



# Questions and answers: Residential aged care funding reform webinar, 16 May 2023

## Overview

The Department of Health and Aged Care (the department) holds regular webinars about residential aged care funding reforms, including the Australian National Aged Care Classification (AN-ACC) funding model.

This document contains answers to questions received prior to and during the webinar held on 16 May 2023 about the residential aged care funding initiatives in the 2023-24 Budget, including the Fair Work Commission pay rise, AN-ACC price increase, hotelling supplement, new Transition Fund grant opportunity, funding increase for 215 care minutes and 24/7 RN supplement, and changes to care minutes allocations.

Where appropriate, the department has simplified and consolidated similar questions to provide succinct responses to the sector.

For more information see the department's website:

- [Better and fairer wages for aged care workers](#)
- [Funding higher wages in residential aged care](#)
- [AN-ACC funding guide](#) – sets out how to receive AN-ACC subsidies including compliance requirements
- [24/7 RN responsibility](#)
- [24/7 RN supplement](#)
- [Care minutes and 24/7 registered nurse responsibility guide](#)
- [Residential aged care funding – Budget update](#) – 16 May 2023 webinar video recording and transcript

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## Funding

### How is the Australian Government funding the 15% award wage rise?

The Australian Government (the Government) is funding the [Fair Work Commission's](#) (FWC) decision to increase award wages for residential aged care workers through an increase to the AN-ACC price and the establishment of a hotelling supplement from 1 July 2023.

The new price of \$243.10 represents an increase of \$36.30 from the current [Australian National Aged Care Classification](#) (AN-ACC) price of \$206.80 (excluding the former \$10 Basic Daily Fee supplement which will be rolled into the new \$10.80 hotelling supplement). This increase includes \$22.76 to fund the award wage increase, and \$13.54 for indexation. The hotelling supplement includes \$0.36 to fund the award wage increase for head chefs and cooks.

Additional funding provided through the increased AN-ACC price combined with the new hotelling supplement means that the average funding per resident per day will increase by around 17% from \$223 to \$260.

The new AN-ACC price and \$10.80 per bed hotelling supplement will start from 1 July 2023. Payments will be delivered from August 2023 after providers submit their July claims.

### Why has AN-ACC been used to fund the award wage rise?

Funding for most residential aged care staff wages is through [Australian National Aged Care Classification](#) (AN-ACC), including funding for registered nurses, enrolled nurses, nursing assistants, personal care workers and lifestyle workers.

AN-ACC funding is designed to ensure funding meets care costs. A significant component of care costs are labour costs for staff providing care. In addition, care minutes are linked to AN-ACC classes for residents, which ensures a direct relationship between funding and service-level care minutes targets.

For these reasons, the AN-ACC funding model is the most logical and efficient mechanism to deliver an award wage increase to the residential aged care sector, while funding inflation and cost increases into the future, and ensuring services are funded to deliver their service-level care minutes targets.

The hotelling supplement has been established in addition to the increase in the AN-ACC price, to fund higher wages for head chefs and cooks and as a mechanism to fund other non-care professionals.

The AN-ACC price will be set annually based on advice from the [Independent Health and Aged Care Pricing Authority](#) (IHACPA). This will make sure future care funding moves in line with the actual costs of delivering care.

### Why was AN-ACC funding originally set at \$223 per resident per day?

The original AN-ACC starting price of \$216.80 was announced in April 2022, 6 months before the start of AN-ACC on 1 October 2022. At that time the average AN-ACC funding per resident per day was estimated to be \$225, which reflected the AN-ACC shadow classifications of residents in care at that time. Actual average funding per resident per day is \$223 reflecting the actual classifications of residents in care in the period since AN-ACC commenced.

Additional funding through the increased AN-ACC price combined with the new hotelling supplement means the average funding per resident per day is expected to increase from \$223 to an estimated \$260 per resident per day in 2023-24.

## Does the \$22.76 increase to the AN-ACC price cover employment on-costs?

Yes, the AN-ACC price increase covers on-costs, such as leave, allowances and superannuation.

The funding is based on advice provided to government by [the Independent Health and Aged Care Pricing Authority](#) (IHACPA).

IHACPA has released the [Residential Aged Care Pricing Advice 2023-24](#) and *Technical Specifications*, which detail IHACPA's pricing methodology used to develop the 2023-24 pricing advice to government. IHACPA has also released the [Pricing Framework for Australian Residential Aged Care Services 2023-24](#) and the accompanying *Towards an Aged Care Pricing Framework Consultation Report*.

## What does 'all available funding' mean?

This refers to the amount of funding received from the Government to support the award wage increase. In residential care, this refers to the \$22.76 of the \$36.10 (or 63%) of the increase in the AN-ACC price and \$0.36 per resident per day as part of the new hotelling supplement.

Residential providers are expected to pass all government funding for aged care wages to their workers, whether the workers are paid at award rates or above award rates.

## Are employers allowed to use this funding for roles that are not in scope under the Stage 2 of the Work Value Decision, provided the award rates from 30 June 2023 are paid?

The FWC decision, which takes effect from the first full pay period on or after 30 June 2023, only applies to direct care employees under the:

- **Nurses Award 2010** – which covers registered nurses, enrolled nurses and assistants in nursing (commonly referred to as nursing assistants)
- **Aged Care Award 2020** – which covers personal care workers (or PCWs) and recreational or lifestyle activities officers
- **Social, Community, Home Care, and Disability Services Industry Award 2010** – which covers aged care home care employees under Schedule E.

