



Accommodation Revenue &
Occupancy services

Accommodation Pricing and Policy



A robust accommodation price and policy underpins the ongoing provision of high quality care and the long-term viability of residential aged care.

If you separate out the financial outcome from accommodation, it is indisputable that for most providers, the current return on accommodation is unsustainable.

The Department has acknowledged this:

"To maintain profitability, while increasing care minutes, it will be vital for providers to ensure they are appropriately charging for accommodation rather than cross subsidising from funding provided for care."

Source: Department of Health and Aged Care, Quarterly Financial Snapshot, Q2 2023-24.

At Pride Aged Living, we advise where to set your accommodation price (RAD/DAP) based on our proprietary three-factor model considering competition, affordability and sustainability.

Our review or creation of your accommodation pricing policies ensures alignment with industry best practice.

We create and manage applications for higher RADs to IHACPA on your behalf.



Take pride in your success

Pride
Aged Living

Accommodation Pricing and Policy

We support aged care providers with:

Accommodation Policy and Methodology

It is important to achieve a balance between:

- Affordability of the resident
- The pricing of local competitors and
- A sustainable return to the provider

The graphic on the right shows how overemphasising any one of these factors has negative consequences on the other two. Our methodology strikes a balance between these sometimes-competing priorities.



Accommodation Pricing

The graphic on the right shows that the cap on RAD (\$550,000, soon to be \$750,000) creates an artificial barrier to setting accommodation prices.

If your current RAD is at or near \$550,000, your challenge will be determining where to raise it between \$550,000 and \$750,000. Our three-factor model offers a robust methodology for reviewing and resetting your accommodation price.

Capital Allocation and Investment Policy

If you have funds subject to "Permitted Use," it means you have RAD that exceeds your capital needs. This excess RAD has a cost (the DAP you have forgone), so your investment policy should aim to achieve a long-term return that is close to or above the long-term Maximum Permissible Interest Rate (MPIR).

Our Capital Allocation and Investment Policy assists providers in identifying the true outcomes of your current investment policy, assessing your level of excess RAD, and developing and adopting an investment policy, as required under the Aged Care Act, to optimise the outcome from your RAD holdings.



Key Benefits

The benefits of our Accommodation and Pricing Policy services include:

- Allowing you to set accommodation charges based on a robust methodology.
- Enhancing sustainability by optimising accommodation and investment income.
- Improving governance through clear and robust policies for setting accommodation prices and investing surplus funds.

Get in touch

To find out more about how we can assist, please contact us at clientservice@prideagedliving.com.au or [02 9068 0777](tel:0290680777).

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