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USERS MUST CONTRIBUTE MORE FOR AGED CARE, SAYS CATHOLIC HEALTH AUSTRALIA

Wealthier Australians should contribute more for their aged care to make sure providers can remain open and the sector can survive to provide for those who can least afford it, says Catholic Health Australia.

The not-for-profit peak body, which represents 12 per cent of Australia's aged care facilities, is calling on the government to properly include housing wealth in means testing and allow providers to set their own daily fees.

In its pre-budget submission, CHA notes the aged care sector is under severe financial pressure, with 70 per cent of residential homes running at a loss in the third quarter of 2022.

According to modelling commissioned by CHA the aged care sector needs a capital investment of \$48 billion by 2030 to provide enough places for our ageing population - but not all of this should come from taxpayers when wealthy Australians who receive care can afford to contribute more.

Currently when an older Australian is means tested for personal and nursing care services, the government considers their housing wealth only up to the value of \$186,331.20.

CHA says this figure must be increased while the cap on the maximum Basic Daily Fee that aged care homes are allowed to charge should be removed. A resident's Basic Daily Fee is currently set at 85% of the single person rate of the basic age pension and is not reflective of actual expenses. Deregulating this fee for self-funded retirees will meet actual costs.

These principles should also apply to the growing at home care sector. This will create incentives for people to make meaningful choices about which level of care is right for them rather than simply selecting the option which provides the highest level of government subsidy.

Catholic Health Australia CEO Pat Garcia said financial reforms are urgently needed to prevent the aged care sector from collapse.

"Aged care homes are straining under the weight of inflation and COVID-19 costs while facing long-term financial headwinds as our nation ages.



“The sector needs huge investment and there are two places it could come from: government coffers or increased user contributions from those who can afford to pay. Taxpayers already provide approximately 75% of funding for residential aged care, and this contribution has grown at roughly double the pace of consumer contributions over the last decade.

“Given the median value of an Australian home today is about \$1million, the outdated means test cap of under \$200,000 means the government is turning a blind eye to a staggering amount of money.

“Asking users to contribute more not only makes logical sense and has support from the aged care sector. If we are to continue to care for our older Australians, then it is fair that we have to dig deep into our accumulated wealth now and not sheet the bill home to future generations.”

Notes to editors: Catholic Health Australia (CHA) is Australia’s largest non-government grouping of health and aged care services accounting for approximately 10 per cent of hospital-based healthcare in Australia. Our members also provide around 25 percent of private hospital care, 5 percent of public hospital care, 12 percent of aged care facilities, and 20 percent of home care and support for the elderly.