Public sector residential aged care services may employ residential aged care workers under state government awards or enterprise agreements, rather than the awards covered by the FWC decision. All approved providers, including those operating public sector residential aged care services, will receive additional funding through the AN-ACC price increase. All providers must pass on the Government's investment in wages for all in-scope workers.

The 15% award wage increase also applies to the most senior food service employee (Levels 4 – 7) – the **head chef or cook** under the Aged Care Award. This does not cover chefs and cooks who are not the most senior food service employee working at a particular aged care service.

Providers can choose to pay higher wages for other roles, however the Government has not provided additional funding to do so at this time.

## Are there any changes to AN-ACC funding to better reflect the costs of care outside capital cities?

Additional funding will be provided to regional, rural, remote, Aboriginal and Torres Strait Islander and homeless facilities, recognising additional care costs. Under the AN-ACC price of \$243.10, combined with the \$10.80 hotelling supplement, the average funding for these services will increase:

- from \$283 to \$328 per resident per day for non-Aboriginal and Torres Strait Islander services in remote Modified Monash Model (MMM 6) and very remote (MMM 7)
- from \$229 to \$267 per resident per day for services in regional Australia (MMM 5)
- from \$298 to \$344 per resident per day for homeless services
- from \$380 to \$437 per resident per day for specialised remote Aboriginal and Torres Strait Islander services (MMM 6)
- from \$650 to \$750 per resident per day for specialised very remote Aboriginal and Torres Strait Islander services (MMM 7).

A new grant opportunity under the AN-ACC Transition fund will start in 2023-24. It will provide a further \$6 million in targeted one-off grants for a small number of services in isolated areas with higher costs due to their location. This will ensure eligible services have sufficient care funding to meet care costs until the completion of IHACPA's 2024-25 costing study.

### **Can you provide the National Weighted Activity Unit (NWAU) changes for each AN-ACC classification?**

Each Base Care Tariff (BCT) and AN-ACC class has a corresponding National Weighted Activity Unit (NWAU). Each NWAU represents a proportion of eligible funding based on the characteristics of the service or resident and will not change from 1 July 2023. The new funding amounts for each BCT category and AN-ACC class can be found here: [Funding higher wages in residential aged care](#).

IHACPA did not recommend changes to the NWAUs for the 2023-24 financial year. IHACPA intend to review the NWAUs based on resident-level cost data from the Residential Aged Care Costing Study and other relevant evidence, in order to make any recommendations on NWAUs to inform the Government funding decisions from 1 July 2024.

AN-ACC classification NWAUs have not changed so class relativities will not change.

### **Is the AN-ACC funding model replacing the Aged Care Funding Instrument (ACFI) funding model?**

The AN-ACC funding model superseded the Aged Care Funding Instrument (ACFI) from 1 October 2022. For more information, see the [Australian National Aged Care Classification \(AN-ACC\) funding guide](#).

### **Do AN-ACC assessments supersede ACFI assessment tools?**

ACFI tools were superseded by AN-ACC assessments from 1 October 2022. AN-ACC assessments differ as the assessment process is completed by independent assessors, who assign residents with an AN-ACC classification based on their independently assessed needs.

AN-ACC assessments are not care plans. Aged care workers are still required to complete resident assessments for the purpose of care planning.

### **How is the Government aligning funding and care minutes?**

The changes to the care minutes associated with each AN-ACC class from 1 October 2023 will ensure each service's average care minutes requirements (or care costs) are correctly aligned with its overall care funding and residents' care needs. This change is in response to analysis of Quarterly Financial Report (QFR) data which showed that the correlation between care funding and care minutes responsibilities (or the cost associated with delivering care minutes) was not consistent across the classes.

The adjustments will better align each service's average care time responsibility with its overall AN-ACC class funding and will better match care time with residents' needs. This is consistent with the flexible design of the AN-ACC funding model with adjustments to the care minutes associated with each AN-ACC class expected based on the latest costing study evidence of relative care time between different resident types.

The minutes associated with each class will be updated regularly (up to annually) based on the latest IHACPA costing study evidence. AN-ACC class minutes will change again from October 2024 when the sector average requirement increases to 215 minutes (including 44 registered nurse minutes).

Alignment between care funding and care minutes requirements removes the incentive for providers to preference certain residents, as there is an appropriate ratio of funding to care for every AN-ACC class.

### **Will there be more funding for residents with dementia?**

Cognitive ability is a significant factor in AN-ACC assessments, with more funding for residents with higher care needs. Generally residents with dementia are considered 'assisted mobility' which puts them at a higher level of funding compared with the 'independent mobility' classes.

AN-ACC funding is based on advice provided to government by IHACPA, detailed in [Residential Aged Care Pricing Advice 2023-24](#) and [Technical Specifications](#).

### **Does AN-ACC fund documentation of care planning?**

The AN-ACC funding model has been designed to ensure that residential care funding meets the needs of residents and the actual costs of delivering their care. This funding includes documenting care plans.

Time spent on documenting care planning can be reported for the purpose of meeting care minutes responsibilities, as it is considered direct care that is not carried out face-to-face.

## **Leave**

### **How will the Government fund providers for leave liabilities?**

The Government has committed \$98.7 million in 2023-24 for a new grant program to fund historical leave provisions for aged care providers. The grant opportunity will shortly be released to provide funding in recognition of the increased value of accrued leave liabilities for in-scope workers covered by the FWC decision, including annual leave, personal leave, and long service leave.

Providers will be able to apply for a grant to offset historical leave liabilities accrued prior to 30 June 2023. To receive notification about new grant opportunities, providers can register with GrantConnect at [GrantConnect Help and Information](#).

