



# Questions and answers: Residential aged care funding reform update webinar, 18 September 2024

## 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, [care minutes](#), the [24/7 registered nurse \(RN\) responsibility](#) and [care time reporting assessments](#).

This document contains answers to some questions received prior to and during a [webinar held on 18 September 2024 on residential aged care funding reform](#).

Where appropriate, the department has simplified and consolidated similar questions to provide succinct responses. All residential aged care funding questions from the webinar will inform ongoing updates to our resources.

Questions on topics outside the scope of the webinar have been provided to appropriate areas in the department to inform further stakeholder engagement activities, including information on the department's website.

For more information see the department's website:

- [Australian National Aged Care Classification \(AN-ACC\) funding guide](#)
- [Care minutes responsibility guide](#)
- [24/7 registered nurse responsibility guide](#)
- [AN-ACC resources](#)
- [Care minutes and 24/7 registered nurse responsibility resources](#)
- [My Aged Care service and support portal](#)
- [Aged care workforce](#)

For information on topics asked about in the webinar but out of scope of the webinar:

- [Aged Care Taskforce](#)
- [Aged Care Taskforce resources](#)
- [New Aged Care Act](#)
- [Support at Home program](#)
- [Support at Home program resources](#)
- [Support at Home program – Frequently asked questions – November 2024](#)
- [Support at Home program handbook](#)
- [Digital Transformation Tech Talk – 9 October 2024](#)
- [Digital Transformation Tech Talk – 13 November 2024](#)

- [Ensuring the future of quality aged care – Webinar](#), held on 13 September 2024 which covered the Aged Care bill 2024, the Government's response to the Aged Care Taskforce final report, and the Support at Home program
- [Home Care Packages Program](#)
- [Responsibilities of Home Care Package providers](#)
- [Multi-Purpose Services](#).
- [Aged Care Quality and Safety Commission](#)

Register [here](#) to receive aged care sector newsletters, which contain regular updates on changes to aged care, open consultations, news and resources.

# Contents

1. AN-ACC funding .....	6
Does the new AN-ACC price from 1 October 2024 retroactively cover the period from 1 July to 30 September 2024? .....	6
If the AN-ACC price is \$280.01, why is the variable AN-ACC funding per resident per day less than the full price? .....	6
Will there be further changes to AN-ACC before 1 October 2025? .....	6
When will the AN-ACC price be adjusted in the future? Is it annually on 1 October? .....	7
Will an interim AN-ACC price adjustment for July-September be considered in future years? .....	7
Will AN-ACC funding in 2024-25 cover the FWC Stage 3 decision? .....	7
On the first slide of the webinar presentation, there was additional funding from 1 January 2025. Is this already incorporated into the AN-ACC price of \$280.01? .....	7
Why has funding for AN-ACC classes 10-13 decreased while average care minutes have increased? .....	7
How do AN-ACC class weighting changes consider costs and outcomes for residents with cognitive impairment? .....	8
Are there any changes to the factors in AN-ACC classes? .....	8
Will this funding decision protect profit margins for already struggling providers? .....	8
Will there be additional funding to increase staffing in residential aged care? .....	8
What is the split in the \$2.5 billion of funding (for other cost increases not including the FWC stage 3 decision) between the care minutes increase, award wage increases, inflation and superannuation guarantee increase? .....	8
Are there any plans to distribute the subsidy values in formats other than PDF and word? .....	9
Are there any changes specific to remote Aboriginal & Torres Strait Islander aged care to be aware of? .....	9
What are the day-to-day impacts going to be for those already in residential care? .....	9
Will the pricing modelling tool be updated to reflect the variation in labour costs providers face depending on their charitable status (such as payroll tax)? .....	9
The slides include two figures for funding towards FWC Stage 3 – \$3.3bn and \$2.7bn. Which figure is correct? .....	10
Is there a change to the one-off adjustment payment when a resident enters care? .....	10
What do you class as a very remote location? .....	10
How can I check the Modified Monash category for my facilities? .....	10
My service is in Modified Monash 3 – do I need to do anything to get the new Base Care Tariff funding, or does it happen automatically? .....	10
When will the remote and specialised services review start and will services be able to participate? .....	10
2. Hotelling funding .....	10
How does the hotelling supplement account for the \$4.30 funding gap identified by IHACPA? ...	10
Has the hotelling supplement been reviewed by IHACPA? .....	11

