

15 May 2014 presentation to ACS NSW/ACT State Conference

# Aged Care Reform

Louise O'Neill  
Acting Branch Manager  
Transition Branch  
Aged Care Policy and Reform Group  
Department of Social Services

# Recap on reforms implemented to date

- New legislation passed
- Home Care Packages and Consumer Directed care
- Establishment of the Australian Aged Care Quality Agency
- Establishment of Pricing Commissioner

# Recap on reforms implemented to date continued...

## **My Aged Care and National Contact Centre**

- Introduced on 1 July 2013
- Currently Stage 1 – rolled out
- From January 2015 Stage 2

# Reforms going forward

## 2014

- Publishing accommodation from 19 May prices
- Removal of high/low distinction in residential care
- Changes to fees and subsidies:
  - Residential care
  - Home care

## 2015

- Increased functionality – My Aged Care
- Commonwealth Home Support Programme
- Consumer Directed Care (CDC) for all Home Care Packages



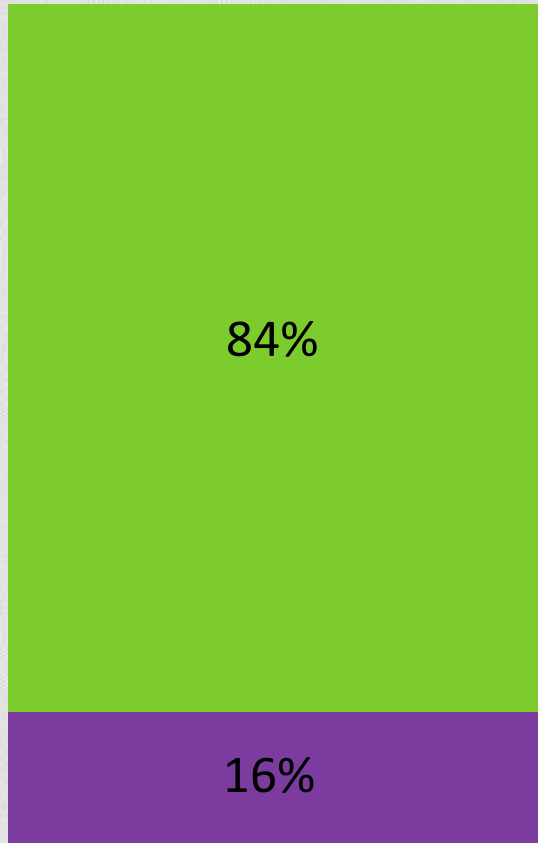
Future aged care reforms

# Income testing in Home Care

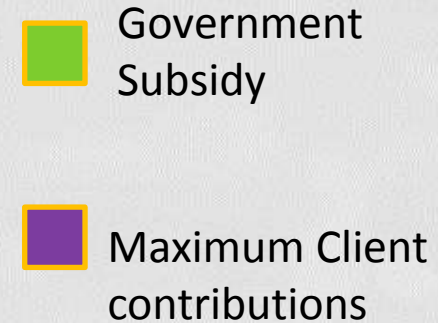
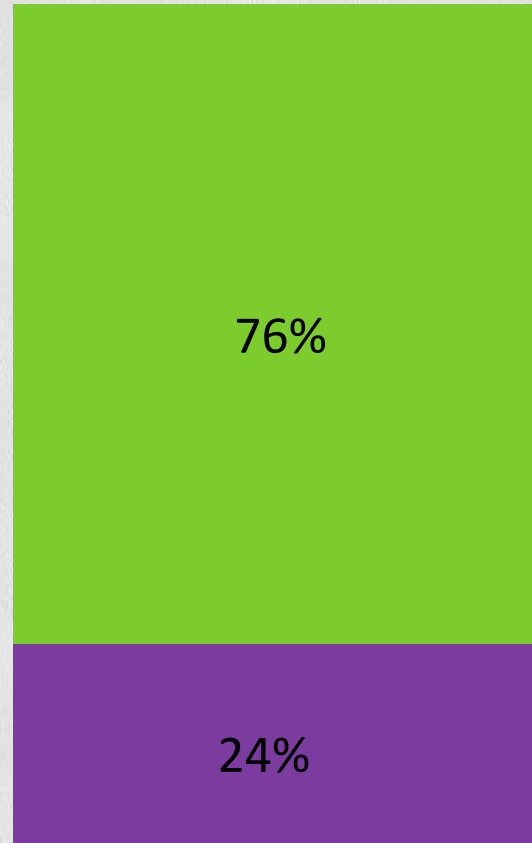
- New consumers from 1 July 2014 with the income to do so can be asked to pay an income tested care fee.
- Consumers will continue to pay a basic daily fee.
- The Government will reduce the amount of subsidy it pays based on the care recipient's income tested fee.
- DHS will administer the income test.