## **Indexation**

### **How will indexation be funded?**

The costs of indexation for 2023-24 and the superannuation guarantee increase are included in the new AN-ACC price.

\$2.5 billion over four years from 2023-24 or \$13.54 of the increase in the AN-ACC price, as recommended by IHACPA, accounts for changes in aged care costs including:

- wages, including the award wage increase on 1 July 2022, and inflation indexation adjustments for 2022-23
- estimated wage and inflation indexation for 2023-24
- superannuation guarantee increase.

### **How are AN-ACC Base Care Tariffs indexed?**

Base Care Tariffs are increasing in line with the increase to the AN-ACC price, which includes a component for indexation.

The subsidy payable to services where funding is based on occupied places will increase to between \$119.12 to \$223.65 per bed day or to between approximately \$43,500 to \$81,600 per year from 1 July this year; and between \$165.31 to \$437.58 per bed day or to between approximately \$60,300 to \$159,700 per year for services where funding is based on operational places.

### **How does funding address sustainability of the sector?**

The Government recognises the financial pressures in the aged care sector, and support is being provided through \$11.1 billion over 4 years from 2023-24 allocated to residential aged care as part of the 2023-24 Budget. This is in addition to \$15.7 billion in previous Budget announcements from 2021-22 over the forward estimates to 2026-27. This is an unprecedented investment in the sector.

The 2023-24 Budget includes an additional:

- \$10.1 billion in AN-ACC funding over 4 years for the new AN-ACC price of \$243.10, to fund the 15% FWC award wage increase and other increases in care costs since AN ACC was introduced on 1 October last year
- \$116 million over 4 years to establish a new \$10.80 per resident per day hotelling supplement to help providers meet hotelling costs such as catering (including funding the FWC award wage increase decision for head chefs and cooks), cleaning and gardening.

The new AN-ACC price of \$243.10 was recommended by IHACPA in [Residential Aged Care Pricing Advice 2023–24](#). It is expected that costing studies undertaken by IHACPA in 2023-24 will be used to inform both the AN-ACC price and any potential refinements to the funding model for 2024-25.

## **IHACPA advice on pricing**

### **When will IHACPA's full advice be published?**

IHACPA has released the [National Efficient Price Determination 2023–24](#). The [Residential Aged Care Pricing Advice 2023-24](#) and [Technical Specifications](#) detail IHACPA's pricing methodology used to develop the 2023-24 pricing advice to government. IHACPA has also released the [Pricing Framework for Australian Residential Aged Care Services 2023-24](#) and the accompanying [Towards an Aged Care Pricing Framework Consultation Report](#).

### **How have IHACPA indexed the AN-ACC price increase?**

IHACPA have indexed the AN-ACC price or wage base using the proportion of workers that are on the award, or an enterprise bargaining agreement no more than 15% above the award, by 15%:

- for RNs and ENs, IHACPA have indexed 76.57% of the 30.1% of sector expenditure on these workers by 15% (indexation of 11.49%)
- for PCWs and lifestyle workers they have indexed 100% of the 48.2% of sector expenditure on these workers by 15%.

This provides **average indexation of 13.65%** across these professions, which is then applied to the wage component of the price (78.3% of funding, derived from the 2021-22 Aged Care Financial Report), and this results in a **10.7% increase** to the AN-ACC price.

The Annual Wage Review Decision was announced on 2 June 2023, with the FWC announcing that minimum award rates will be increased by 5.75%. This AWR increase is in addition to the 15% interim increase. For residential aged care, the price of \$243.10 includes an estimate of wage indexation for 2023-24 for all workers funded through AN-ACC.

### **Does IHACPA's pricing advice take into account the nearly 25% of nurses who are already earning above the award? Why is the total sector average wage increase for nurses 11.5% instead of 15%?**

IHACPA has taken into account average expenditure on RNs and ENs based on the 2021-22 Aged Care Financial Report. This accounts for total expenditure across the sector for nurses, such as wages (including award and above award wages), the wages of nurses engaged under state government agreements not covered by the Fair Work Commission's decision, and on-costs (such as leave and superannuation). For nursing, this accounts for 30.1% of total expenditure across the sector.

IHACPA have used estimates based on survey data which indicate 23.43% of nurses are on active Enterprise Bargaining Agreements which are at least 15% greater than the current award. Taking this into account, IHACPA have indexed 76.57% of the 30.1% of total sector expenditure on nursing by 15%. It's important to note, that 76.57% represents the proportion of the total costs for nursing across the sector that will be uplifted by 15% - not the proportion of individual nurses who will have a pay rise funded under the AN-ACC price increase. This means that nurses receiving above award wages were not excluded from the aged care pay rise.

This represents an 11.5% increase to total sector average wages for nurses, including on-costs – which is higher than the award wage.

The 2023 AN-ACC price increases funding to all providers, regardless of whether a provider pays at or above award rates. Providers must pass on all the additional funding allocated to wage increases to their workers in the form of an increase in wages. Where a provider pays above the minimum award rates, the additional funding should be passed on for the benefit of workers.

## **Award wage increase**

### **Is the 15% award wage increase calculated on base salary or total salary cost?**

IHACPA's pricing advice to Government considered average expenditure on registered nurses, enrolled nurses and personal care workers based on the 2021-22 Aged Care Financial Report. This accounted for total expenditure across the sector, such as wages (including agency), the wages of workers engaged under state government agreements not covered by the Fair Work Commission's decision, and on-costs (such as leave and superannuation). This formed the cost base that IHACPA indexed to determine the AN-ACC price necessary to fund the 15% award wage increase.

