



Australian Government

Department of Health and Aged Care

Combining residential care services

Information for approved providers

2022

Introduction

This guide is intended to assist residential aged care approved providers (providers) who are considering combining residential care services. Combining is the process where two or more individual services that are co-located and operated by the same provider combine into one single recognised service.

This is largely an administrative process albeit one of consequence that providers should carefully consider before pursuing. It involves making changes within the Services Australia aged care payment system to move care recipients and approved places from the ceasing service/s to the continuing service without the requirement to discharge and readmit care recipients. The continuing service retains its unique payment identification numbers and accreditation status and is not considered to be a 'new' service.

An approval under Division 17 of the *Aged Care Act 1997* to vary conditions of allocation is also required. These conditions need to reflect that the continuing service has inherited the places previously allocated to the ceasing service/s.

Combining residential care services is ultimately a business decision for providers. It may serve to reduce administrative costs and help realise other efficiencies, however, it may also have a financial impact, such as where a combined service is no longer eligible for a supplement that one or more of the previous services received (e.g., higher accommodation supplement).

In planning to combine services, providers should also consider the technical impacts. **Once services are combined in the Services Australia aged care payment system, the process cannot be reversed.** The way services are displayed on the My Aged Care website may also change.

It is recommended that you discuss your intention to combine services with the relevant state or territory office of the Department of Health and Aged Care (Department) prior to applying. It is also recommended that you seek independent financial advice.

The process of combining services

Applications to combine residential care services must be submitted to the relevant state or territory office of the Department. The application form is available on the [Department of Health and Aged Care website](#).

The application must be submitted to the Secretary of the Department (the Secretary) at least 60 days before the proposed combining day. However, the Secretary may allow a lesser number of days in some instances. The Secretary must approve the combining or reject the application and notify the provider at least 14 days before the proposed combining day. The combining day must be the first day of a month.

Whilst the provider can nominate a continuing service, this nomination may be affected by technical constraints of the aged care payment system. Therefore, the service that becomes the continuing service is subject to the Department's discretion.

General requirements for combining services

The Secretary must be satisfied that the proposed combining meets the requirements specified in Division 17 of the *Aged Care Act 1997* (the Act) and Part 8 of the Allocation Principles 2014. This includes consideration of the effect of the combining on care recipients. Providers seeking to combine residential care services must meet the following requirements:

- the same provider must operate the services.
- the services must not be subject to sanctions.
- the services must be accredited.
- the services must be co-located, meaning they are physically adjacent to one another (on the same site or sharing a common boundary).
- the requested variation day must be the first day of a month.
- the application must be made at least 60 days prior to the proposed combining day (unless the Secretary approves a shorter period).

The combining process cannot be used as a trigger for new fee arrangements to be applied to care recipients. Care recipients who were receiving residential care before 1 July 2014 (continuing care recipients) will continue to pay the costs under the old fee arrangements. Continuing care recipients who move to a new residential care service on or after 1 July 2014 (and do not spend more than 28 days outside of care, other than on leave), may choose to be subject to the current fees and payment arrangements which came into effect on 1 July 2014.

More information about residential care fees and charges for care recipients that entered care before 1 July 2014 is available on the [Department of Health and Aged Care website](#).

Matters for consideration

The following matters need to be considered when combining residential care services.

- Once services are combined in the aged care payment system by Services Australia, the process cannot be reversed.
- All outstanding Aged Care Funding Instrument (ACFI) appraisals, Aged Care Entry Records (ACER) and ACFI and/or Australian National Aged Care Classification (AN-ACC) monthly claim forms must be submitted to Services Australia before the services can be combined in the aged care payment system. A delay in submitting these forms will delay the combining process.
- If approved, the combining services' transactional processes through the aged care payments system will be locked by Services Australia for a short period. The provider will not be able to transact on behalf of the combining services during this period.
- The provider's obligations as a combined service regarding:
 - Quarterly Financial Reports
 - Aged Care Financial Reports
 - National Aged Care Mandatory Quality Indicator Program (QI Program)