# Home care – Government subsidy Vs. client contributions

Current



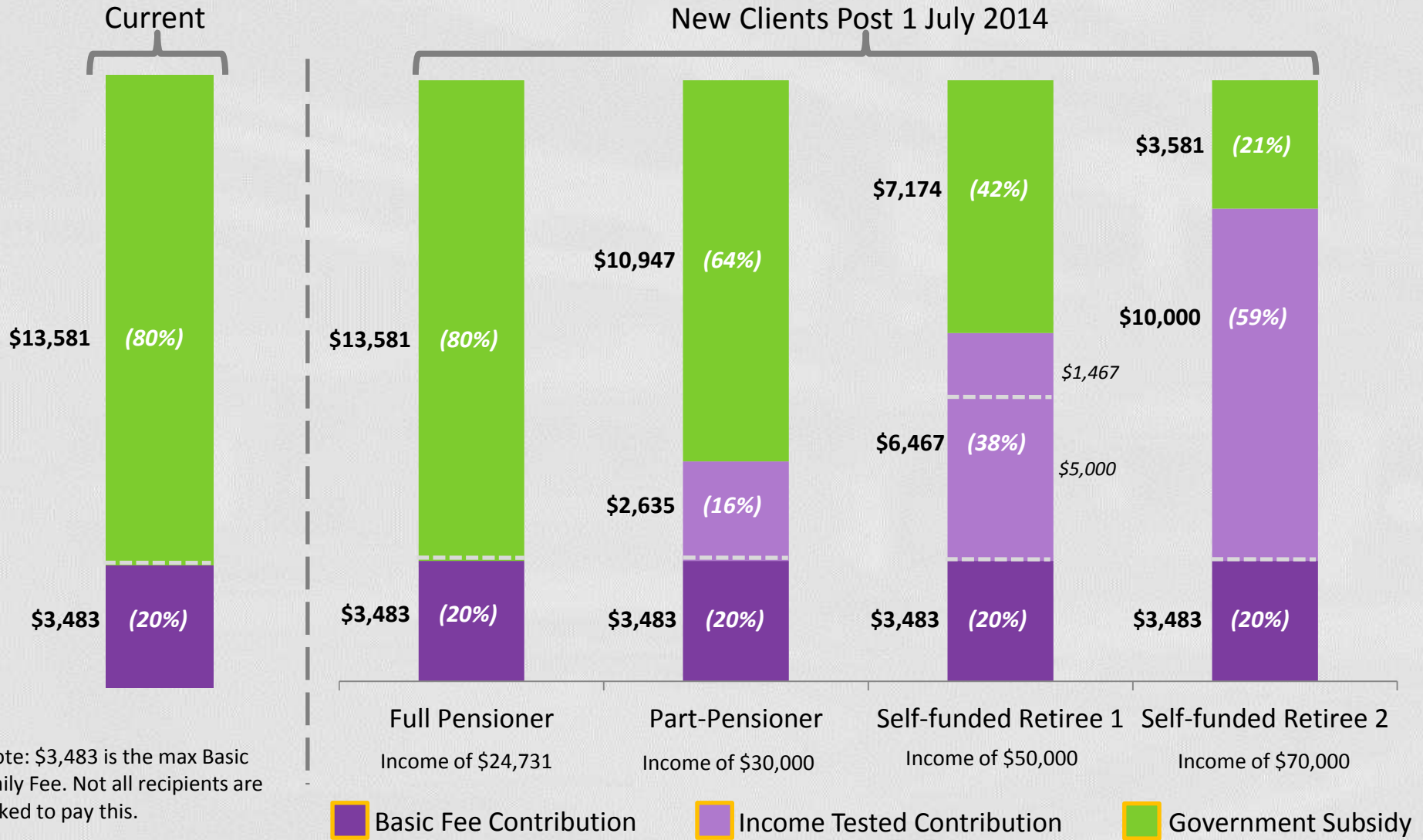
Future



84% equates to approx \$1.2 billion and 16% equates to approx \$0.2 billion, based on 2013/14 data.