Will the hotelling supplement be reduced by the amount of the resident contribution? .....	11
For 1st of July changes, will the hoteling supplement be included in the Non-Clinical Care cost which will be paid by residents? .....	11
3. Care minutes .....	11
Will the government be lenient if providers are unable to increase their staffing to meet care minute targets given that they were only communicated to the sector 2 weeks prior to their commencement?.....	11
Why are providers required to calculate their own targets when the department publishes this information? .....	12
How does care time from an enrolled nurse (EN) count towards the RN target and total care minutes target for a service? Can ENs count towards 10% of the RN minutes and still be included in the EN and PCW minutes?.....	12
Will the EN time that counts towards the RN targets also be counted for the purposes of calculating the Staffing Star Rating? And will the EN minutes still count if we are already exceeding our RN targets with actual RNs? .....	13
Care time delivered by an EN that count towards a service's performance against its RN care minutes target will also contribute to the RN minutes for Star Ratings. This will be reflected in the Staffing Star Ratings from April/May 2025 (which is when the Staffing Star Rating from the December quarter of 2024 will be published).....	13
Is there consideration for endorsed ENs to count for more than 10% of RN minutes given their higher level of training? Will the government also consider increasing the percentage of the RN target that can be met by ENs to more than 10%. .....	13
Should we submit residents for reclassification and how will this impact our care minutes targets? .....	13
Why do AN-ACC Class 11 and 12 have the same funding, but Class 11 requires one minute more of RN time? .....	13
4. Care minutes reporting and what counts as care minutes .....	13
How often do we need to report care time? .....	13
Is a lunch break during a shift included in care minutes?.....	14
Can staff working remotely offsite on activities like Care Plan Reviews count towards the care minutes for a service? .....	14
Will the virtual care provided under the new pilot being tendered by the Department be included as part of the care minutes? .....	14
What's the rationale behind splitting the care minutes for RNs into Morning, Afternoon and Night shifts in the QFR reporting?.....	14
5. Care time reporting assessments .....	14
How long after information is provided to the department for a care time assessment request can providers expect to receive an outcome of the review? .....	14
What is the model pack and do we have to use it? .....	14
Will we move to twice yearly reporting instead of the current quarterly cycle? .....	14
Should we extrapolate labour hours for the pay period that does not align with the quarter?.....	15
Will there be any detailed updates to the care minute guidance based on Care Time Reporting Assessment findings? .....	15

6. Allied Health .....	15
How will allied health services be financially incentivised and are you considering implementing allied health minutes?.....	15
Will there be any further funding for allied health service provision?.....	15
7. Workforce .....	16
Are there any accountability requirements for the Fair Work Commission Stage 3 funding for residential aged care providers?.....	16
If we are paying above award rates do we have to pass on the increase even if our current rates are above the new rates? .....	16
Which aged care workers will benefit from the Stage 3 decision?.....	16
Is there going to be a leave liability grant?.....	16
When will the Commonwealth release the increases for the Stage 3 ACWVC by award role and dollars per hour? .....	17
8. IHACPA pricing advice.....	17
Will this be the regular pricing review approach moving forward?.....	17
Does the re-weighting of AN-ACC classes mean residents on Class 2-8 have been underfunded? .....	17
If IHACPA reviews are based on actual costs incurred, how does this value the cost of services residents want, rather than what they are getting? .....	17
When will the Pricing Framework for Australian Residential Aged Care Services 2024–25 be published?.....	18
The weightings for AN-ACC classifications have shifted from their current setting, with some higher classifications decreasing significantly. What process and insights led to these changes? ...	18
What evidence was gathered to adjust the weights for respite residents? .....	18
How do you participate in the Residential Aged Care Cost Collection process? .....	18
Did the residential sites that IHACPA based their prices on meet their care minute requirements? .	18
Why is the \$10.16 uplift amount (in the revised AN-ACC rate) for the increased care minutes only 4.98% (of the 2021-22 reference cost) when total care minute requirements have increased by 7.5%?.....	19

# 1. AN-ACC funding

Does the new AN-ACC price from 1 October 2024 retroactively cover the period from 1 July to 30 September 2024?

Yes. The [Independent Health and Aged Care Pricing Authority's](#) (IHACPA) advice for the AN-ACC price that came into effect on 1 October 2024 includes an adjustment to cover the 1 July to 30 September 2024 period, specifically, the Annual Wage Review.

More information is available in IHACPA's [Residential Aged Care Pricing Advice 2024–25](#).

If the AN-ACC price is \$280.01, why is the variable AN-ACC funding per resident per day less than the full price?

The AN-ACC price represents the subsidy of a standard day of care, or 1.00 National Weighted Activity Unit (weighting or NWAU).

