Aged care provider funding – improving the targeting of the viability supplement for regional aged care facilities

This measure will improve funding for aged care services in rural and remote areas by using the most recent Census data to determine if providers are in regional, rural and remote areas, rather than the outdated classification system based on 1990s’ data. It will also increase the viability supplement rate paid to most remote mainstream residential services and some special needs services.

Why is this important?

- The current viability supplement classification system is outdated, and may not best target funding to rural and remote areas with the greatest cost pressures.

- The viability supplement, which currently operates in residential care, home care and flexible care, relies on 1990s’ Census data to classify location. This benefits some regions which have become more metropolitan since the 1990s but disadvantages those regions which have decreased in population in that time.

- The geographical remoteness classification system will be updated, replaced by the Modified Monash Model developed by the Department of Health and currently used in GP rural incentives and workforce shortages programs. This model is based on latest Census data.

- The viability supplement will increase for most remote mainstream services and some special needs services.

Who will benefit?

- Residents of approximately 250 mainstream services will benefit from the new arrangements. The majority of these services are in or near outer regional towns, for example, Holbrook in New South Wales, Childers in Queensland, and Rushworth in Victoria.

- Around 3,000 out of 59,300 home care packages currently attract viability supplement funding. Around 7,000 older Australians on these packages will benefit from higher funding.

- Around 100 multi-purpose services that currently provide residential and/or home care will attract higher rates of viability supplement funding under the new arrangements. An additional five National Aboriginal Torres Strait Islander Flexible Aged Care Program providers will also benefit from higher funding, enabling their clients to get the care they need.

- Grandfathering arrangements will apply to ensure no services or care recipients are disadvantaged as a result of the shift to the Modified Monash Model.

How much will this cost?

This measure is ongoing and will cost $102.3 million from 2015–16 to 2019–20, commencing 1 January 2017.