



NZACA CONFERENCE

ARC Service Review Costing Component

**Cam Ansell, National Head of Aged Care Services
Grant Thornton Australia Ltd**

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Presentation Overview

1. Objectives and Research Methodology
2. ARC Survey Results
3. Greenfield Costings



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1. Objectives and Methodology

ARC Costing Component - Study Objectives

To indicate what are or would be the costs for fair and reasonable service delivery models provided by an efficient and effective provider.

ARC Costing Component

References:

- Grant Thornton Australia Aged Care Survey 2008
- Joseph Rowntree Foundation Calculating the Fair Market Price for Care 2008 and 2009 (UK)
- PWC/Health Funding Authority Aged Residential Care Pricing Implementation 2000 (NZ).

ARC Costing Component Methodology

1. Designing of the ARC Costing survey instrument
2. Promotion of the survey initiative to ARC Providers
3. Designing and constructing survey models
4. Reviewing and vetting the provider data submitted
5. Developing Greenfield Models from combined data sets and consultation with providers
6. Establishing the required rate of return for the provision of aged residential care services



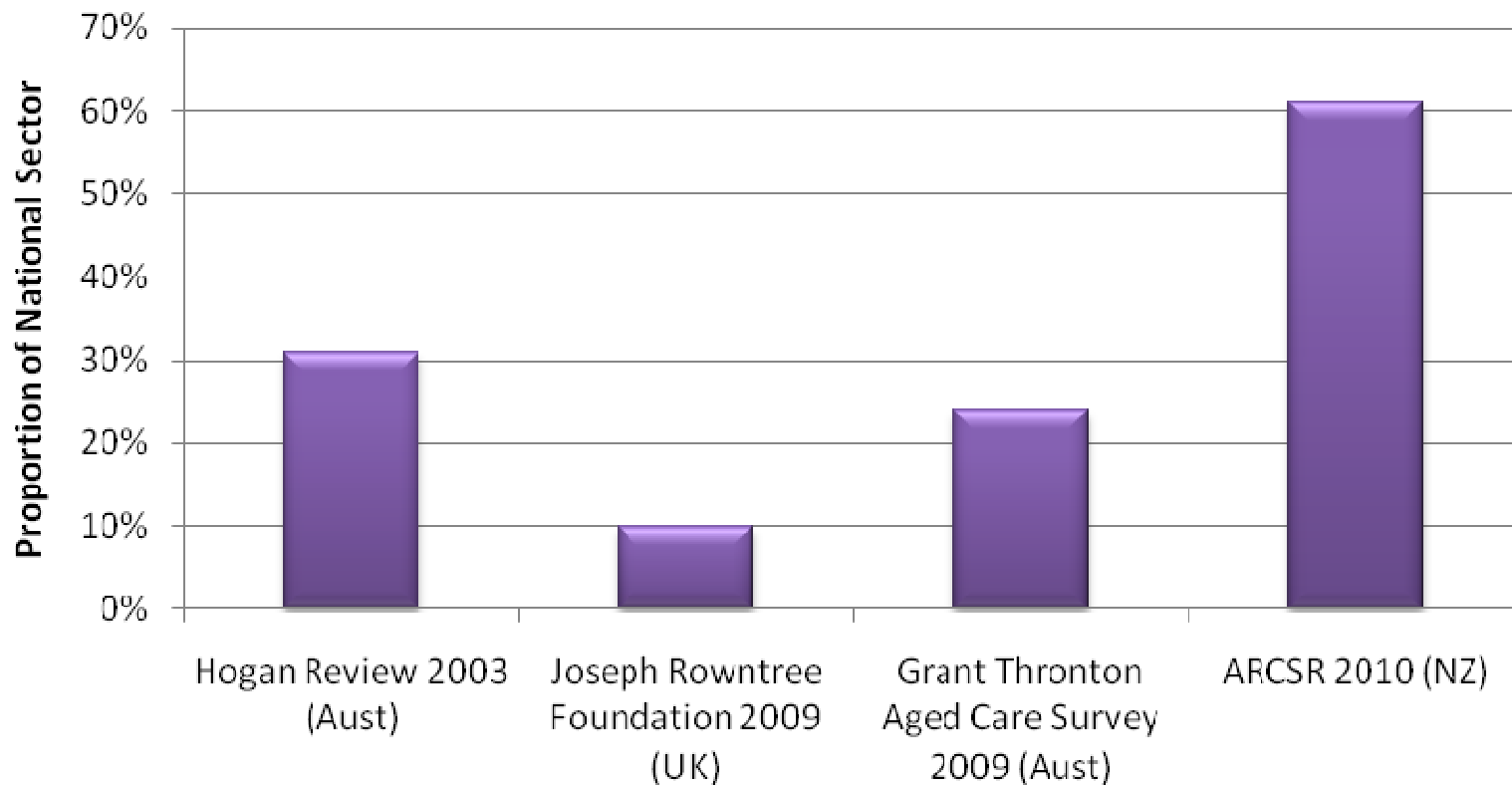
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2. Provider Feedback:

Analysis of Survey Participants

Costing component – Survey Process and Results

Survey Response Levels

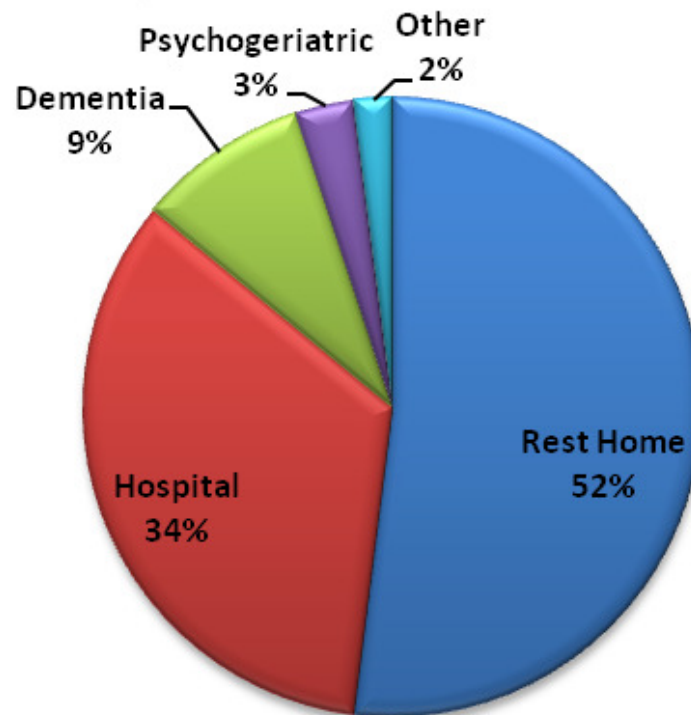


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Costing component – Survey Process and Results