The AN-ACC funding model works by applying weightings to the AN-ACC price. The weightings for AN-ACC classes reflect variations in the costs of providing care, based on the characteristics and care needs of individual residents. AN-ACC class funding is only one component of AN-ACC. In addition to variable AN-ACC class funding, services receive fixed Base Care Tariff funding, as well as the one-off entry adjustment payment. None of these components of AN-ACC funding are intended to be equivalent to the AN-ACC price.

As of 1 October 2024, no AN-ACC class weighting is equivalent to the AN-ACC price (or a standard day of care). These changes are based on IHACPA's pricing advice, which in turn were based on the cost, time and activity evidence collected in their Residential Aged Care Costing Study 2023 for each class and other data sources.

IHACPA will continue to review the weightings as part of their annual costing studies.

For more information on weightings, see the [AN-ACC funding guide](#). For more information on IHACPA's costing studies, see their [Aged care costing](#) webpage and resources.

Will there be further changes to AN-ACC before 1 October 2025?

There are no planned changes for the AN-ACC price before 1 October 2025. However, depending on the Fair Work Commission (FWC) [Aged Care Work Value Case](#) Stage 3 decision on nurses there may be a need to revisit this.

The Government is engaged in this process, and we note that the FWC has set aside time for submissions to be considered.

The Government will be guided by IHACPA's independent analysis, and the operational conditions reported by providers through the [Aged Care Financial Report](#) (ACFR) and [Quarterly Financial Report](#) (QFR).

We will update key stakeholders, including providers, peak bodies and consumers more generally as the process develops.

For more information on FWC award wage increases, see [Better and fairer wages for aged care workers](#).

## When will the AN-ACC price be adjusted in the future? Is it annually on 1 October?

The Government has [announced](#) that it will set the new AN-ACC price from 1 October each year (instead of 1 July as occurred in 2023) as this timing will enable IHACPA to account for any cost increases from 1 July in its advice (see [Section 10 of the AN-ACC guide](#)). This includes any minimum wage increases from the FWC Annual Wage Review.

## Will an interim AN-ACC price adjustment for July-September be considered in future years?

No. IHACPA's pricing advice, that comes into effect on 1 October of each year, includes an adjustment to cover the 1 July to 30 September period. Previously, this adjustment was made from 1 July the following financial year. A new AN-ACC price from 1 October each year brings this adjustment forward by 9 months improving the financial viability of the sector.

## Will AN-ACC funding in 2024-25 cover the FWC Stage 3 decision?

Yes. AN-ACC funding from 1 October 2024 includes additional wage costs resulting from the FWC [Aged Care Work Value Case](#) Stage 3 decision that takes effect from 1 January 2025, in addition to:

- impacts of the FWC Annual Wage Review (AWR) decision that took effect from 1 July 2024
- the superannuation increase that took effect from 1 July 2024
- an adjustment to cover the 1 July-30 September period
- non-labour cost inflation
- additional funding to cover the 15 minutes increase for the mandatory care minutes responsibility (from 200 minutes to 215 minutes).

As answered above, there may also be changes to AN-ACC to account for the FWC Stage 3 decision on nurses. The Government is engaged in this process.

## On the first slide of the webinar presentation, there was additional funding from 1 January 2025. Is this already incorporated into the AN-ACC price of \$280.01?

Yes. The first tranche of the FWC award wage increase for direct care workers (personal care workers, assistants in nursing, and recreational activities officers) from 1 January 2025 is already included in the AN-ACC price of \$280.01.

The second tranche will be included in the AN-ACC price for 1 October 2025.

## Why has funding for AN-ACC classes 10-13 decreased while average care minutes have increased?

The casemix classification weight changes that came into effect on 1 October 2024 better align care funding to the actual costs of delivering care in each AN-ACC class. While the weightings have reduced for the higher-care needs classes, care minutes allocations for these classes have also decreased. Across all classes, the new class weightings have incorporated additional funding needed to cover the new sector-wide average of 215 care minutes.

These changes are based on IHACPA's [Residential Aged Care Pricing Advice 2024–25](#). The technical specifications explain how IHACPA developed this pricing advice.

## How do AN-ACC class weighting changes consider costs and outcomes for residents with cognitive impairment?

The care minutes associated with each AN-ACC class have been adjusted to account for changes to AN-ACC classification funding, ensuring there will be no disincentive for providers to accept high care needs residents.

The casemix classification weight changes better align care funding to the actual costs of delivering care in each AN-ACC class. While IHACPA's recommended weighting changes have reduced care funding for residents in higher care classes, they also increase funding for residents in lower care classes, which includes many residents with low or medium cognition scores, but with independent or assisted mobility.