Of the Government's \$8.5 billion investment into funding the FWC's decision to award a 15% increase to award wages for residential aged care workers:

- \$7.6 billion, or \$22.76 of the AN-ACC price increase, will cover the costs of increased wages to meet the Government's commitment to fund the Fair Work Commission's interim decision for a 15% wage increase, including on-costs



- \$116 million will fund increased wages for head chefs and cooks through the new hotelling supplement (\$0.36 of the \$10.80 per resident per day supplement will fund the 15% pay increase for head chefs and cooks), including on-costs
- \$562 million will fund the increased costs of delivering 215 care minutes per day from 1 October 2024, including on-costs.
- \$135 million will fund the 24/7 RN supplement, to assist eligible providers with the costs of meeting the mandatory RN responsibility from 1 July 2023, including on-costs.

Fair Work's Pay and Conditions Tool will be updated accordingly with the new aged care rates in June 2023 and can be found here: [Pay Calculator](#).

### **Does the wage increase apply to casual and part-time workers?**

The increase applies to casual and part-time aged care workers.

### **Does how a worker is paid impact the award wage increase?**

Residential providers are expected to pass all government funding for aged care wages to their workers, regardless of how the workers are paid. Residential aged care funding relating to the FWC decision is \$22.76 (or 63%) of the AN-ACC price increase.

From 1 July 2023, all mainstream residential aged care services (i.e. not including Multi-Purpose Services), will receive additional funding through an increase to the AN-ACC price from \$216.80 to \$243.10, and the new \$10.80 per resident per day hotelling supplement. All residential care providers will receive the additional funding to pass onto their workers, regardless of how much they are paying employees.

### **Does the award wage increase apply to enterprise agreements that pay more than the award?**

Residential aged care providers are expected to pass all government funding for aged care wages to their workers, regardless of how the workers are paid. The Government has released guidance to assist providers in the amount of funding that is expected to be passed on: [Aged care worker wages – guidance document](#).

### **Will the funding of the wage increase be done on an hourly basis for each classification?**

Funding for the wage increase is calculated on an hourly rate. Further information on FWC determinations for each award, including new rates of pay, can be found here: [Decisions & statements for the Work value case](#).

### **Does the 15% award wage increase for head chefs only apply to the most senior person in the kitchen?**

The 15% increase applies only to the most senior food service employee (Levels 4 – 7), that is, the head chef or cook under the Aged Care Award. The funding provided by government is calculated based on one full-time equivalent employee, and not multiple people over a roster. This does not cover chefs and cooks who are not the most senior food service employee working at a particular aged care service.

### **Will there be an award wage increase for other employees such as cleaners and administration staff?**

As part of Stage 3 of the Aged Care Work Value Case, the FWC will consider further increases to direct care workers in the sector and whether wage increases should also be applied to other employees covered by the Aged Care Award, including ancillary staff such as administration and support workers. This would also include consideration of wage increases for food service employees who are not the head chef or cook.

### **Will this award wage increase also be put in place for private residential aged care services?**

From 1 July 2023, all mainstream residential aged care services will receive additional funding through an increase to the AN-ACC price from \$216.80 to \$243.10 and the new \$10.80 per resident per day hotelling supplement. All residential aged care providers that currently receive funding from the Government will receive the additional funding to pass onto their workers.

### **Does the award wage increase apply to staff with qualifications (such as a registered nurse working in a management role) or staff with the role in their job description?**

The award wage increase relates to the role the employee is engaged to perform and the award they are paid under. It may not relate to the qualification that they hold (for example, a nurse may be employed as a manager and not as a nurse). If unsure, employees should check with their employer.

### **Will a schedule of expected wage increases for each relevant classification be provided?**

The [Fair Work Ombudsman](#) offers an online Pay and Conditions Tool that calculates pay rates, allowances and penalty rates under different awards. The Pay and Conditions Tool will be updated with the new aged care rates in June 2023 and can be found at [Pay Calculator](#).

The FWC determinations for each award, which include new rates of pay from 1 July 2023, can be found here: [Decisions & statements for the Work value case](#).

### **Does the proposed Department of Health and Aged Care guidance document for nurses consider wage rates across federal modern awards as well as State Public Hospital awards?**

Many state and local government providers of aged care pay their workers according to state awards and/or local government awards. These awards are often broad and cover more than just aged care, and may be subject to their own annual wage increases. Given this complexity, these providers are encouraged to consider their own circumstances and apply the additional funding in accordance with their particular situation.

For residential aged care providers, additional funding to address the award wage increase will be provided through an increase to the AN-ACC price.

It is expected that approved providers pass all additional funding received to their workers, regardless of what award the workers are on.

## **Passing on the award wage increase**

### **What is the expectation regarding passing the award wage increase on to staff paid more than the award?**

The Government expects aged care workers will receive the full benefit of the funding.

Residential aged care providers are expected to pass all government funding for aged care wages to their workers (the \$22.76 or 63% of the increase to the AN-ACC price), regardless of how the workers are paid. This does not mean that an employee earning 5% above the award is funded to receive another 15%. The uplift to wages in residential aged care associated with these workers represents a sector average of 13.65%. Every service will have a different workforce profile and will need to consider how the additional funding will be allocated.

Aged care providers are legally required to ensure their employees are paid at least the minimum rate as set by the FWC. An updated pay and conditions tool is available at [Pay Calculator](#).