Profile of Survey Contributors

Proportion of Beds in Survey

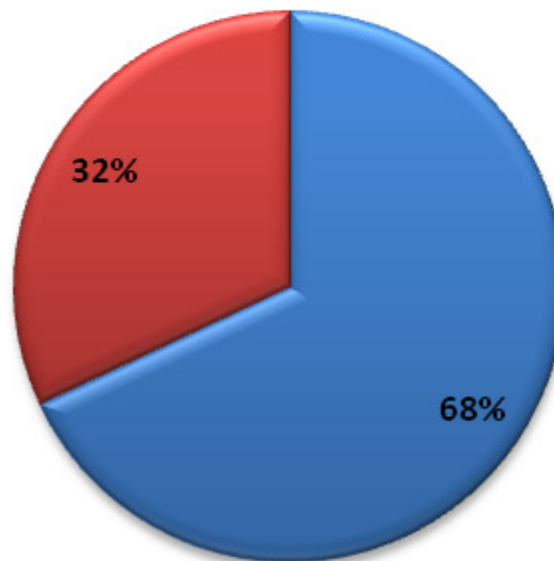


Costing component – Survey Process and Results

Profile of Survey Contributors

NZ Sector Representation

■ For Profit ■ Not For Profit

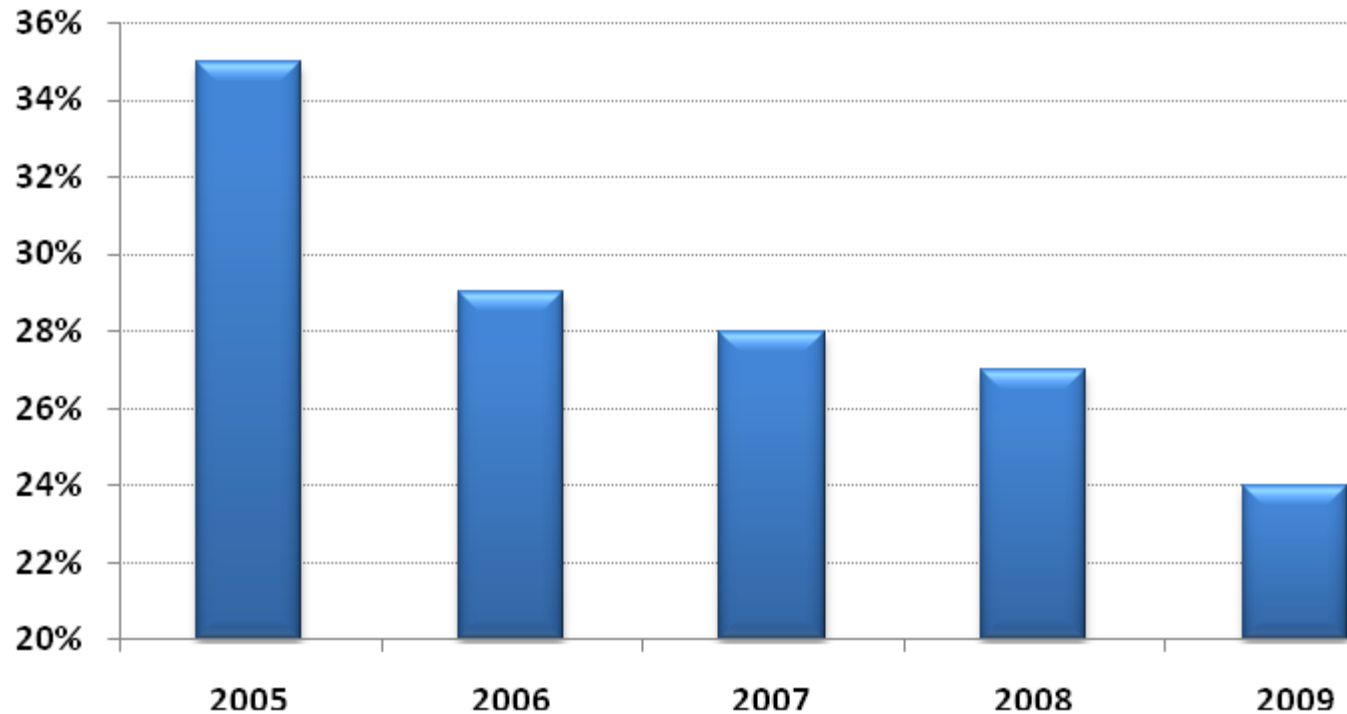


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Costing Component - Survey Process and Results

Profile of Survey Contributors

Not For Profit Facilities

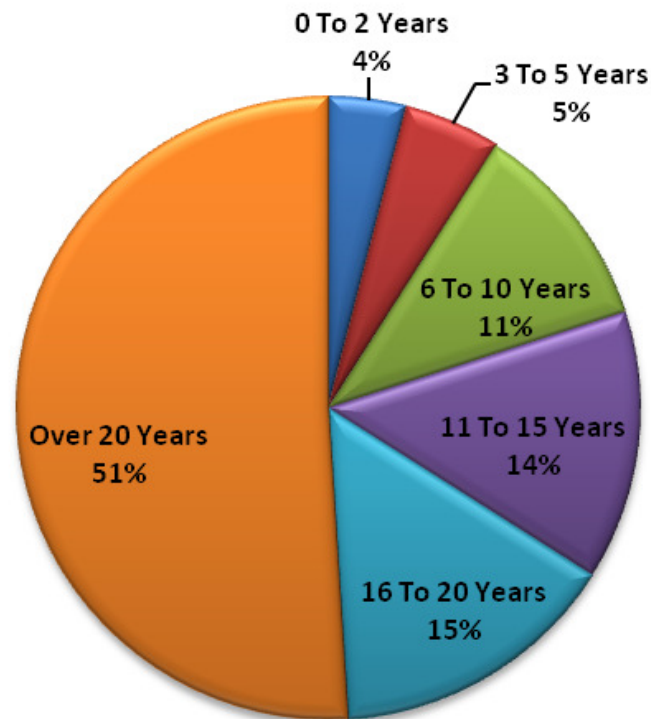


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Costing component – Survey Process and Results