## Are there any changes to the factors in AN-ACC classes?

No. There have been no changes to the factors.

## Will this funding decision protect profit margins for already struggling providers?

IHACPA's role in providing independent aged care pricing advice aims to ensure that aged care funding is directly informed by the actual costs of delivering care. From 1 October 2024, average care funding is around 58% higher than it was in September 2022.

## Will there be additional funding to increase staffing in residential aged care?

Yes, the AN-ACC price of \$280.01 includes funding to support the increase in care minutes to 215 care minutes per resident per day.

AN-ACC funding is calculated to match care costs. IHACPA provide advice to Government on what funding is needed to match actual costs of delivering care. IHACPA collect cost data through their annual costing studies and via the financial information reported by providers in their annual Aged Care Financial Reports. This means IHACPA capture the actual costs, including staffing, of delivering care to ensure AN-ACC funding matches costs.

The 1 October 2024 changes to AN-ACC represent an estimated 13% increase in average care funding per resident per day. This does not include any additional funding provided through the 24/7 registered nurse (RN) supplement for eligible services.

The hotelling supplement also increased on 20 September 2024 to \$12.55 per resident per day to support aged care providers meet the hotelling staff costs of the FWC [Aged Care Work Value Case](#) Stage 3 decision and to account for regular indexation. The hotelling supplement will increase by a further \$1.89 from 1 July 2025, to cover additional hotelling costs noting that the hotelling supplement also increases each year with the regular annual March and September indexation increases.

## What is the split in the \$2.5 billion of funding (for other cost increases not including the FWC stage 3 decision) between the care minutes increase, award wage increases, inflation and superannuation guarantee increase?

The \$2.5 billion for other cost increases (not including the FWC stage 3 decision) is additional funding above what is already included in the Government's budget over the forward estimates. This is for all the changes, including weightings, and the budget is not broken down to individual components.



Slide 6 of the [webinar's presentation](#) and [IHACPA's pricing advice](#) shows how the AN-ACC price is made up and would be more helpful for budgeting purposes.

Are there any plans to distribute the subsidy values in formats other than PDF and word?

Not at this time.

Are there any changes specific to remote Aboriginal & Torres Strait Islander aged care to be aware of?

No. IHACPA's [2024-25 pricing advice](#) recommended BCT weighting reductions for all non-specialised services in remote MM 6 and very remote MM 7 locations, specialised homeless and specialised Aboriginal and Torres Strait Islander services. The Government has acknowledged this recommendation and the drivers behind it but has instead asked the department to review policy settings to ensure that the additional funding provided is spent as intended.

More information will be provided as this work progresses.

What are the day-to-day impacts going to be for those already in residential care?

The changes in AN-ACC funding will not affect the care received by residents, noting these changes better align funding with care currently being delivered to residents.

The main impact for residents will be an increase in their care minutes, which has already been factored in AN-ACC funding changes.

Will the pricing modelling tool be updated to reflect the variation in labour costs providers face depending on their charitable status (such as payroll tax)?

AN-ACC funding from 1 October 2024 includes:

- impacts of the FWC Annual Wage Review decision that took effect from 1 July 2024
- the superannuation increase that took effect from 1 July 2024
- an adjustment to cover the 1 July-30 September period
- additional wage costs resulting from the FWC Stage 3 decision that takes effect from 1 January 2025
- non-labour cost inflation
- additional funding to cover the 15 minutes increase for the mandatory care minutes responsibility (from 200 minutes to 215 minutes).

AN-ACC funding does not include funding to support payroll tax.

Government has not funded payroll tax since 2014. The decision to not fund payroll tax was made based on the Federal Government's Commission of Audit's recommendation which found that funding payroll tax was 'effectively shifting the payment of state tax to the Commonwealth'.

For more information, see [The Economics of Aged Care, Speech to the Committee for Economic Development \(CEDA\), Four Seasons Sydney.](#)

The slides include two figures for funding towards FWC Stage 3 – \$3.3bn and \$2.7bn. Which figure is correct?

Both figures are correct. The \$3.3 billion is the total funding for the FWC Aged Care Workers Value Case (ACWVC) Stage 3 decision over four years for Residential Aged Care including through AN-ACC and the hotelling supplement. The \$2.7 billion only reflects the increase to care funding through the AN-ACC funding model.

Is there a change to the one-off adjustment payment when a resident enters care?

There are no changes to the AN-ACC one-off adjustment payment and it remains at 5.28 weighting. However, in line with the AN-ACC price increase of \$280.01, the value of the AN-ACC one-off adjustment payment has increased to \$1,478.45 from 1 October 2024.

