own lifestyles, education or careers. The role can also bring its own problems of health and emotional well-being as well as financial demands. Some financial support is available from the government.

As Australia's population ages and the government's policies of providing care in the home or community continues, then more informal care will be needed. Recent projections (by NATSEM) suggest that the number of older people requiring assistance at home is likely to increase by 160% between 2001 and 2031. During the same period however, the number of informal carers for older people is only expected to increase by 57%.

## **Chapter 5 – Financial Homework**

Now that Mum has had her ACAT assessment, the next step is to request an assets assessment. This is a formal process undertaken by Centrelink (or the DVA) and is based on an analysis of Mum's assets. This information is used to determine what her costs and fees will be. Mum can choose not to do this (and you can skip this chapter) but she should then expect to pay the full fees.

You and Mum will have to do a lot of homework to prepare yourselves for filling in the assessment form. Without compromising the quality of her care you have three objectives here. You need to structure both her income and her assets in such a way that you:

- minimise the cost of her aged care fees and charges,
- maximise the value of her remaining assets, and
- don't compromise her Centrelink pension and benefits.

Even with the most straightforward of financial circumstances, these are not easily or obviously achieved. If Mum owns her own home, that is trigger for considering professional help.

### ***Val's story***

*Val, as a professional financial advisor in this field, sees many clients who come for advice after they have sold Mum's house. In the majority of cases, they would have been financially better off renting the house out rather than selling it. They could have discovered this if only they had sought expert help right at the start of this process.*

***Lesson: Don't under-estimate how beneficial professional advice can be and don't leave it too late.***

The benefits you can gain from professional advice can far outweigh the cost of the advice. At a minimum get limited free advice from a Centrelink Financial Information Service Officer (phone **132 300** for an appointment).

This chapter aims to:

- guide you through the preparation so that you can achieve these objectives,
- prepare you so that when you get professional financial advice, you will understand the options and strategies that might be suggested to you, or
- if you chose not to take outside advice, you are able to complete the assessment form in such a way that you can achieve Mum's objectives.

In order to reach these end-points, we will explain what all the fees and charges are (although not all will be applicable to Mum, depending on her circumstances and level of care). Then we will walk you through the homework you need to do. The chapter (indeed the whole book) is not intended to be a DIY instruction manual; rather it provides guidelines and advice from experienced experts on this aspect of the whole process.

## **Chapter 7 Finding a Home**

This is where the hard work starts. You have two options here – do it yourself or use an agent. The DIY method is potentially cheaper (well, in terms of money but maybe not in terms of wear and tear on the carer or the family) but may take longer. Using a placement agent will have a direct cost attached to it but you will get the benefit of their local knowledge, expertise and their ability to negotiate the bond on your behalf.

### ***Yvonne's story***

*Yvonne was suddenly in the position of having to find a home, and fast, for her 98 year old mother, who had been managing independently until unexpected surgery altered everything. Yvonne knew of several local homes and had half decided on one in particular. But her own circumstances were such that she couldn't make the time to do all the legwork. Reluctantly (because of the cost) she approached a local agency. The first thing they advised was not to use her chosen home ('nice people, but the quality of care could be better') and suggested an alternative. Yvonne expected that Mum was low care (which entailed a bond, and Mum didn't have any assets – she had always rented her home), but the agency suggested that they could get her a place in an SRS home which meant no bond and good care. Within the week Mum was settled in.*

***Lesson: Don't assume and prejudge. If you don't ask, you don't get.***

## **Chapter 9 Ongoing Practical Issues**

Now that Mum is safely tucked up in a home, don't think that, apart from the occasional visit that is the end of it. There are many things that you can do either to improve Mum's lot, or to ensure that she is being looked after satisfactorily.

The first thing you may notice is that certain aspects of the home aren't quite as good as you'd hoped, eg food or activities. This may entail you coming up with alternatives to supplement or replace what is on offer.

As time passes, and Mum's condition potentially deteriorates, it may be that you will need to visit more often or keep a watchful eye out for her care and condition. You may have to be more proactive and critical. As she settles in, she may want other items in her room and possibly not need some of the original things she brought with her.

### ***Neil's Story***

*Neil visited his Mum one day at lunchtime – the main meal of the day – only to learn that her food was always cold when it arrived. It turned out that she was the last one to be served. He mentioned this to the staff, and they altered the order in which they served the residents. Problem solved. But had he not visited at lunchtime, this minor, but irritating, issue would not have been discovered.*

***Lesson: Just because Mum mightn't mention a problem, doesn't always mean there isn't one. Use your own eyes and ears to ensure her well-being.***