Profile of Survey Contributors

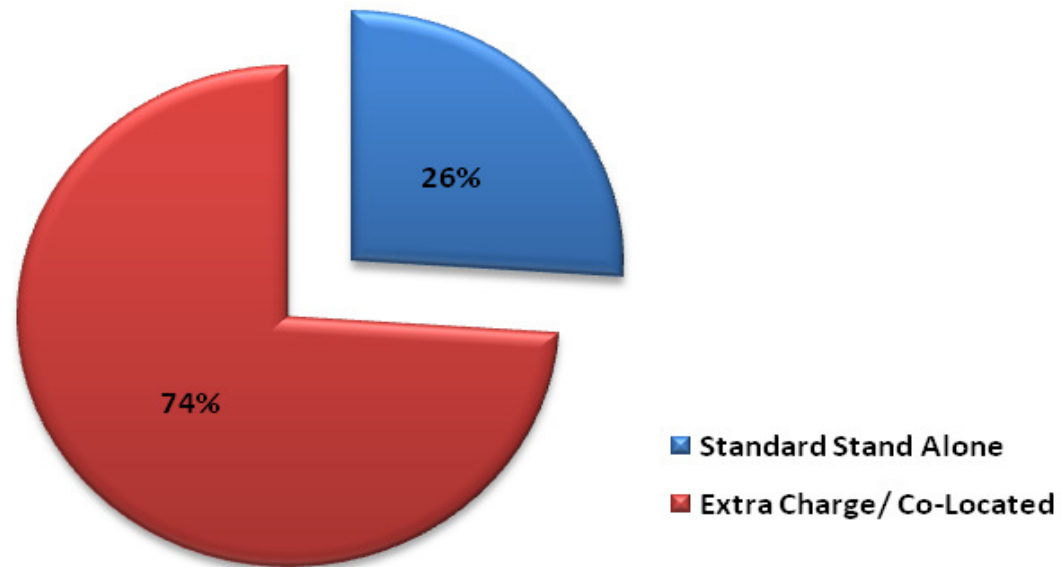
Age of Facilities



Costing component – Survey Process and Results

Profile of Survey Contributors

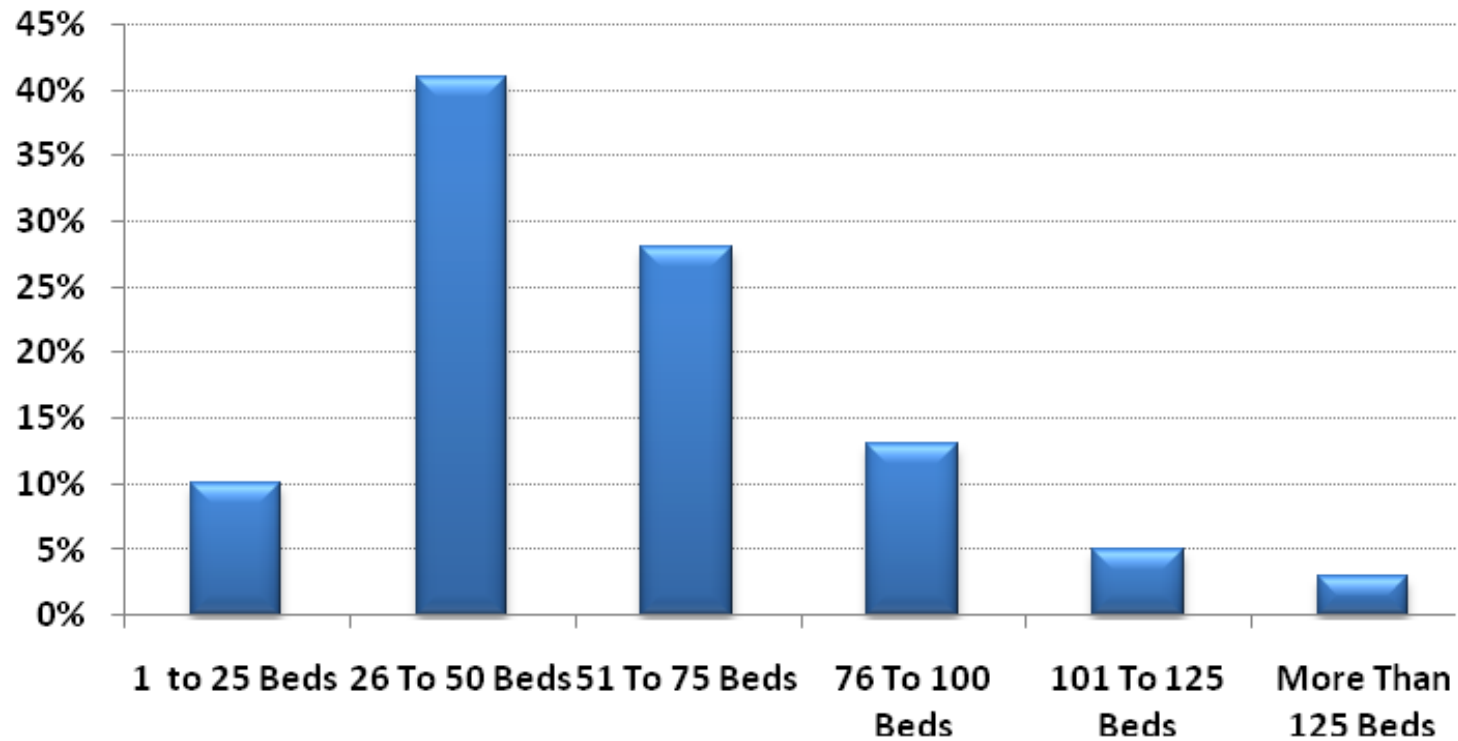
Facilities Built Since 1999



Costing component – Survey Process and Results

Profile of Survey Contributors

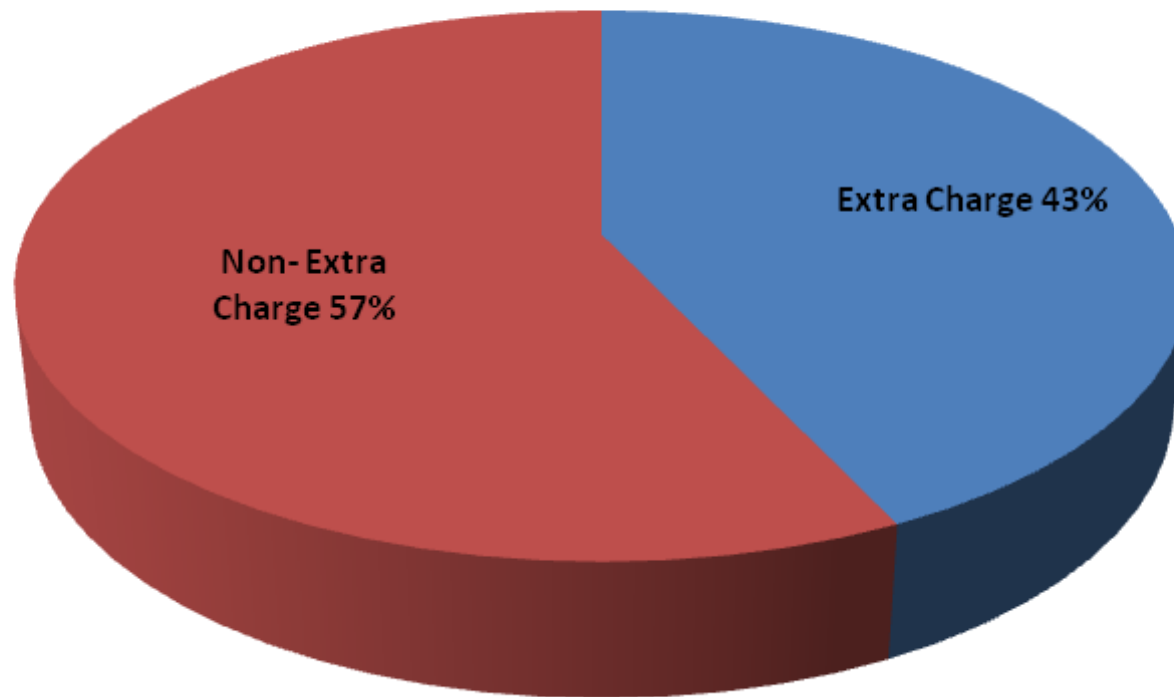
Size of Facilities