What do you class as a very remote location?

A very remote location is identified as MM 7 under the [Modified Monash](#) (MM) Model.

The MM is a measure of remoteness and population size used by the department to define whether a location is a city, regional, rural, remote, or very remote. Locations are categorised from MM 1 – MM 7, with MM 1 denoting a major city and MM 7 a very remote location. AN-ACC uses the latest MM categories which is 2019.

How can I check the Modified Monash category for my facilities?

You can find your [Modified Monash](#) classification via the [Health Workforce Locator](#) tool on the department's website. Select MMM 2019 from the dropdown select list to get the right list with the Modified Monash classes.

The Modified Monash Model is reviewed after each census.

My service is in Modified Monash 3 – do I need to do anything to get the new Base Care Tariff funding, or does it happen automatically?

You don't need to do anything - services have been automatically moved into the new Base Care Tariff (BCT) categories in time for them to lodge their October 2024 claims.

When will the remote and specialised services review start and will services be able to participate?

The review work has started. Relevant services should have received an email from the department providing information on the scope and timeframes of these projects and inviting them to be involved.

## 2. Hotelling funding

How does the hotelling supplement account for the \$4.30 funding gap identified by IHACPA?

The Government reviewed the sufficiency of the hotelling supplement informed by the Independent Health and Aged Care Pricing Authority's (IHACPA) [Residential Aged Care Pricing Advice 2024–25](#).

IHACPA's [Residential Aged Care Pricing Advice 2024–25](#) informed the Government's decision to [fund the Fair Work Commission Aged Care Value Case Stage 3 decision](#), with a \$1.09 increase in the hotelling supplement rate on 20 September 2024 to support higher award wages for hotelling staff from 1 January 2025. The Government also decided to increase the supplement by a further \$1.89 on 1 July 2025 to fund higher hotelling costs. These decisions provide an additional \$0.9 billion over 4 years for hotelling services, increasing to \$1.1 billion once consumer contributions from means testing are included. This new funding is on top of regular indexation of the hotelling supplement on 20 September and 20 March each year.

## Has the hotelling supplement been reviewed by IHACPA?

IHACPA does not review the rate of the hotelling supplement specifically. It advises on the gap between the costs of delivering hotelling services, and specific types of hotelling revenue, including the hotelling supplement.

Government reviewed the sufficiency of the hotelling supplement informed by IHACPA's [Residential Aged Care Pricing Advice 2024–25](#), which considered the hotelling supplement as a type of revenue.

## Will the hotelling supplement be reduced by the amount of the resident contribution?

Yes, once the new means testing arrangements are in place, the government will only provide the amount of hotelling supplement services are eligible to receive for each resident after the application of the means test. This reduces the administrative burden on services who would otherwise have to repay the Commonwealth once consumer contributions are received.

## For 1st of July changes, will the hoteling supplement be included in the Non-Clinical Care cost which will be paid by residents?

The hotelling supplement funds hotelling services such as catering, cleaning, and gardening.

The Non-Clinical Care Fee is for means-tested care costs.

Hotelling and care costs are separate costs and so funded by different mechanisms. This means the hotelling supplement will not be included in the Non-Clinical Care Fee.

## 3. Care minutes

### Will the government be lenient if providers are unable to increase their staffing to meet care minute targets given that they were only communicated to the sector 2 weeks prior to their commencement?

We acknowledge that the timing of changes to the minutes associated with AN-ACC class may impact the ability of some providers to immediately meet their care minutes targets, for the very small proportion of services that have had larger than expected increases in their targets.

The Aged Care Quality and Safety Commission is responsible for regulating the care minutes responsibility. Information on their approach to regulating care minutes is outlined in their [Regulatory Bulletin](#).

## Why are providers required to calculate their own targets when the department publishes this information?

Section 10 of the Quality of Care Principles 2014 requires an approved provider to work out the average direct care time they must deliver to residents each day in accordance with the method set out in Section 9 of the Quality of Care Principles, based on the information notified to the department on the 15th day of the month prior to the start of the performance quarter.

To assist you in checking the accuracy of your care minutes targets, the department publishes its own calculation of each service's care minute targets in the [Government Provider Management System](#) (GPMS) using the same method set out in the legislation. A consolidated list is also published on the department's [website](#). As previously communicated via the department's regular channels, we implemented additional quality assurance steps earlier this year to check the accuracy of the targets before they are published. This is why the targets are now published slightly later than they previously were.

The department has made available a [calculator](#) to help you calculate your targets before we publish them (or check the targets we publish). This will help you plan your staffing before the start of the quarter. You can also use the calculator to verify our calculation of your targets against your own records to ensure accuracy.