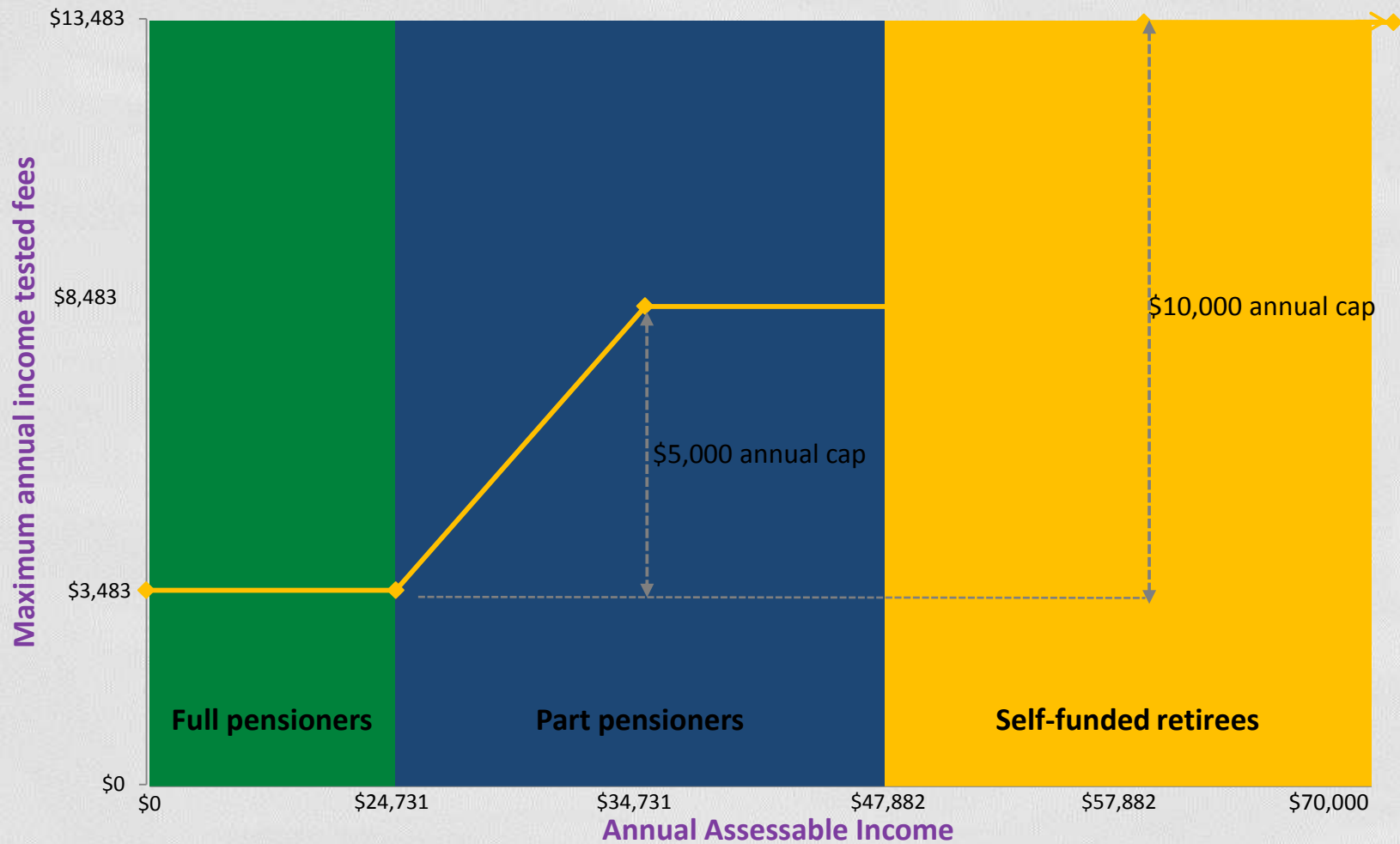
# Example of Government Subsidy vs. Client Contribution for Level 2 HCP

- Total value of package equals \$17,064



# Home Care income thresholds and caps

## Single person, March 2014 prices (current rates)





# Home Care – safeguards

- Full rate pensioners are not required to pay an income tested care fee
- Recipients' homes or other assets not included
- Annual and lifetime caps
- Hardship provisions