Costing Component – Survey Process and Results

Profile of Survey Contributors

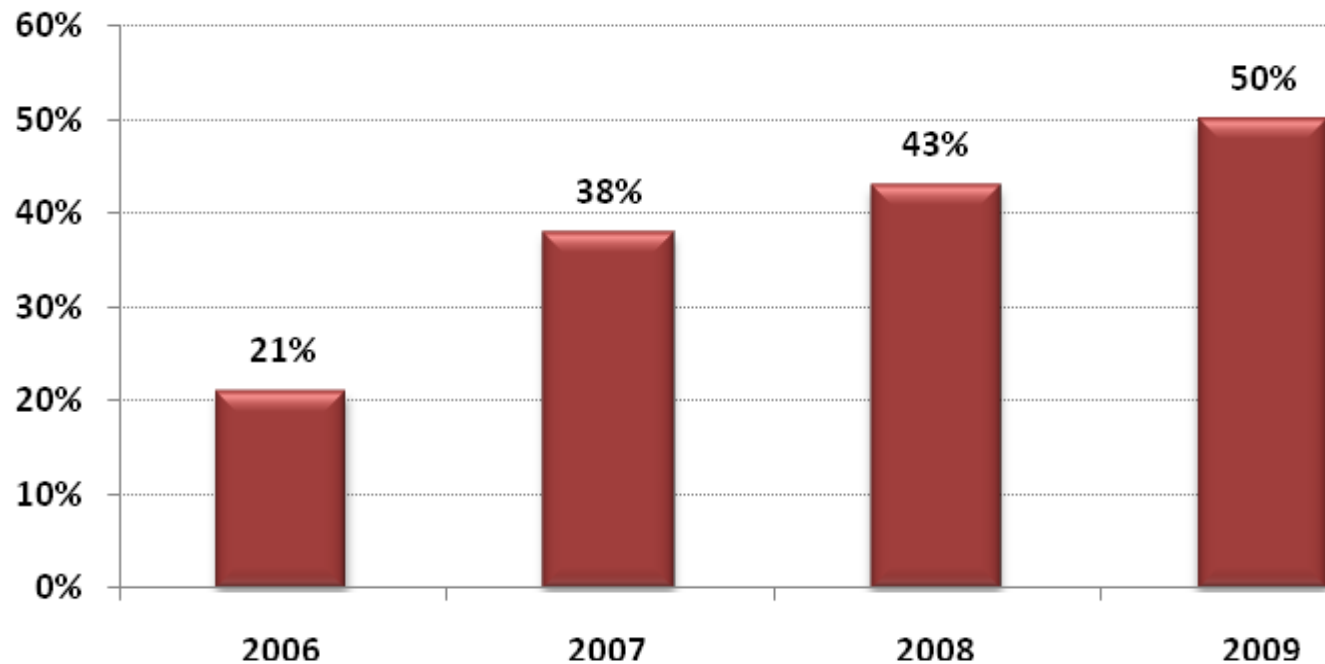
Extra Charge Facilities



Costing Component – Survey Process and Results

Profile of Survey Contributors

NZACA Member Facilities with Extra Charge Contracts

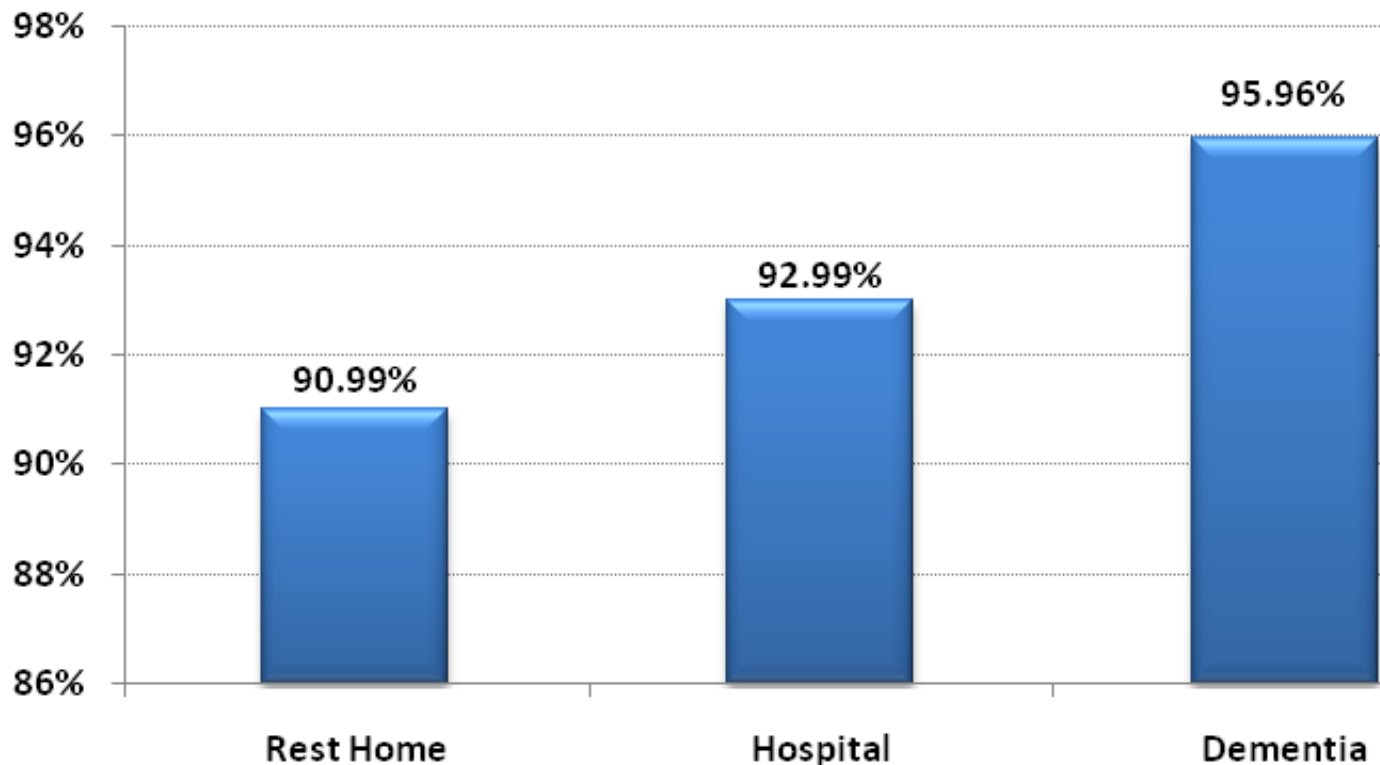


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Costing component – Survey Process and Results