## How does care time from an enrolled nurse (EN) count towards the RN target and total care minutes target for a service? Can ENs count towards 10% of the RN minutes and still be included in the EN and PCW minutes?

There are no specific EN or PCW minutes. Each service has a total care minutes requirement, which can be delivered by RNs, ENs and PCWs/AINs, and an RN minutes requirement. All delivered EN minutes (alongside all RN minutes) count towards the total care minutes requirement. Some of these minutes will also count towards your RN minutes requirement.

For example, if a service has a target of 210 minutes per resident per day (including an RN specific target of 42 minutes) and they delivered an average of 215 total care minutes per resident per day, comprising of:

- 20 minutes from an EN per resident per day
- 38 minutes from an RN per resident per day (which *falls short* of the target of 42 RN minutes)
- 157 minutes from a PCW/AIN.

The department's system will automatically calculate, and attributes 4.2 minutes delivered by an EN (equal to the maximum 10% of the RN target of 42 minutes) towards the service's performance against its RN care minutes target.

The RN care minutes delivered by the service is now taken to be 42.2 minutes (38 minutes from an RN plus 4.2 minutes from an EN).

All reported care time are included in the service's overall care minutes performance of 215 total care minutes.

It is also important to note that this adjustment does not impact the responsibilities of nurses delivering care in residential aged care services.

Additional scenarios regarding the inclusion or EN minutes in RN care minutes targets are included in the [Care minutes responsibility guide](#).

Will the EN time that counts towards the RN targets also be counted for the purposes of calculating the Staffing Star Rating? And will the EN minutes still count if we are already exceeding our RN targets with actual RNs?

Yes.

Care time delivered by an EN that count towards a service's performance against its RN care minutes target will also contribute to the RN minutes for Star Ratings. This will be reflected in the Staffing Star Ratings from April/May 2025 (which is when the Staffing Star Rating from the December quarter of 2024 will be published).

This includes where the service is already exceeding their RN minutes with actual RNs.

Is there consideration for endorsed ENs to count for more than 10% of RN minutes given their higher level of training? Will the government also consider increasing the percentage of the RN target that can be met by ENs to more than 10%.

There are currently no plans to increase the percentage of time that an EN (or endorsed EN) can be counted towards a service's performance against its RN care minutes target.

Should we submit residents for reclassification and how will this impact our care minutes targets?

Yes, providers should request reclassifications if their residents' needs change to ensure they are funded to deliver the care they need. Providers can, but are not obliged to, request an AN-ACC reclassification if a resident's care needs have reduced.

Why do AN-ACC Class 11 and 12 have the same funding, but Class 11 requires one minute more of RN time?

Yes, Class 11 and Class 12 both have the same funding, but Class 11 has one additional RN minute more than Class 12. The AN-ACC funding is not only intended to cover the costs of delivering care minutes, it also covers other care costs such as allied health, lifestyle services and medical and personal care consumables. These costs vary for each class. For this reason, the class minutes and class funding do not always perfectly align.

## **4. Care minutes reporting and what counts as care minutes**

How often do we need to report care time?

Approved providers of residential aged care services are required to report care time delivered at the service level in the Quarterly Financial Report (QFR). The QFR is used to assess each service's performance against their care minutes targets and supplements the annual Aged Care Financial Report (ACFR).

Approved providers have a legislated responsibility to submit the QFR by the due date for each quarter. The department publishes the QFR reporting deadline for each quarter on its [website](#).

Providers are also required to report their RN coverage in relation to the 24/7 RN responsibility through the Government Provider Management System (GPMS) portal every month.

**Is a lunch break during a shift included in care minutes?**

No. Only worked hours can be counted towards care minutes.

**Can staff working remotely offsite on activities like Care Plan Reviews count towards the care minutes for a service?**

No. Only direct care activities provided onsite by RNs, ENs, and PCWs/AINs can count towards care minutes.

**Will the virtual care provided under the new pilot being tendered by the Department be included as part of the care minutes?**

No. Only direct care activities provided onsite by RNs, ENs, and PCWs/AINs can count towards a service's care minutes targets.

This means support provided through on-call and virtual telehealth arrangements, including through the virtual care pilot, cannot be counted for the purpose of care minutes.

**What's the rationale behind splitting the care minutes for RNs into Morning, Afternoon and Night shifts in the QFR reporting?**

It allows checking for consistency with the 24/7 RN reporting. The collection of this data will be considered as part of the upcoming reporting review.