### **What if I have already increased wages above award?**

If you have already increased your wages in anticipation of the FWC increase, we encourage you to look at the department's [guidance document](#). Consider whether the steps you have taken meet the expectations of the Government as set out in the guidance. We are not asking providers to pay for the same increase twice. We want to avoid providers substituting Government funding to pay for increases that they had already planned to pay out of existing funding/revenue streams. We encourage providers to work with employee representatives including unions on these matters.

Providers must also consider increases to worker wages from 1 July 2023, given the Annual Wage Review. The FWC has now published the [determinations for each Award](#), which reflect the wage increases as a result of the 15% increase and Annual Wage Review increase. The FWC [Pay and Conditions Tool](#) will be updated with the new aged care rates closer to 30 June 2023.

### **How must providers demonstrate the 15% award wage increase has been passed on?**

The Government will closely monitor providers' expenditure on labour costs and identify trends in this spending over time to ensure aged care providers pass on all funding that has been provided for higher worker wages.

Providers of residential aged care and home care packages will need to attest in the [Quarterly Financial Report](#) that all funding available for wages is passed through to workers. Providers are required by law to provide accurate information to the Commonwealth.

From Quarter 4 2022-23, the Quarterly Financial Report will also collect additional information regarding wages, including minimum and maximum wage rates by occupation.

For providers delivering services through grant programs, they will need to attest that funding has been passed on through the grant acquittal process.

Sector trends will be monitored and published through the [Quarterly Financial Snapshot](#) and service level expenditure on labour will be published from January 2024, as part of a broad suite of expenditure reporting on My Aged Care.

### **Will there be any legislation in relation to funding the 15% increase in award wages?**

Providers have a legal requirement to ensure employees are paid the minimum rates according to the awards. There will be no additional legislation.

## **Annual Wage Review**

### **Will there be a further FWC award wage increase in the Annual Wage Review?**

The Annual Wage Review is a separate process where increases are considered as part of regular annual program indexation arrangements, which employers will need to financially prepare for.

The Annual Wage Review Decision was announced on 2 June 2023, with the FWC announcing that award rates will be increased by 5.75%. This in addition to the 15% wage increase based on the FWC's determination as part of the Work Value Case.

The AN-ACC price of \$243.10 includes an increase in underlying inflation of 2.6% for 2023-24. The department will consider the impact of the Annual Wage Review in due course.

Further information on the Annual Wage Review can be found on the FWC's website: [Annual wage reviews](#).

## Hotelling supplement

### Will AN-ACC continue to cover costs for hotelling?

The new hotelling supplement has been created by taking the \$10 former Basic Daily Fee Supplement from the AN-ACC price, adding \$0.44 to account for indexation since 2021-22, and adding \$0.36 to account for the cost of funding the FWC decision to award a 15% pay increase to head chefs and cooks. This arrives at a total hotelling supplement of \$10.80 per resident per day.

From 1 July 2023, the AN-ACC price no longer includes a hotelling component. The \$10.80 per resident per day hotelling supplement is provided in addition to the AN-ACC price increase, ensuring there is a clear delineation between hotelling funding and care funding.

### Has the \$10 Basic Daily Fee been removed from AN-ACC?

The \$10 Basic Daily Fee supplement has been removed from the AN-ACC price and incorporated into the new hotelling supplement. This is to ensure there is a clear delineation between hotelling funding and care funding.

The \$10.80 hotelling supplement provides a mechanism for the Government to fund the FWC pay increase for the head chefs and cooks, as well as any future FWC decisions for non-care workers such as cleaners, gardeners, and administration/maintenance staff.

### Does the hotelling supplement have an end date?

It is an ongoing supplement from 1 July 2023, with no end date.

### Why is the hotelling supplement indexation a 4.4% increase when the Consumer Price Index is at 7-9%?

The hotelling supplement was indexed by 4.4%, consistent with indexation parameters used at budget. It will be indexed twice a year in line with changes to the [Australian Consumer Price Index](#) over 6 months to December (for March indexation) or June (for September indexation). This is the same arrangement as the accommodation supplement.

### Do Multi-Purpose Services also get the hotelling supplement?

There will continue to be a separate process for Multi-Purpose Services. Multi-Purpose Service providers will continue to receive separate Basic Daily Fee supplement equivalent amounts and are not eligible to receive the hotelling supplement.

### Will the hotelling supplement be increased for remote providers?

The hotelling supplement is a flat rate regardless of where a residential aged care service is located.

## 24/7 registered nurse (RN) supplement

### Why is the 24/7 RN supplement only for facilities with 60 or fewer residents?

The 24/7 RN supplement is designed to help smaller residential facilities with an average of up to 60 residents meet the cost of providing 24/7 registered nurse care that is not covered through the AN-ACC funding model. Therefore, the supplement is to make up the difference for smaller services that would not have enough AN-ACC funding to provide 24/7 registered nurse coverage.

For example, assuming an average resident mix, a service of 10 residents is funded through AN-ACC to deliver around 7 hours of registered nurse care per resident per day (10 residents x 40 minutes = 6.7 hours), while a service of 60 residents is funded under AN-ACC to deliver around 40 hours of registered care per resident per day (60 residents x 40 minutes = 40 hours). A small facility clearly needs additional funding to have a registered nurse on-site and on duty 24 hours a day, 7 days a week, while a larger facility that is already funded to provide 24/7 registered nurse care therefore does not require additional supplement funding.