Profile of Survey Contributors

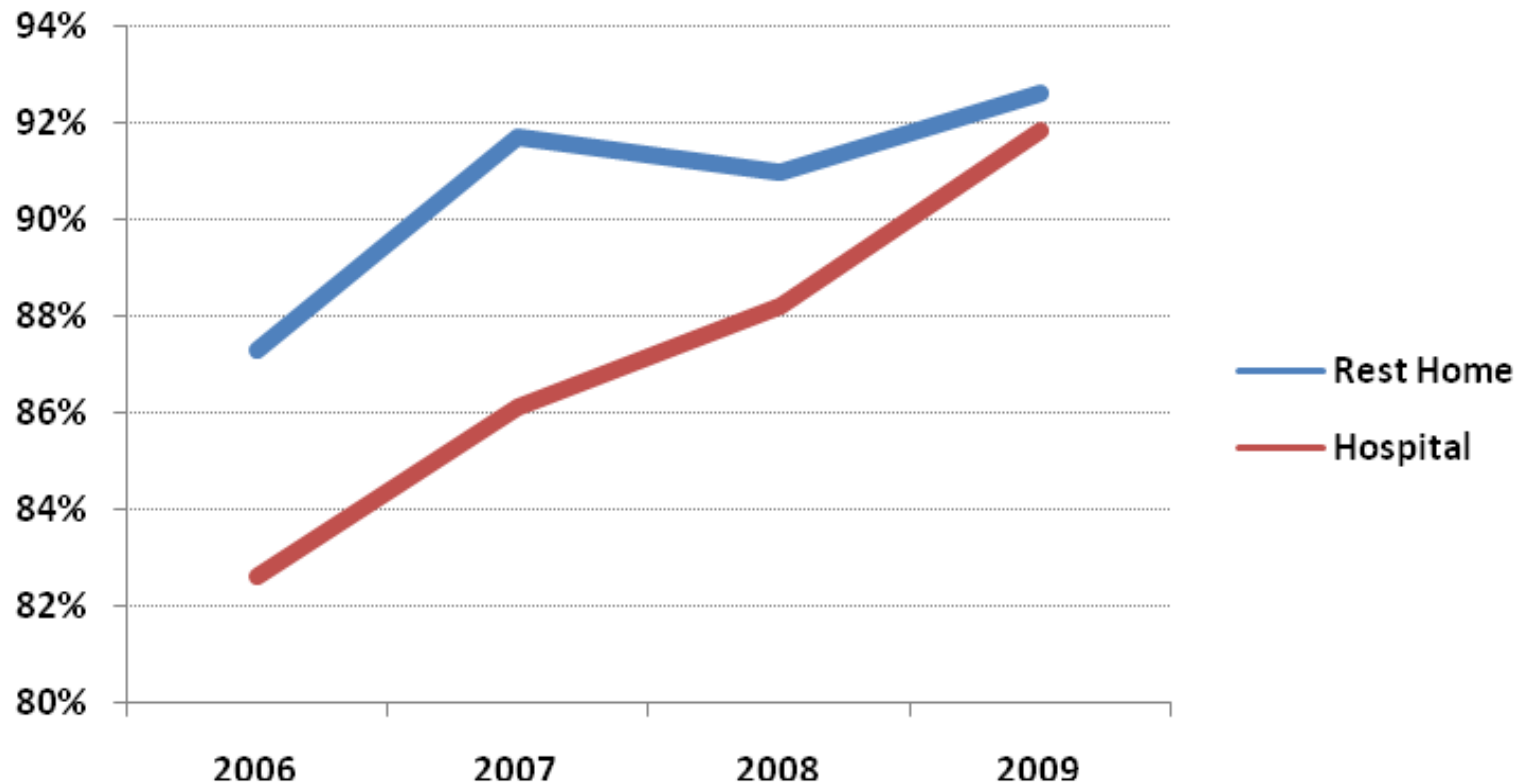
Occupancy by Service Type



Costing component – Survey Process and Results

Profile of Survey Contributors

NZACA Member Survey Occupancy





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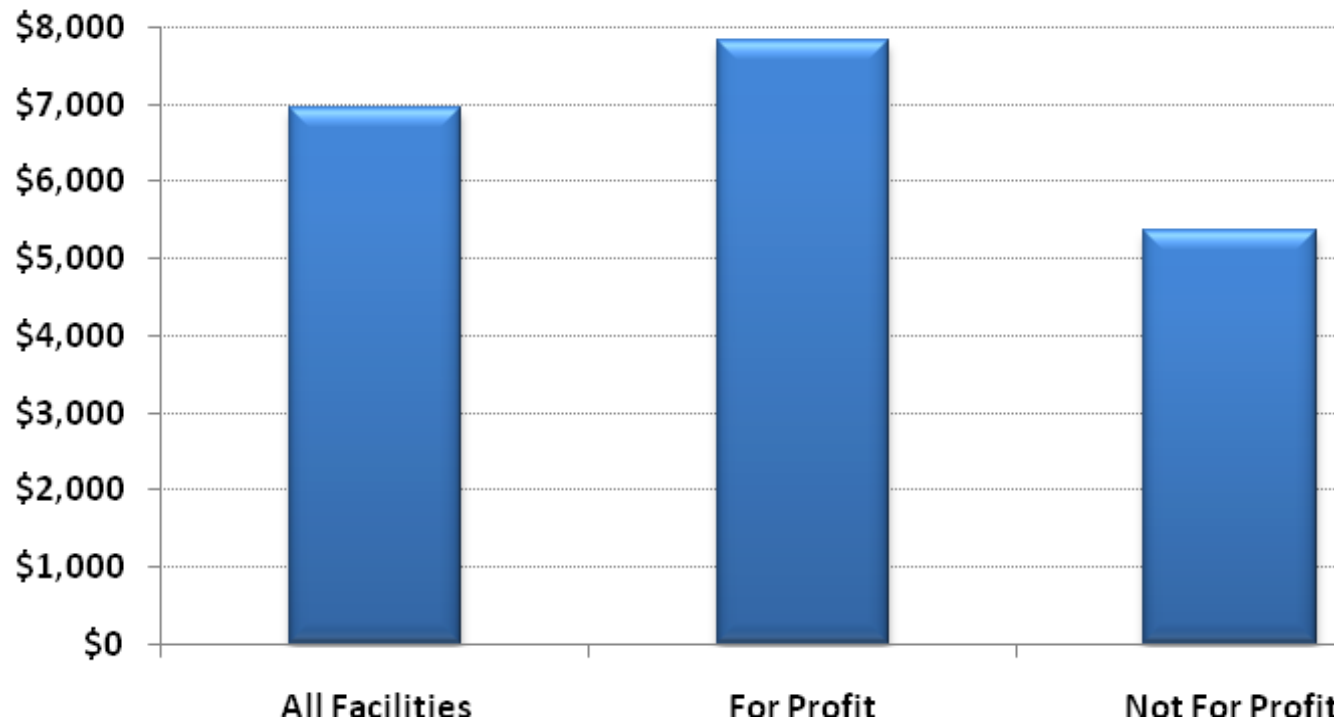
3. Provider Feedback:

Analysis of Financial Information

Costing component – Survey Process and Results

Analysis of Financial Performance

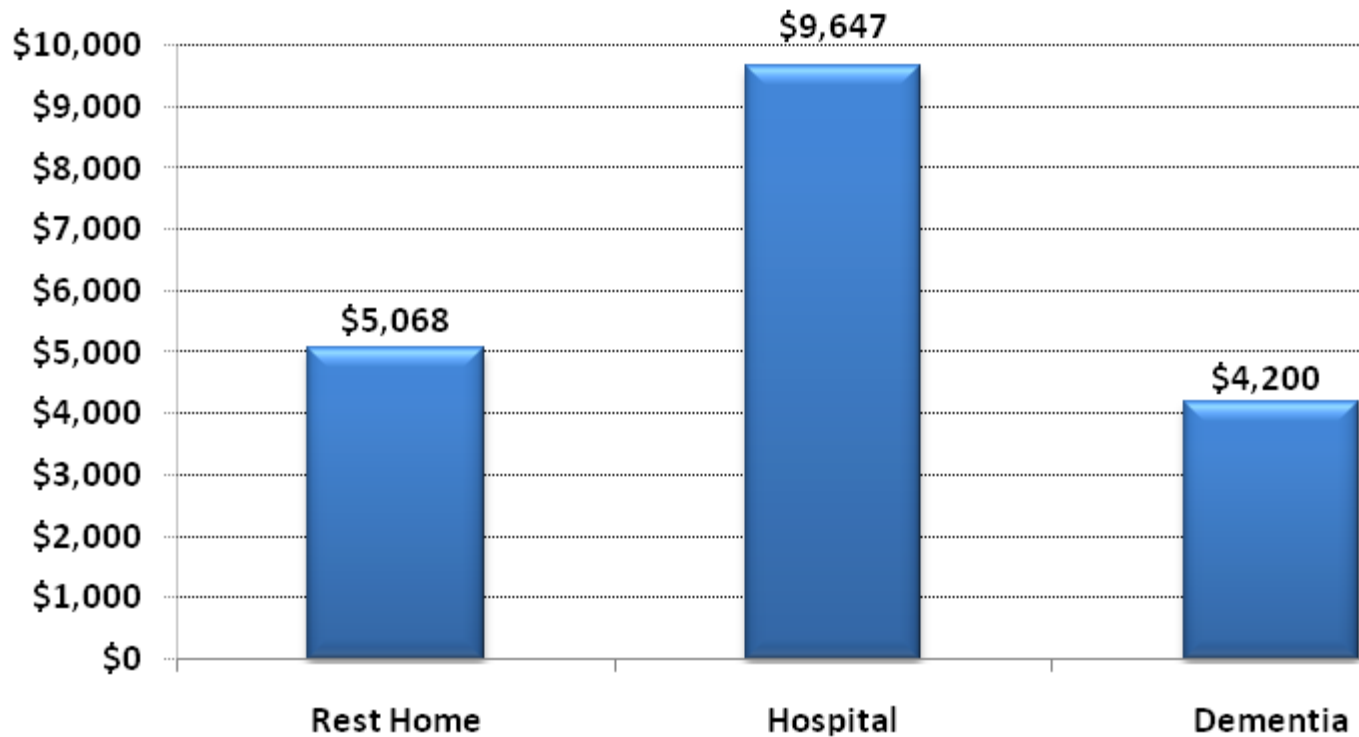
EBITDAR Per Resident Per Annum



Costing component – Survey Process and Results

Analysis of Financial Performance

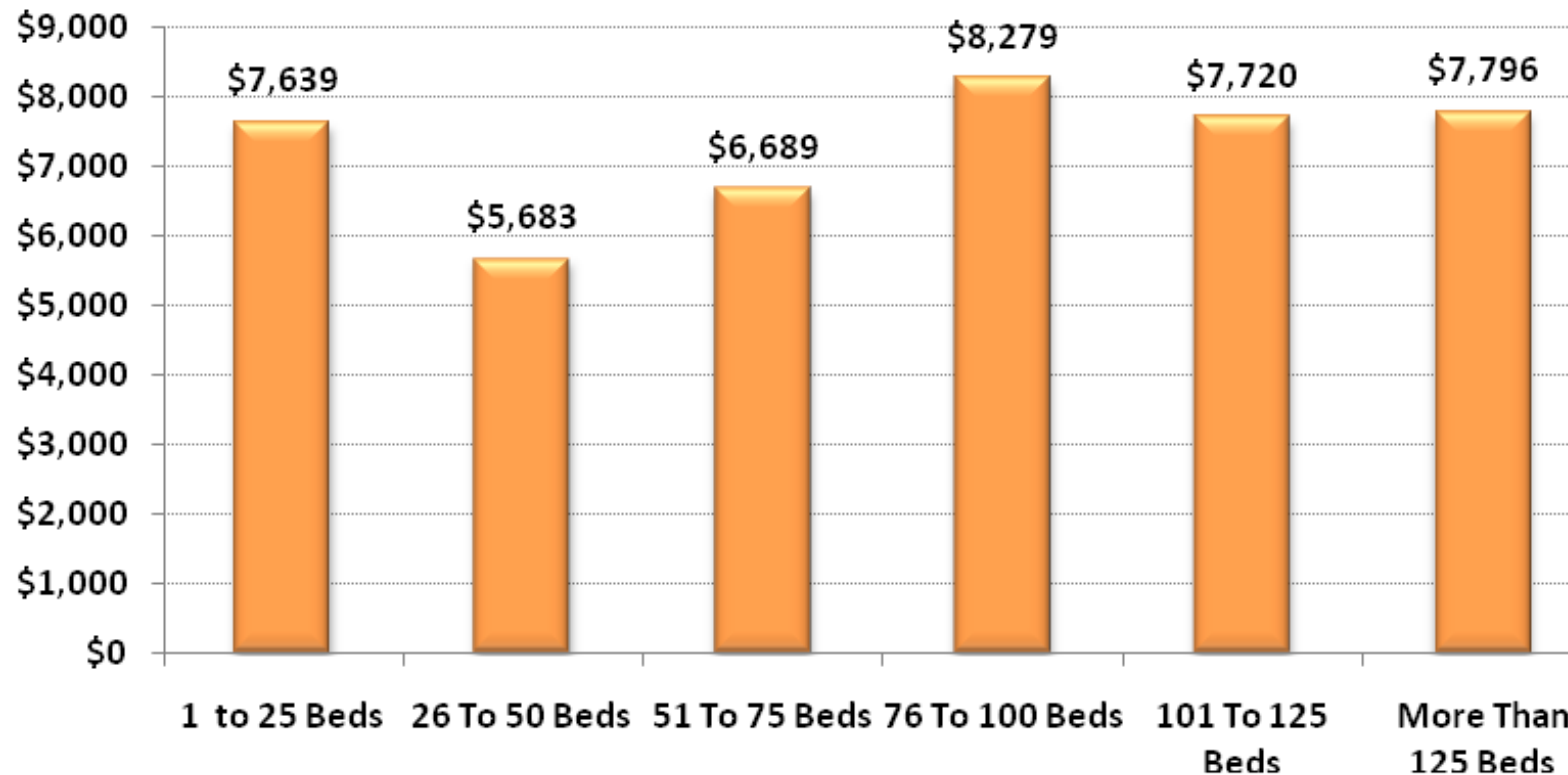
EBITDAR Per Bed Per Annum By Service Type



Costing component – Survey Process and Results

Analysis of Financial Performance

EBITDAR Per Bed Per Annum By Facility Scale

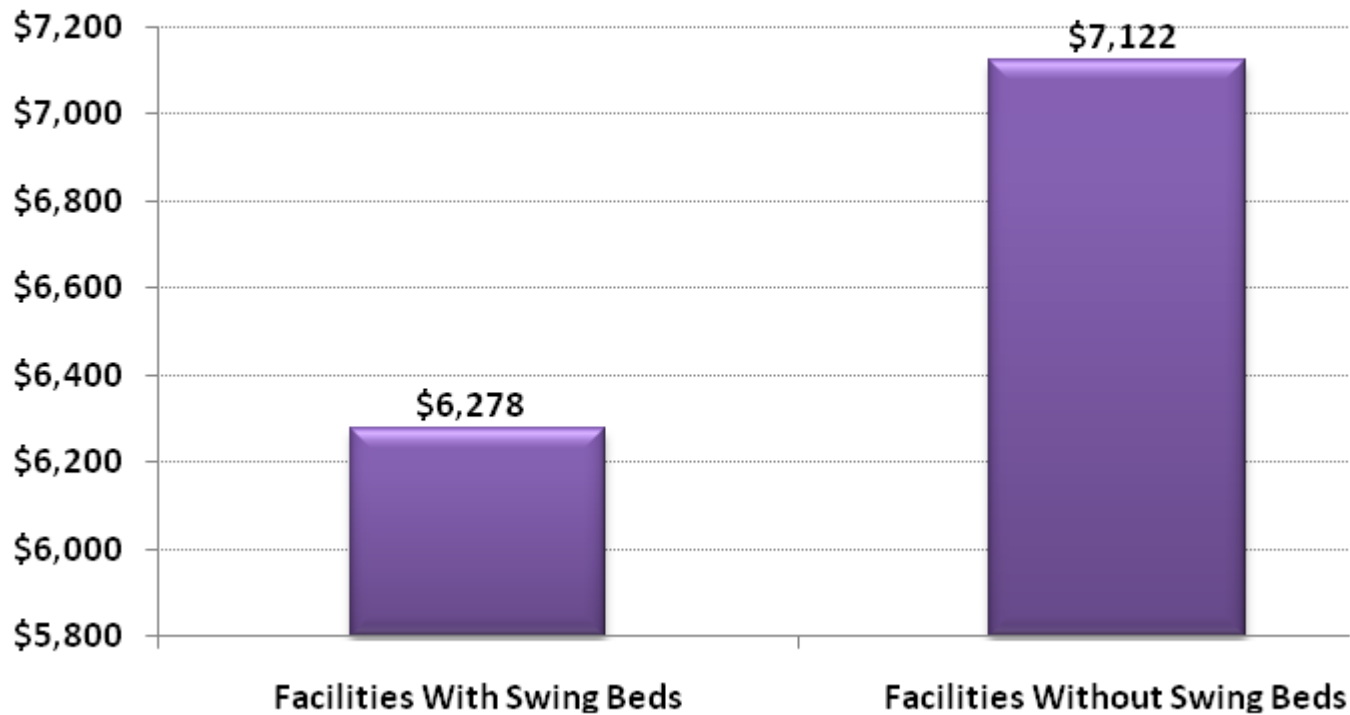


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Costing component – Survey Process and Results