## **5. Care time reporting assessments**

**How long after information is provided to the department for a care time assessment request can providers expect to receive an outcome of the review?**

Timeframes for receiving an outcome of a reporting assessment can vary significantly depending on the complexity of each case. We are also working on streamlining our procedures, which makes it difficult to provide specific timelines. The length of a reporting assessment relies on the timeliness of providing the requested information and documents but may also involve additional requests for information.

We are dedicated to working with providers to ensure they are supported throughout the process and encourage them to contact the relevant assessor should they have any questions.

**What is the model pack and do we have to use it?**

The model pack is a tool which supports providers in responding to a care time reporting assessment. The department strongly encourages its use, but it is not mandated. Using the model pack will make the reporting assessment process simpler for services and the department because it efficiently and effectively captures the information necessary for care minutes assurance reviews.

**Will we move to twice yearly reporting instead of the current quarterly cycle?**

Currently there are no plans to change the quarterly reporting cycle to twice-yearly.



## Should we extrapolate labour hours for the pay period that does not align with the quarter?

Yes, we expect providers to prepare accurate information for submission through the QFR and as part of a reporting assessment. While we have received feedback about difficulties some providers have in aligning their payroll periods to the reporting periods, it is important that reported information only includes actual days and hours worked within the specified QFR reporting period. We have developed tools to support providers in responding to a care time reporting, including the [model pack](#) and the [24/7 RN coverage tool](#).

## Will there be any detailed updates to the care minute guidance based on Care Time Reporting Assessment findings?

Yes, care time reporting assessments help inform guidance and the department's policy decisions. Updates to guidance are ongoing, please refer to the [Care minutes and 24/7 RN responsibility guides](#), as well as the [QFR FAQs – Residential labour hours and costs](#).

We also encourage that you stay up to date with the [care time reporting assessments webpage](#).

## 6. Allied Health

### How will allied health services be financially incentivised and are you considering implementing allied health minutes?

The Government recognises the important role of allied health, leisure and lifestyle services in addressing residents' social, cultural, spiritual, cognitive, emotional, physical and religious needs in residential aged care. While they do not count towards care minutes, providers are funded to deliver allied health services under the Australian National Aged Care Classification (AN-ACC) funding model. Providers must deliver these services appropriate to each person's individual care needs and preferences to meet their responsibilities under the [Aged Care Act 1997](#), including Schedule 1 of the Quality of Care Principles 2014 and the [Aged Care Quality Standards](#).

Allied health service delivery is monitored via the Quarterly Financial Report and service-level spending on allied health and lifestyle is published on the My Aged Care [Find a Provider Tool](#) to provide more transparency and allow residents and their family members to compare services.

From July 2025, the Government is expanding the [National Quality Indicator Program](#) (QI program) to include a range of staffing measures, including allied health and lifestyle, to recognise the importance of these staff in supporting and improving quality in residential aged care. The QI Program requires residential aged care providers to report quarterly on critical areas of care impacting the health and wellbeing of older people. This responds to feedback from older people around the importance of staffing and continuity for the provision of high-quality care.

There are no current plans for allied health to be included in care minutes targets. While the Royal Commission recommended care minutes targets for direct care from RNs, ENs and PCWs, they were not recommended for allied health care or lifestyle and recreational activities under the care minutes responsibility.

### Will there be any further funding for allied health service provision?

Residential aged care providers are already funded to deliver allied health services through the Australian National Aged Care Classification (AN-ACC) funding model. Providers are required to deliver allied health services appropriate to each person's needs and preferences to meet their

responsibilities under the [Aged Care Act 1997](#), including Schedule 1 of the Quality of Care Principles 2014 and the [Aged Care Quality Standards](#).

## 7. Workforce

### Are there any accountability requirements for the Fair Work Commission Stage 3 funding for residential aged care providers?

Aged care providers are legally required to pay workers at least the minimum award wage under the relevant awards. In the Quarterly Financial Report, providers reporting hourly wages below the national minimum award rates will be referred to the Fair Work Ombudsman.

Since Q1 2023-24, providers have also been required to attest in the Quarterly Financial Report that all funding for wages is passed on to workers. This requirement will continue to support implementation of the Stage 3 funding.

The Department will continue to work with the sector on how to best support providers to implement the Stage 3 decision.

### If we are paying above award rates do we have to pass on the increase even if our current rates are above the new rates?

The Fair Work Commission has determined increases to award wages for many aged care workers in the Aged Care Work Value Case. The new rates will commence from the first full pay period on or after 1 January 2025.

