



Australian Government

Department of Health and Ageing

Aged care – Securing the future of aged care for Australians – increased capital funding for residential care

Why is this important?

- The number of people aged at least 70 will double over the next 20 years. As a result, more people will need residential aged care and, in particular, high level care.
- This measure increases the income aged care providers will receive for capital investment. It increases the amount paid by new residents who can afford it, and increases the Government subsidy for those who cannot.
- These changes will ensure that high level care remains accessible in the future and that facilities providing high level care meet building standards for privacy, amenities and safety.
- The measure also simplifies the current accommodation supplement and charge arrangements and improves their fairness.
- A number of fees and subsidies related to accommodation costs are being replaced for new residents with a single user charge and a single Government payment.
- Self-funded retirees in high care will pay the same level of means tested accommodation charge as pensioners with the same level of assets.
- The measure also includes a transitional accommodation subsidy to offset reduced revenue to some aged care providers in respect of low care residents as new accommodation subsidies are phased in.

Who will benefit?

- Older Australians needing high level residential care will benefit from simpler fees and find it easier to access the care that they need.
- All new residents will pay the one basic daily care fee, which will benefit new self-funded retirees and new residents who pay a big accommodation bond.
- Aged care homes (and providers) that meet Fire Safety Standards and 2008 Building Certification will be eligible for the higher levels of accommodation charges and the new Accommodation Supplement.
- Charges and subsidies for existing residents will not change under this measure.

What funding is the Government committing to the initiative?

- The Government has committed funding for new accommodation payments which, coupled with new resident accommodation fees, will see an additional \$846.9 million over four years flowing to the aged care sector, including \$577.8 million in additional Government payments.
- These changes will take time to implement. An Interim Accommodation Supplement of \$3.50 per day for each high care resident not occupying an extra service place will be paid from 1 July 2007 to 19 March 2008 at a total cost to government of \$96 million.
- A Transitional Accommodation Subsidy will also be provided to aged care providers for low care residents who enter permanent residential care from 20 March 2008 to 19 September 2011, at a total cost to government of \$92.2 million over four years.

What have we done in the past?

- In May 2004, the Government responded to short-term and medium-term recommendations contained in the *Hogan Report* through the \$2.2 billion aged care reform package *Investing in Aged Care: More Places, Better Care*.
- Since then the Government has announced the provision of a further \$1.6 billion over five years as part of the new aged care funding package *Securing the Future of Aged Care for Australians*.

When will the initiative conclude?

- The \$3.50 interim accommodation supplement will be paid from 1 July 2007 to 19 March 2008. After that the new accommodation fees and subsidies commence.
- Providers will receive the Transitional Accommodation Subsidy in respect of eligible low care residents who enter their residential aged care service from 20 March 2008 to 19 September 2011.