Analysis of Financial Performance

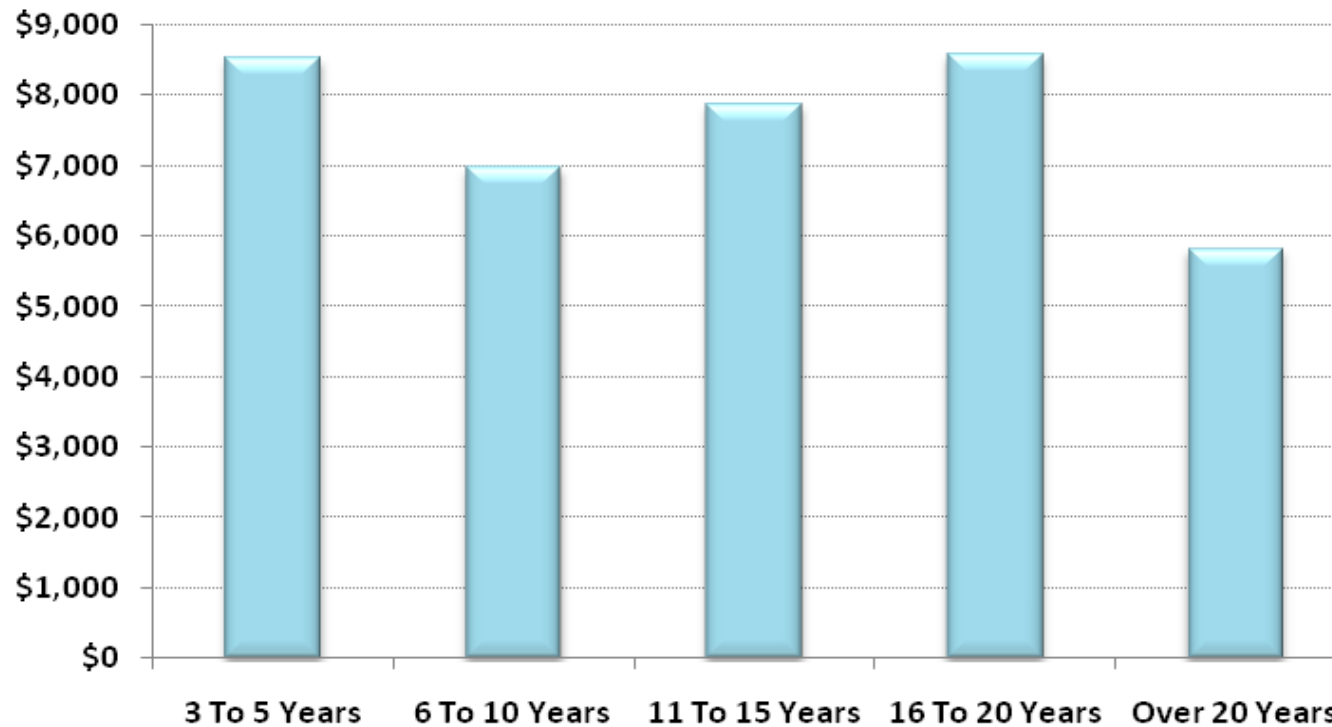
EBITDAR Per Bed Per Annum



Costing component – Survey Process and Results

Analysis of Financial Performance

EBITDAR Per Bed Per Annum By Facility Age



Note: Facilities less than 3 years old are assumed to be in start up mode.

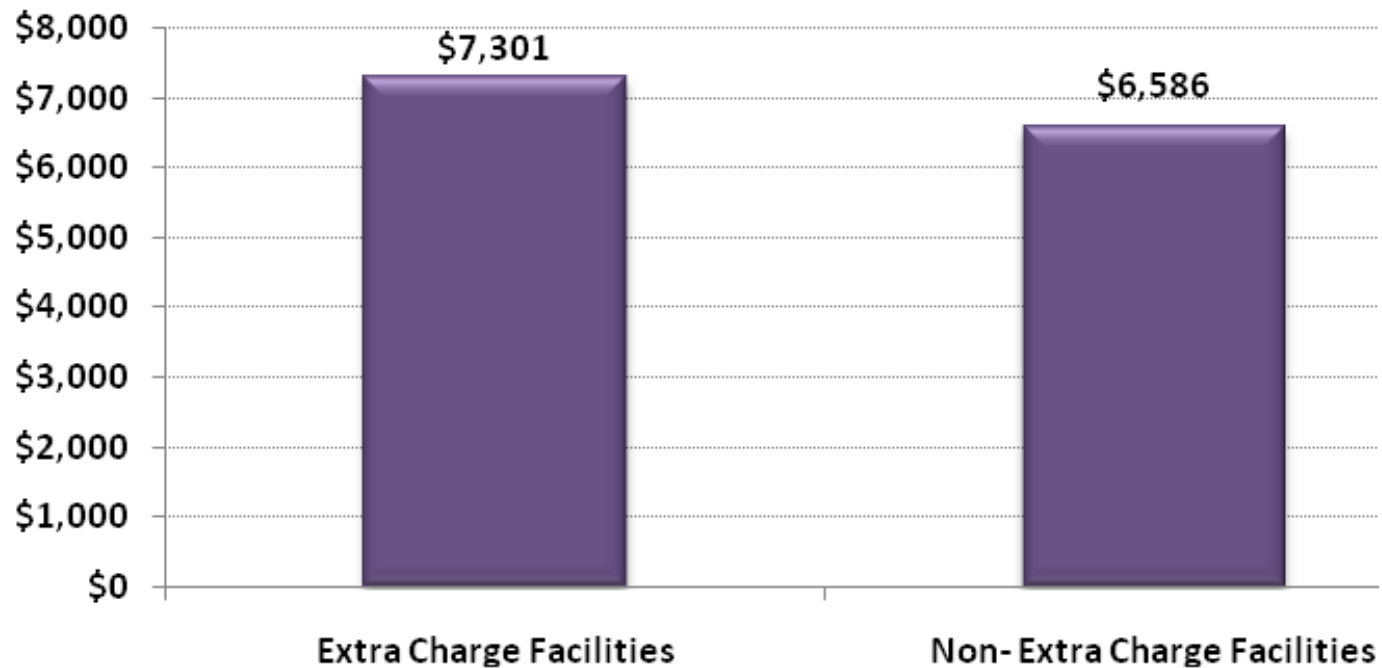


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Costing component – Survey Process and Results