### How is occupancy calculated for the 24/7 RN supplement?

The 24/7 RN supplement will be available to residential facilities that can meet certain eligibility criteria, including occupancy and registered nurse coverage over the month, and timeliness of reporting (that is reporting by 11.59pm on the 7th day of the month following the reporting period, i.e. 7 August 2023 for July 2023).

For occupancy, a residential facility must have no more than 60 residents per day, on average over a month, to meet this criterion. The average daily occupancy will be calculated based on the facility's total occupied bed days submitted in their monthly claims to Services Australia. The table below shows the supplement rate based on occupied bed days based on a 28-, 29-, 30- and 31-day month.

Services Australia will pay the supplement automatically if the residential facility has met the occupancy criterion, has delivered an average of at least 20 hours per day of registered nurse coverage over the month, and completed their reporting on time by the 7th calendar day of the following month.

**Figure 1 24/7 RN supplement funding over a calendar month**

Avg. residents per day in calendar month	Occupied bed days (28 calendar day month)	Occupied bed days (29 calendar day month)	Occupied bed days (30 calendar day month)	Occupied bed days (31 calendar day month)	and facility is in 2019 MMM 1-4	and facility is in 2019 MMM 5-7
>0-5	1-140	1-145	1-150	1-155	\$27,667.00	\$77,083.00
>5-10	141-280	146-290	151-300	156-310	\$27,667.00	\$69,000.00
>10-15	281-420	291-435	301-450	311-465	\$27,667.00	\$63,500.00
>15-20	421-560	436-580	451-600	466-620	\$27,667.00	\$53,250.00
>20-25	561-700	581-725	601-750	621-775	\$27,667.00	\$42,250.00
>25-30	701-840	726-870	751-900	776-930	\$27,667.00	\$32,083.00
>30-35	841-980	871-1015	901-1,050	931-1,085	\$19,167.00	\$23,833.00
>35-40	981-1,120	1,016-1,160	1,051-1,200	1,086-1,240	\$14,750.00	\$17,750.00
>40-45	1,121-1,260	1,161-1,305	1,201-1,350	1,241-1,395	\$13,167.00	\$15,750.00
>45-50	1,261-1,400	1,306-1,450	1,351-1,500	1,396-1,550	\$11,750.00	\$13,583.00
>50-55	1,401-1,540	1,451-1,595	1,501-1,650	1,551-1,705	\$9,833.00	\$11,250.00
>55-60	1,541-1,680	1,596-1,740	1,651-1,800	1,706-1,860	\$7,917.00	\$8,917.00
>60 residents	Above 1,680	Above 1,740	Above 1,800	Above 1,860	N/A	N/A

## How is occupancy calculated for facilities with co-located services?

For co-located services operated by the same approved provider as a single residential facility, eligibility for the supplement will be calculated based on the combined occupancy of the co-located services.

If co-located services that form a single facility have a combined total of more than 60 residents per day on average over the month, the services will not be eligible for the supplement, even if the individual services have less than 60 residents.

## Allied health

### What measures will improve access to allied health services?

Residential aged care providers are responsible for ensuring residents have access to allied health services as part of an individual therapy program aimed at maintaining or restoring a resident's ability to perform daily tasks, as required by their obligations under the *Aged Care Act 1997* and the associated Aged Care Quality Standards.

In addition to increasing accountability, the Government recently introduced several measures to enhance transparency in the use of allied health professionals in residential aged care. These include the following:

- Residential aged care providers currently report on the direct care time provided by enrolled nurses, and their expenditure on allied health professionals, through the Quarterly Financial Report (QFR). An overview of QFR information is published online as the [Quarterly Financial Snapshot](#).
- The National Aged Care Mandatory Quality Indicator Program (QI Program), which requires residential aged care providers to report quarterly on critical areas of care impacting the health and wellbeing of older people, is also being expanded to include staffing measures including enrolled nurses, allied health and lifestyle staff from July 2025. This will support providers to measure, monitor and compare their performance across staffing measures and quality of care outcomes to drive improvement. QI Program data is available on the [Australian Institute of Health and Welfare GEN My Aged Care website](#) at the national, state and territory level.

### What funding will be available for providing allied health services?

Costs related to providing allied health services to residents are funded through AN-ACC.

This ensures providers can give residents access to allied health services, when they need it, as part of an individual therapy program aimed at maintaining or restoring a resident's ability to perform daily tasks, as required by their obligations under the *Aged Care Act 1997* and the associated Aged Care Quality Standards.

For more information, see [How allied health care is supported under AN-ACC](#).

### Has the Government estimated what portion of the AN-ACC price should, on average, be attributed to allied health services?

AN-ACC funding is not separately allocated for different types of spending (e.g. by direct care, allied health care, lifestyle and consumable costs). Instead, providers are expected to use their AN-ACC funding to deliver high quality care in line with what is required under the *Aged Care Act 1997*, including meeting the Aged Care Quality Standards. This includes delivering allied health care consistent with resident's individual care plans.

Unlike the previous ACFI funding model, AN-ACC is designed to allow allied health professionals more flexibility to provide and target treatments that are the most beneficial for residents, consistent with their individual care plan, rather than linking services to funding.

Based on the [Quarterly financial snapshot of the Aged care sector – Quarter 2 2022-23 – October to December 2022](#), the sector reported spending approximately \$5.80 per resident per day on allied health care, and delivered 4.6 minutes per resident per day between October and December 2022.

## Entry adjustment payment

### Will the initial entry adjustment payment for permanent care residents increase?

Yes, it increases in line with the increase in the AN-ACC price. The AN-ACC initial entry adjustment is provided as a one-off payment when a new permanent resident enters a facility. This funding equates to 5.28 National Weighted Activity Units multiplied by the AN-ACC price of \$243.10. Therefore, the new entry adjustment payment will be \$1283.57.

