



New and Significant Refurbishment guidelines

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Legislation/Guidelines

- Guidelines for applying the Higher Accommodation Supplement
- Subsidy Principles 2014 Chapter 2, Part 3, Division 5
- The Aged Care Act 1997 (amended) Chapter 3, Part 3.1, Division 44-28
- Fees and Payments Principles 2014 (no. 2) Part 44, Division 4, Section 32
- Aged Care (Subsidy, Fees and Payments) Determination 2014



Legislation/Guidelines

- Aged care (Transitional Provisions) Act 1997
- Aged Care (Transitional Provisions) Principles 2014
- Aged Care (Transitional Provisions) (Subsidy and Other Measures) Determination 2014



Definitions

- **Accommodation wing:** a floor or level of a building; and an annex to a building that is used to provide accommodation for a care recipient being provided with residential care
- **Care recipient room:** a room or part of a room intended to be occupied as personal space by a care recipient where this includes the bed used by a care recipient and the areas immediately around the bed



Care recipient rooms





Definitions

- **Eligible Care Recipients:** those in respect of whom the accommodation supplement is payable – concessional, assisted, supported or low means
- **Extension:** new and additional part of an existing residential care service

Definitions

- **Minimum Monetary Spend Amount (MMSA):**
the amount worked out by multiplying \$25,000 by 40% of the lower of:
 - a) The total no. of care recipient rooms in the service before the commencement of the refurbishment: and
 - b) The total no. of care recipient rooms in the service after the completion of the refurbishment



Definitions

- **Operational Place:** is either occupied or available for the provision of Australian Govt. funded aged care to an approved care recipient. Does not include Approvals in Principal
- **Refurbishment Cost:** total cost of refurbishment unless fire safety improvements have been included & the cost is more than 25% of MMSA



Definitions

- **Refurbishment cost with fire safety improvements:**

A – (B – C) where:

A is the total cost of the refurbishment

B is the cost of the fire safety improvements

C is the amount that is 25% of the MMSA in relation to the service



Who is eligible?

- The higher accommodation supplement will not be paid unless the following requirements are met at the service level:
 - Building requirements in Schedule 1 of Aged Care (Transitional Provisions) Principles 2014 including fire/safety requirements and privacy/space requirements, for either pre-end-July 1999 buildings or post-end-July 1999 (as applicable); and
 - The service’s facility has been completed on or after April 2012;
or
 - The service’s facility has been significantly refurbished on or after 20 April 2012





Who should apply?

- **Newly built facilities:** completed on or after 20 April 2012 **do not need to apply**
- **Refurbished facilities:** need to apply to the Secretary of the Department for a determination that their service is significantly refurbished



Two Pathways to apply

- **Standard approval:** for services with completed refurbishments. Secretary will advise within 60 days of receiving the application
- **Pre-approval (Two Steps):** conditional determination by the Secretary granted on the basis that the proposed work if completed as planned, is expected to meet the eligibility criteria set out in the Principles. Secretary will advise within 60 days of receiving the application



Two Pathways to apply

- **Confirmation:** may only be submitted once the project has been completed. The Secretary will advise in 28 days of receiving confirmation of completion, unless additional information is requested



Payments

- **Without pre-approval** – payment commences on the day the application was received, provided all criteria have been satisfied
- **With pre-approval** – payable from the date on which confirmation of the completed refurbishment is received by the Department, provided all criteria have been satisfied



Application process

- Must be submitted on the approved form either:
 - Online
 - Download paper application form
 - Request a paper application form
- Multiple services under the same approved provider require separate application forms



Completing the application

- Six sections:
 1. Applicant information
 2. Contact persons details
 3. Self assessment checklist
 4. Supporting statement – 1-2 typed pages describing the completed refurbishment and the benefit to care recipients (particularly Eligible Care Recipients) with relation to **care recipients rooms, common areas** for care recipients, and noting **any refurbished areas that are not for the use of care recipients.**