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- The combined service will need to submit one monthly claim form. Consequently, it will receive one monthly advance and one claim adjustment payment.
 - The provider is responsible for notifying Services Australia if there are to be any changes to arrangements for payments of subsidies, such as bank account details or authorised signatories.
 - If one of the services to be combined has extra service status, it should be the continuing service. If the combining will result in the need to change any of the existing conditions of extra service status, a separate application will need to be submitted to vary the extra service status. The provider should contact the relevant state or territory office of the Department prior to applying to discuss the requirements.
 - The combined service is not considered a 'new' service and the process does not impact residential care fees or accommodation payments for existing care recipients.
 - The accreditation status of a continuing service will continue to apply. The Aged Care Quality and Safety Commission may conduct an accreditation review audit once the services have been combined.
 - Consistent with the implementation of full cost recovery of accreditation services, combined services may be eligible for a discounted accreditation fee in certain circumstances. A discount will apply to accreditation fees payable by small services with fewer than 25 places.
 - Care recipients' AN-ACC classifications will carry over to the combined service, and care recipients will not be required to have a new AN-ACC assessment as a result of the combining process. For reclassification request criteria, the time since each care recipient was last classified will not be affected. Classification dates can be accessed through the My Aged Care Service and Support Portal.
 - The impact on the continuing services [Star Ratings](#), noting a policy position on the application of Star Ratings when combining services is under active consideration by the Department.
 - The provider is responsible for meeting reporting obligations for the National Aged Care Mandatory Quality Indicator Program (QI Program) in the relevant reporting quarter/s for each service prior to combining, and for the combined service from the date the services combined.
 - Any accommodation bond or refundable accommodation deposit (RAD) balances for care recipients of the ceasing service(s) will be automatically rolled over by agreement (part 3A.2 of the Act), between the provider and the care recipient. There is no change to the bond or RAD status of existing care recipients. Therefore, there is no requirement to have new care recipient agreements made.
 - Security of tenure rights for each care recipient, as provided by section 56-1 of the Act and Division 2 of the User Rights Principles 2014, must be adhered to, and protected. Each care recipient's status remains the same. Existing care recipients have security of tenure while the service remains operational and can meet the care recipients assessed care needs.

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- If the services are in a Modified Monash Model (MMM) 6 or 7 region and the services are non-specialised services, combining them may change the base care tariff rate (the AN-ACC base care tariff rate reduces for each operational bed over 29).
 - If a service that was approved to receive a specialised base care tariff (homeless or Aboriginal and Torres Strait Islander in MMM 6 or MMM 7) combined with a non-specialised service, this could impact the new service's ability to meet the resident and provider requirements of the specialised base care tariff, which could result in the loss of this specialised status.
 - Providers may receive different supplements or lose their eligibility to receive supplements. The various supplements are listed below, together with the considerations that should be made. For further information on supplements contact SubsidiesandSupplements@health.gov.au.

Supplements

Accommodation Supplement

The rate of accommodation supplement payable may change, particularly if a service is currently meeting the 40 per cent supported resident ratio and is receiving a higher rate of accommodation supplement. Depending on the mix of care recipients, there is no guarantee that the combined service will continue to meet the 40 per cent supported resident ratio, which may affect the rate of the accommodation supplement for eligible care recipients.

Higher Accommodation Supplement

A service will become ineligible for the higher accommodation supplement if it combines with another service that has not been newly built or determined to be significantly refurbished on or after 20 April 2012.

If the supplement is revoked due to a combining, the combined service will be eligible to apply for the higher accommodation supplement based on refurbishment work previously undertaken in the pre-combined services. A service will be determined to be significantly refurbished if it meets the significant refurbishment eligibility criteria.

It is the provider's responsibility to meet the Building Code of Australia's requirements applicable in the state or territory where the services are located. The Department may refer to relevant government authorities to seek information in relation to a service's compliance with the Building Code of Australia requirements.

Respite Accommodation Supplement

From 1 October 2022, the respite accommodation supplement is paid for eligible respite care recipients at a rate equal to the maximum rate of accommodation supplement that is payable for eligible permanent residents in the same service. Accordingly, a change in the maximum rate of accommodation supplement payable in a service as a result of combining with another service will also have an impact on the rate of respite accommodation supplement.

Extra Service Status

If a service which has received a capital grant is combined with a service which has extra service status, there may be capital grant repayment implications. Any repayment will be calculated in accordance with the Subsidy Principles 2014 and will be based on the amount

of the capital grant, when it was made, and the proportion of extra service places within the combined service.

Services with extra service status are not eligible for residential care (capital) grant funding under the Act. For further information on capital grants contact ACAR.Operations@health.gov.au

A residential care service with extra service status is not eligible for the following supplement:

- the accommodation supplement for any care recipient who is provided with care on an extra service basis unless a financial hardship determination is in place for the resident.

Additional information and contacts

If you have any questions about combining services, please phone 1800 020 103 and ask to speak to the Places Management section in the state or territory where the services are located or email:

State and Territory Offices

| State and Territory Office | Email |
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| ACT / New South Wales | NSWplaces@health.gov.au |
| Victoria | VICplaces@health.gov.au |
| Queensland | QLDplaces@health.gov.au |
| South Australia | SAPlaces@health.gov.au |
| Western Australia | WApplaces@health.gov.au |
| Tasmania | TASplaces@health.gov.au |
| Northern Territory | NTplaces@health.gov.au |

Other contacts

| Other contacts | Email |
|---------------------------------------|--|
| Capital Grants | ACAR.Operations@health.gov.au |
| Subsidies and Supplements | SubsidiesandSupplements@health.gov.au |
| Aged Care Fees | Agedcarefees@health.gov.au |
| Aged Care Reform Enquiries | AgedCareReformEnquiries@health.gov.au |
| Services Australia Aged Care Payments | AGED.CARE.LIAISON@servicesaustralia.gov.au |