## Nurses

### How will the Government grow the nursing workforce?

The Government is supporting a range of measures to grow the nursing workforce in aged care. See [Aged care workforce](#) for more information.

### Will there be care minutes targets for enrolled nurses?

The Government recognises that enrolled nurses (ENs) are a vital part of the aged care workforce as they free up registered nurses (RNs) to work at the top of their scope of practice, allowing them to provide more complex clinical care for residents in residential aged care facilities.

The mandatory requirement to provide a sector average of 200 minutes of care per resident per day from 1 October 2023 aims to ensure that residents receive appropriate direct care from a combination of care staff, including RNs, ENs, personal care workers and assistants in nursing to meet their individual care needs.

Residential aged care providers are funded through the AN-ACC funding model to meet their care minutes requirements, including funding to provide EN care time.

The 2023-24 Budget includes \$10.1 billion in additional AN-ACC funding over 4 years from 2023-24 to enable providers to meet the FWC decision to increase wages for certain direct care staff, including ENs. The funding uplift ensures providers are funded appropriately to meet their care minutes requirements.

While there are no specific care minutes targets for ENs, this approach is consistent with the recommendations of the Royal Commission into Aged Care Quality and Safety, allowing providers flexibility to select the appropriate skills mix for delivering high quality care.

Care time delivered by ENs in each aged care home will be published quarterly on [My Aged Care](#), providing more transparency to residents and their families.

In addition, the National Aged Care Mandatory Quality Indicator Program (QI Program), which requires residential aged care providers to report quarterly on critical areas of care impacting the health and wellbeing of older people, is also being expanded to include staffing measures for enrolled nurses, allied health and lifestyle staff from July 2025. This will support providers to measure, monitor and compare their performance across staffing measures and quality of care

outcomes to drive improvement. QI Program data is available on [Australian Institute of Health and Welfare GEN My Aged Care](#) at the national, state and territory level.

## Care minutes

### Why are the adjustments for care minutes based on care costs?

AN-ACC class funding is based directly on costing study evidence from the [Resource Utilisation and Classification Study](#) reflecting the relative costs of caring for residents in the different classifications. The change to care minutes is to better align the minutes associated with each AN-ACC classification with this funding.

Importantly, a better allocation of care minutes will ensure each AN-ACC classification's funding and care time, or costs, are in similar proportions across the AN-ACC classes.

Ensuring consistency between the ratio of funding to care minutes will ensure that:

- each service's average care minutes responsibility (or care cost) is correctly aligned with its overall care funding, better matching care time with residents' needs; and
- there are no incentives for providers to preference residents classified at a certain level of care need.

Additionally, changes to the care minutes allocations across the AN-ACC classes ensure providers are funded to deliver the FWC 15% wage increase.

The previous allocations of care minutes can be found at Appendix 4 in the [Care minutes and 24/7 registered nurse responsibility guide](#).

### What is the evidence behind the care minutes changes?

Care minutes changes respond to evidence from the first Quarterly Financial Report (QFR) that there is a mismatch between care minutes requirements and AN-ACC classifications. Original care minutes targets were based on a 50/50 split between fixed and variable per resident costs. The evidence from the QFR is that the split should be 64/34.

### Will there be more changes to care minutes?

The care minutes adjustments will better align each service's average care time responsibility with its overall AN-ACC class funding and will better match care time with residents' needs. This is consistent with the flexible design of the AN-ACC funding model, with care minutes adjustments based on the latest costing evidence of relative care time between different resident types.

The care minutes associated with each AN-ACC class will continue to be reviewed based on the latest costing evidence of relative care time between different resident types. The minutes will also change from October 2024 as the required average care minutes are increasing to an average of 215 minutes (including 44 registered nurse minutes) per resident per day from this time.

### What workers are included in care minutes?

The mandatory requirement to provide a sector average of 200 minutes of care per resident per day from 1 October 2023 includes providing direct care from a combination of registered nurses, enrolled nurses, personal care workers and assistants in nursing. Of this, 40 minutes must be care provided by registered nurses.

From 1 October 2024, the care minutes responsibility will increase to a sector average of 215 care minutes, including 44 minutes of registered nurse time.



## Why are lifestyle workers not included in care minutes?

The purpose of care minutes is to ensure services provide residents with an appropriate standard of skilled direct care. As such, care minutes can only be delivered by registered nurses, enrolled nurses, personal care workers, and assistants in nursing. Lifestyle workers are an important component of residential aged care and funded under AN-ACC, but they are not measured in the care minutes responsibility (in line with the recommendation of the Royal Commission into Aged Care Quality and Safety).

## How are care minutes funded?

With the commencement of the AN-ACC funding model on 1 October 2022, residential aged care services were funded to deliver a sector average of 200 care minutes per day, including 40 minutes delivered by a registered nurse.

The 2023-24 Budget included \$743 million over 3 years to support aged care providers with the increased costs of delivering an average of 215 care minutes per day from 1 October 2024. This is in addition to \$5.4 billion over 4 years from 2022-23 to support providers to deliver 200 care minutes per resident per day, and the \$1.9 billion over 2 years from 2024-25 in the 2022-23 Budget to fund providers to increase their care minutes to 215 care minutes per resident per day, with 44 minutes of registered nurse time per day.

It is expected that costing studies undertaken by IHACPA in 2023 will be used to inform both AN-ACC pricing and any potential refinements to the funding model for 2024-25.