# Key milestones ahead in Residential Care

## 19 May 2014

- Providers required to publish accommodation prices and information

## 1 July 2014

- Removal of distinction between low/high level care
- Changes to means testing
- Accommodation payments
- Higher accommodation supplement for new or significantly refurbished facilities

# Publication of Accommodation Prices

- From 19 May providers required to publish their accommodation prices
- Published information must include the maximum accommodation price in several formats:
  - as a refundable deposit
  - as an equivalent daily payment
  - as a combination of the above methods

# Changes to high and low care in residential care

- From 1 July, new aged care places will not have low care or high care conditions of allocation
- Will result in flexible, simple and more transparent arrangements

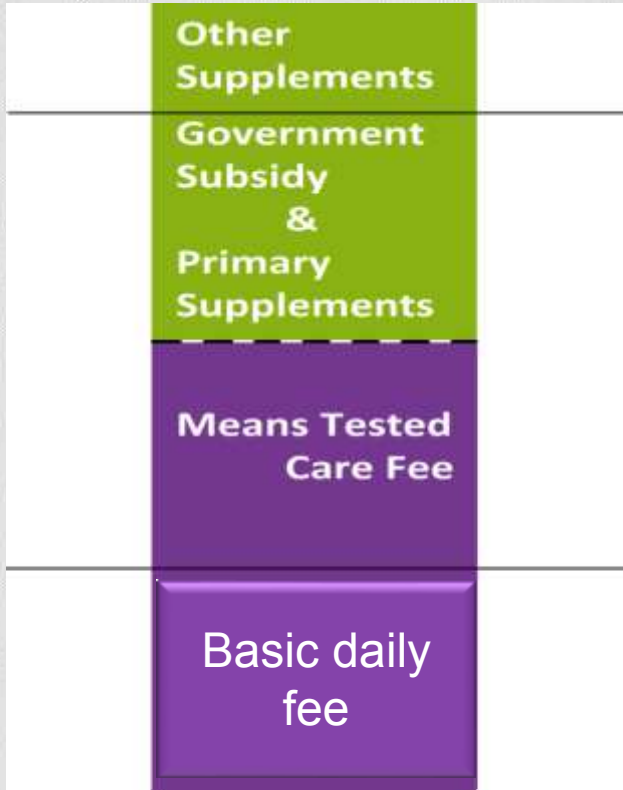
# 1 July 2014 – Fees in Residential Care

- A basic daily fee
- Means tested care fee
- Extra Services fee
- Accommodation Payments

# Means testing in Residential Care

- Means testing to include both income and assets
- Affects the amount the Commonwealth pays as subsidy
- Conducted by the Department of Human Services when a resident enters care
- Family home will continue to be exempt from the aged care assets test if occupied by a spouse or other protected person