Completing the application

- **Important:** be clear in describing the differences made as a result of the refurbishment making reference to **pre- and post- refurbishment condition.**
- **Use photos – clearly labelled**



Completing the application

5. Supporting Evidence

- Occupancy certificate or equivalent
- Relevant final site, floor and/or building plans
- Clearly label documents
- They won't be returned

6. Key personnel declaration





Significant Refurbishment Criteria

- **Completed** on or after 20 April 2012
- **Staged projects completed on or after 20 April 2012:** needs to be clear that all work was part of **one** clearly identified refurbishment project
- **Significant difference:** the alterations, updates, upgrades or other improvements that have been made to the service have resulted in the service being significantly different in form, quality or functionality after refurbishment



Significant Refurbishment Criteria

- These improvements should be readily observable.
- Examples:
 - Improvements to existing internal infrastructure such as:
 - Upgrades to care recipients rooms (including ensuites), and shared toilets/bathrooms
 - An extension to the residential care service available to all care recipients regardless of their means
 - Upgrades or additions of common dining, living and recreational areas for care recipients
 - Upgrades to allied health rehabilitation areas



Significant Refurbishment Criteria

- Addition of a library
- Addition of a café for care recipients
- Installing new nurse communication systems, care recipient down alarm systems
- Improvements to existing external infrastructure such as:
 - Stairs and ramps
 - Automatic doors
 - Outdoor activity areas eg BBQs





Significant Refurbishment Criteria

- Significant proportion of the areas of the service that have been refurbished must be accessible and for the use of care recipients
- As a guide, refurbishment work that is not accessible to and for the use of care recipients (eg. admin areas, garages, storage for cleaning/ maintenance) should not comprise more than 10% of the MMSA. Above that is at the discretion of the Secretary.





Significant Refurbishment Criteria

- Significant benefits for Eligible Care Recipients: the refurbishment provides significant benefits to assisted residents, concessional residents, low means care recipients or supported residents who are being provided with residential care through the service
- Number of available rooms to eligible care recipients must not be lower than the proportion before commencement



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Significant Refurbishment Criteria

- Examples providing benefit to Eligible Care Recipients include:
 - Improved care recipients rooms available to eligible care recipients
 - Availability of care recipient rooms within new accommodation wings to eligible care recipients
 - New or improved common areas accessible to eligible care recipients
 - New beds for Eligible Care Recipients





Significant Refurbishment Criteria

- Ceiling hoists and other care related equipment for Eligible Care Recipients
- Exercise and recreational equipment for Eligible Care Recipients
- Electronic equipment for Eligible Care Recipients (eg computers)



Minimum Required Benefits

- The refurbishment:
 - a) Has resulted in at least 40% of the care recipients being provided with residential care through a service having a care recipient room that has been significantly refurbished; or
 - b) Provides a significant benefit to at least 40% of the care recipients being provided with residential care through the service; or
 - c) Consisted of an extension to the service involving an increase of at least 25% of the number of care recipients rooms in the service



Kitchenette



Before

After





Private Dining

Before



After





Lounge area

Before



After





Nurses Station

Before



After





Dining area

Before



After





Bedrooms

Before



After





Minimum Required Benefits

At least a, b or c of the following must be met:

- a) At least 40% of the care recipients being provided care have a room significantly refurbished. NOTE: 40% applies to total number of *operational places* at the time of application.



Example A

100 operational places has 40 x two bed rooms (80 care recipient rooms) & 20 x single bed rooms (20 care recipient rooms)

Refurbishment in either combination:

- 20 x two bed rooms (40%)

Or

- 10 x two bed rooms and 20 single bed rooms (40%)





Minimum Requirement Benefits

b) In cases where main focus is on common areas, it must significantly benefit at least 40% (operational places) of care recipients.