## What happens if a provider does not have enough staff to meet care minutes?

The Government understands that in some circumstances workforce shortages may affect a provider's ability to maintain an adequate number of staff to meet its workforce-related responsibilities, including care minutes. Where providers are unable to recruit the staff necessary to ensure the delivery of safe and quality care to their residents, they may choose to leave some of their beds empty.

The Aged Care Quality and Safety Commission has released its [Regulatory Bulletin 2023-19](#) with information on how it will regulate workforce-related responsibilities, including where workforce shortages limit a provider's ability to meet their care minutes targets.

The Government is supporting a range of measures to grow the workforce in aged care. See [Aged care workforce](#) for more information.

## Why are the current total care minutes for class 11 higher than class 9 when the registered nurse minutes for class 11 are lower than class 9?

Care minutes are determined for each class using the Relative Value Units (RVU) from the Resource Utilisation and Classification Study (RUCS). The classes group residents of similar care needs based on mobility, cognitive ability and other compounding factors as set out in the [AN-ACC classifications flow chart](#), and the classes are not linear. The RUCS found that residents in class 11 received more total care minutes but less RN minutes compared to class 9. This was reflected in the RUCS RVUs and therefore the care minutes associated with the class.

## Home Care Packages Program

### How will the award wage increase be implemented in the Home Care Package Program?

The department has published a Home Care Package (HCP) [provider fact sheet](#) and [care recipient fact sheet](#) about the 11.9% increase (including annual indexation) to the [home care subsidy rate](#) and some supplements from 1 July 2023 and what providers need to do.

The department has also sent a [letter](#) to all care recipients and their authorised representatives to notify them of this change.

### **When will grants be available for those providers with care recipients who now exceed their home care budget due to wage increases?**

A grant opportunity will open to provide additional support to HCP providers of the small proportion of care recipients whose Level 4 packages are fully expensed on nursing and personal care each month and whose providers may therefore have a small shortfall.

HCP providers are encouraged to [register with GrantConnect](#) to receive a notification when the grant opportunity opens.

## **Commonwealth Home Support Programme**

### **Will the Commonwealth Home Support Programme be extended?**

The Commonwealth Home Support Programme (CHSP) grants were extended from 1 July 2023 to 30 June 2024.

In the May 2023-24 Budget, the CHSP was further extended until 30 June 2025 to ensure continuity of care until the Support at Home program commences. The department will commence the 2024-25 extension in the coming months.

More information is available on [the department's website](#).

### **How will the award wage increase impact CHSP?**

The department sent a [letter](#) to all CHSP providers on implementing the wage increase.

CHSP providers will be able to apply for a grant opportunity to receive the level of funding to cover increased award wages and leave liabilities for in-scope workers. The department will provide further information when the grant opportunity opens later in 2023.

In the meantime, providers will receive a 6-months payment in advance in July 2023 for the delivery of CHSP services. This will provide the necessary cashflow support for CHSP providers in the interim, including payment of award wages.

CHSP providers are encouraged to [register with GrantConnect](#) to receive a notification when the grant opportunity opens.

### **Will CHSP subcontractors be eligible for award increases?**

Additional funding for increasing subcontracting costs is available on the same basis as if the worker was employed by your organisation if you can provide supporting documentation that subcontractors are employed under in-scope awards. However, your organisation would also need to demonstrate that your subcontract has increased by the corresponding amount.

### **How will we fund the wages for new employees in CHSP who join after the assessment of wages on 1 July 2023?**

The wage increase takes effect from the first pay period commencing on or after 30 June 2023. The grant application will be based on the annual value of wages for aged care workers on in scope awards immediately prior to the wage increase.

Grant funding is also available to cover positions that are currently vacant and expected to be filled in the 2023-24 financial year. This will be subject to providing sufficient documentation to demonstrate recruitment processes or strategies.

The department will provide additional information to support the calculation process part of the grant application process that will open later in 2023.

## Regional stewardship

### Is there more funding for regional stewardship measures?

Funding of \$13.4 million and \$6.1 million was provided in the 2021-22 and March 2022-23 Budgets for an initial rollout of regional stewardship in 8 Primary Health Network regions (South East NSW, Gold Coast, East Melbourne, Country Western Australia, Adelaide, Tasmania, the Northern Territory and Australian Capital Territory).

As part of the 2022-23 October Budget, the Government committed \$68.5 million over 4 years from 2022-23 to expand regional stewardship through a 'hub and spoke' model. The measure funds expansion of the department's presence outside of Canberra and capital cities to small regional sites in all state and territories (except the Australian Capital Territory).

## Star Ratings

### Why is our Staffing Star Rating 3 stars even though we meet our care minutes?

The Staffing rating is based on the delivery of care provided by a registered nurse (RN), enrolled nurse (EN), personal care worker (PCW) or assistant in nursing (AIN) in a residential aged care facility. The average amount of care time residents receive based on care minutes delivered by RNs, ENs, PCWs and AINs is compared with the minimum care targets that apply to the service. For services to receive a higher Staffing rating than 3, services are required to deliver more minutes of care to each resident in the home. For example, increasing the total care per resident per day from an average of 200 minutes to an average of 230 total minutes of care per resident per day will increase the Staffing rating from 3 to 5 stars.

A detailed provider manual explaining the Star Ratings algorithm and a guide to improving quality have been published on [Star Ratings for residential aged care](#).

Additionally, the link to the Star Ratings webinar that discussed Staffing calculations for Star Ratings is at [Star Ratings for residential aged care](#).