# Residential Care – subsidies and fees from 1 July 2014

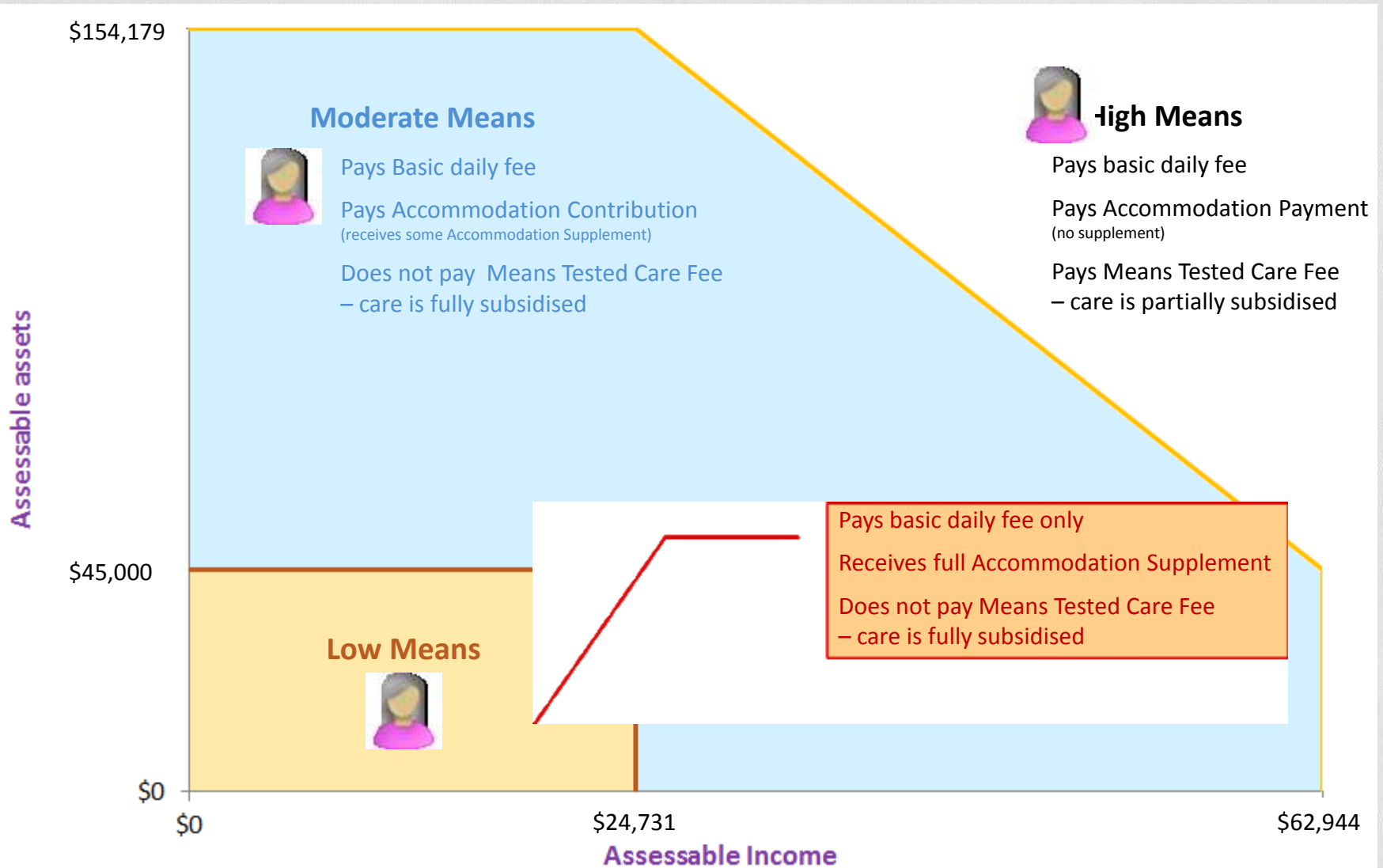


Government contribution



Care recipient contribution

# New Residents from 1 July 2014





# Greater choice in how accommodation in Residential Care is paid

- Refundable Accommodation Deposit (RAD), or
- Daily Accommodation Payment (DAP), or
- a combination of RAD and DAP

28 days after entry to decide on payment method

# Safeguards

- Grandparenting for those already in care
- Annual cap - \$25,000
- Lifetime cap - \$60,000
- Hardship provisions
- Home not counted as asset or capped for means testing purposes when occupied by a spouse or other protected person

# Significant Refurbishment

- Incentive for providers to increase and improve residential care building stock
- This will be via an increase in the accommodation supplement
- Applies to care homes built or significantly refurbished from 20 April 2012

# Transitional Business Advisory Service

- The Department has engaged KPMG to provide free transitional business advisory services
- Assistance will range from advice on simple queries to development of tailored business planning advice for individual providers
- For more information, phone 1800 122 092 or email [tbas@kpmg.com.au](mailto:tbas@kpmg.com.au)

# Into the future

- Commonwealth Home Support Programme
- Aged Care Sector Committee
- Red tape reduction

# Commonwealth Home Support Programme

- Commences 1 July 2015
- Combines under one programme:
  - Commonwealth Home and Community Care Program
  - National Respite for Carers Program
  - Day Therapy Centres

# Aged Care Sector Committee

- First meeting held on 9 May 2014
- Will develop an Aged Care Sector Statement of Principles
- Identifying where to start reducing red tape will be a major focus

# Red Tape Reduction

- Government committed to reducing red tape
- Government has announced simplified accommodation pricing system for residential aged care



# National roadshow on 1 July 2014 changes

- Late May to late June in capital cities and regional centres
- Attendees will receive an information kit on the reforms
- Strong focus on the financial changes coming into effect on 1 July 2014
- Dates and RSVP information are available at [dss.gov.au/agedcare](http://dss.gov.au/agedcare)

# Any questions?