Generally, only doing refurbishment in common areas will not satisfy this criterion as it is expected that they are supplemented by some refurbishment of care recipients rooms. *They will be considered on a case by case basis.*



Example B

Combination common area & bedroom refurbishment in 100 operational place service:

1. 10 x two bed rooms (benefits 20% of care recipients)
2. 10 x single bed rooms (benefits 10% of care recipients)
3. Common living areas accessible to all care recipients (benefits 100% of care recipients)



Minimum Requirement Benefits

c) An extension to the service must have **added at least an additional 25% of care recipient rooms**. NOTE: 25% relates to total no. of care recipient rooms, not just the ones occupied.

Example C: Service has 100 care recipient rooms currently adds an extension of 15 x two bed rooms, noting this is equivalent to 30 care recipient rooms. *After the extension, the service now has 130 care recipient rooms*





Refurbishment Cost

- Must at least equal the calculated MMSA
- Is ex GST
- Includes reasonable costs necessary to complete the refurbishment such as professional and consultant fees where they are clearly linked to the project
- Does not include in-house costs of services management or administration





What constitutes fire safety improvements?

Installation, alteration, upgrading of any of the following fire safety features:

- Fire hydrant and sprinkler system including pumps, tanks, mains etc
- Fire hose reel systems
- Fire extinguishers
- Smoke detection and alarm system inclusive of fire indicator panel
- Emergency lighting
- Exit signage systems





Fire safety does not include:

- Fire ratings to wall, floors and ceilings,
- Smoke walls to achieve compliance with the BCA smoke compartmentalisation and construction of the building; and
- Construction of exits including stairs and fire related stair shafts, lift shafts and other building service shafts

Costs capitalised

- Relevant costs of the refurbishment will be capitalised for the purposes of the Australian accounting standards because:
 - The refurbishment consisted of structural improvements; or
 - Those costs can be depreciated because they relate to fixtures, fittings or anything that can be removed intact



Work that is not Significant Refurbishment

- Routine maintenance, repairs and replacements eg plumbing, painting, electrical work, gardening or replacement of furniture
- In certain circumstances these can be included in a refurbishment project where it can be demonstrated that this building work is part of the significant refurbishment



Supported Resident Ratio

Where a facility has been newly built on or after 20 April 2012 or determined to be significantly refurbished but the supported resident ratio is below the amount set in the Minister's Determination (currently more than 40%), the maximum accommodation supplement is reduced by 25% for each day the ratio is not met.

Eg. If a facility is receiving \$52.49 (1 July 2014 rate), the supplement would be reduced to approximately \$39.37 for each day the supported resident ratio is not met.



Case Study

154 bed facility in Inverell in 3 buildings assumes

Refurbishment Cost = \$2,000,000

40% x 154 rooms = 62 rooms

62 rooms x \$25,000 = \$1,550,000 MMSA

Sprinklers cost = \$935,000 included in \$2,000,000

Formula: $A - (B - C)$

$\$2,000,000 - (935,000 - (25\% \times \$1,550,000))$

$\$2,000,000 - \$547,500 = \mathbf{\$1,452,500}$ refurbishment cost

Still need to spend \$97,500 to meet the MMSA

Total spend = \$2,097,500



Case Study

- Assuming **63** concessional/assisted/supported/ low means care recipients – ie approx. 41%
- Payback period (no borrowed funds) approx. **3.7 years MMSA value only**
- Assuming **60** concessional/assisted/supported/ low means care recipients – ie approx. 39%
- Payback period (no borrowed funds) approx. **13.6 years MMSA value only**

Assumes concessional/assisted/supported/low means care recipients remains the same over the years



Case Study

Extension without increasing beds ie to De-bed

62 beds extension to meet 40% requirement

62 x \$?? per bed to build = \$??

Still have 154 rooms

OR

31 bed extension to meet 20% and 31 rooms significantly refurbished to meet 20% = 40%

Still have 154 rooms



Strategic Development Planning Workshops

Review and evaluate the current strategic assets considering:

- life expectancy, marketability and operational functionality of current building/s
- ongoing percentage of concessional/ assisted/ supported/ low means care recipients
- strategic development options
- timeline to complete works
- cost benefit analysis
- ROI on upgrading vs rebuilding



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