Analysis of Financial Performance

EBITDAR - Extra Charge & Non-Extra Charge Facilities

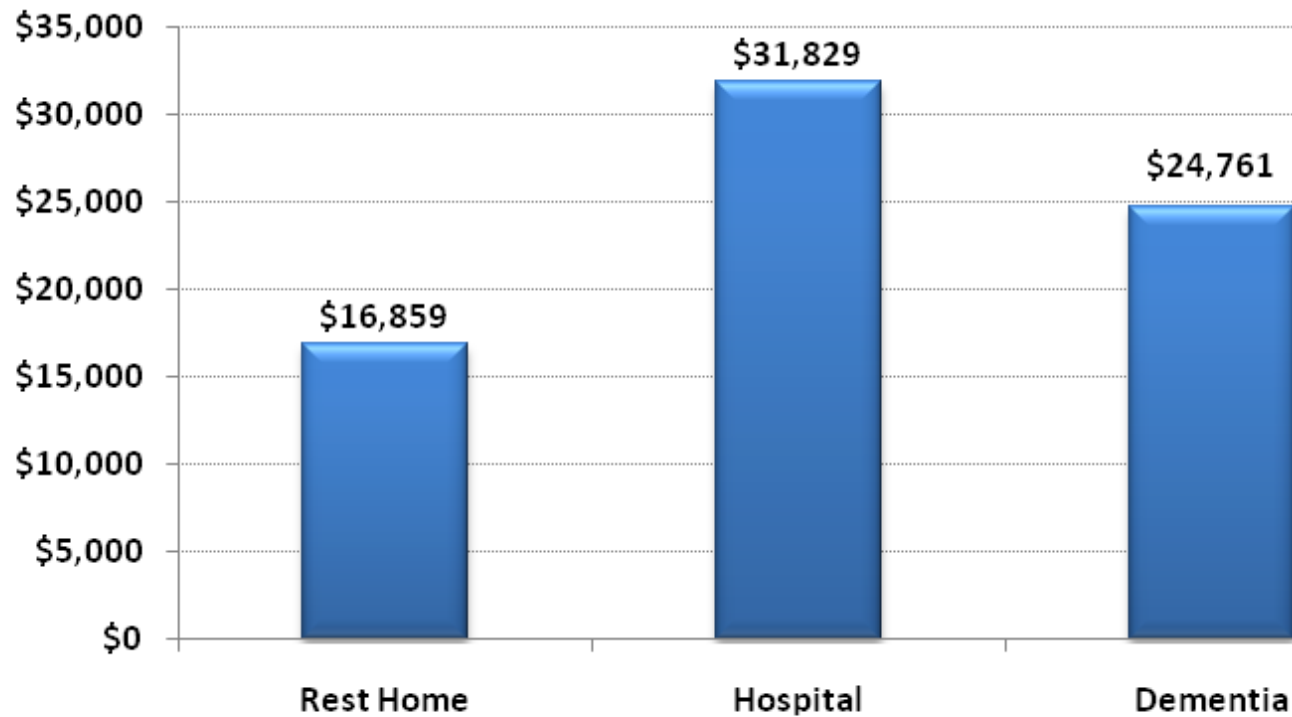




4. Survey Costing Data

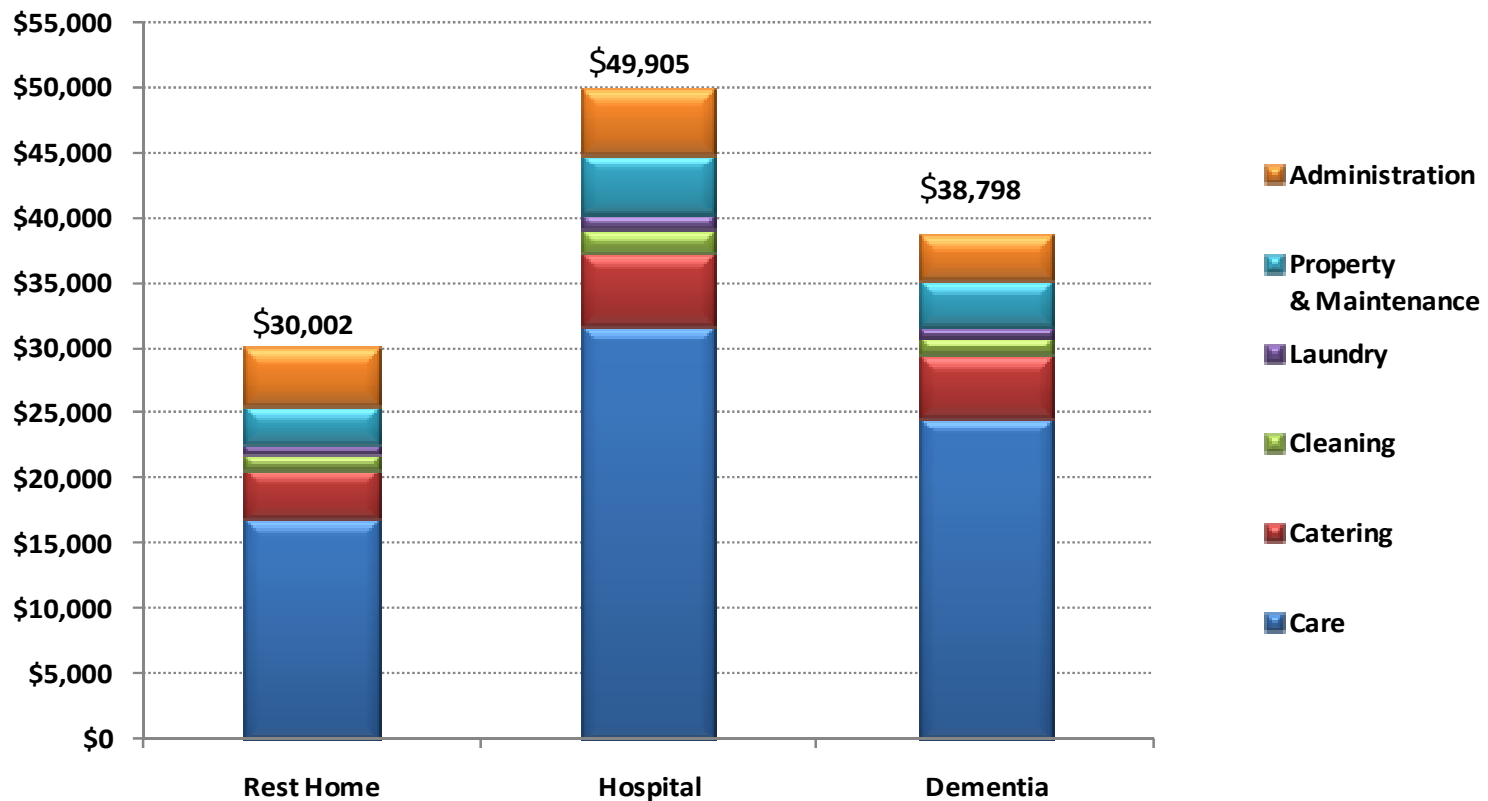
Costing component – Survey Costing Data

Care Costs Per Bed Per Annum



Costing component – Survey Costing Data

Total Operating Costs For Aged Residential Care Per Resident





5. Greenfield Cost Development

Process Summary

- Analysis of raw survey costing results
- Application of performance and efficiency indicators
- Modelled "modern" service profile
- Tested costs and model assumptions using live operating information (field visits)
- Verified and refined Greenfield modelling assumptions

Costing component – Greenfield Cost Development

Operating Costs	Greenfield Costs Per Resident Per Day
Rest Homes	\$78.70
Hospitals	\$126.60
Dementia Units	\$104.25

Costing component – Greenfield Cost Component

	Per Square Metre	Cost per Resident
Construction and Fit Out Costs (Excluding Land Costs)	\$2,950	\$132,750

Costing component – Greenfield Cost Component

Total Costs – Land @ **\$200/m²**

Facility type	Operating costs	Capital costs	Total costs
Rest homes	\$78.70	\$69.63	\$148.33
Hospitals	\$126.60	\$69.63	\$196.23
Dementia units	\$104.25	\$69.63	\$173.88

Costing component – Greenfield Cost Component

Total Costs – Land @ **\$350/m²**

Facility type	Operating costs	Capital costs	Total costs
Rest homes	\$78.70	\$76.61	\$155.31
Hospitals	\$126.60	\$76.61	\$203.21
Dementia units	\$104.25	\$76.61	\$180.86



Discussion