Aged care providers are legally required to pay workers at least the minimum award wages under the relevant awards. This means that if award wages become higher than current EBA pay rates, workers must be paid at least the new award rates. Residential aged care and Home Care Packages providers reporting hourly wages below the national minimum award wages will be referred to the Fair Work Ombudsman.

### Which aged care workers will benefit from the Stage 3 decision?

The Fair Work Commission (FWC) Stage 3 decision provided award wage increases for many aged care workers under the Aged Care Award and the Social, Community, Home Care and Disability Services (SCHADS) Award from 1 January 2025. The workers in-scope include personal care workers, assistants in nursing, home care workers, recreational activities officers, and ancillary workers including administration staff, drivers, maintenance staff, gardeners, laundry hands, cleaners, and food services assistants. The Stage 3 decision is expected to benefit around 340,000 aged care workers.

Nurses, recreational activity officers and head chefs and cooks (as well as personal care workers and home care aged care workers) received a 15% increase in award wages in 2023.

### Is there going to be a leave liability grant?

A grant program is being established in recognition of the increased cost of accrued leave liabilities resulting from the Stage 3 decision. Residential aged care providers will be able to apply for 25% of the increased leave liabilities for in-scope workers covered by the Stage 3 decision. These liabilities relate to long service, recreation (annual) leave, and personal leave that present as a liability on a provider's balance sheet. More information on this grant will be available shortly.



## When will the Commonwealth release the increases for the Stage 3 ACWVC by award role and dollars per hour?

On 11 September 2024, the Fair Work Commission released its determinations for the Aged Care Award ([Determination](#)) and the Social, Community, Home Care and Disability Services Industry (SCHADS) Award ([Determination](#)). These determinations include the new award wages that will commence for many aged care workers on 1 January 2025. As part of the Stage 3 decision, further increases will apply for some aged care workers on 1 October 2025.

Further information to support aged care providers and workers can be found on the Fair Work Ombudsman's website: [Aged Care Work Value Case: Changes to awards - Fair Work Ombudsman](#)

## 8. IHACPA pricing advice

### Will this be the regular pricing review approach moving forward?

The Government has announced it will set the new AN-ACC price from 1 October each year (instead of 1 July as occurred in 2023). This timing enables IHACPA to account for any cost increases from 1 July in its advice, including any minimum wage increases from the FWC AWR.

Currently IHACPA collects and analyses a range of data from cost collections, including ACFR and QFR, as well as feedback from public consultations, which is then developed into a pricing framework and pricing advice that is provided to government.

The department is currently looking into options to improve processes moving forward offering greater transparency to aged care sector on AN-ACC funding changes.

### Does the re-weighting of AN-ACC classes mean residents on Class 2-8 have been underfunded?

No, AN-ACC is a dynamic funding model that reflects actual costs of delivering care across a range of residents' needs and locations and is reviewed annually.

Specifically, the weighting adjustments of AN-ACC casemix classes has been considered based on IHACPA's [2024-25 Residential Aged Care Pricing Advice](#), that analysed resident-level cost data from IHACPA's [Residential Aged Care Costing Study](#), supplemented with other relevant evidence and indexed to account for inflation costs up to 2024-25, reflecting changes to costs of care as reported by providers.

### If IHACPA reviews are based on actual costs incurred, how does this value the cost of services residents want, rather than what they are getting?

Under AN-ACC providers are funded to deliver care in line with the [Quality of Care Principles 2014](#). AN-ACC funding is designed to reflect the efficient costs of delivering care. Adjustments to AN-ACC pricing and weightings are based on IHACPA's pricing advice. This advice is partly informed by Aged Care Financial Report (ACFR) data that captures the actual costs of delivering care as reported by providers. IHACPA adjust the ACFR data to ensure the data accurately reflects costs to meet care standards. This includes increasing the reported labour expenses for providers that did not meet their care minutes targets, to reflect costs as if they had met requirements. This means providers are funded adequately for the full delivery of care they are required to provide under the principles.

## When will the Pricing Framework for Australian Residential Aged Care Services 2024–25 be published?

IHACPA's Pricing Framework for Australian Residential Aged Care Services 2024–25 was released on 18 September 2024 alongside the Pricing Framework for Australian Residential Aged Care Services 2024–25 Consultation Report and Residential Aged Care Pricing Advice 2024–25 (see: [Pricing Framework for Australian Residential Aged Care Services 2024–25](#)).

The pricing framework outlines the methods used by IHACPA to develop annual residential aged care pricing and costing advice to the Australian Government. It supports transparency and accountability by making publicly available the approach IHACPA uses to inform its pricing advice. The pricing framework is refined annually and includes public consultation with stakeholders.

## The weightings for AN-ACC classifications have shifted from their current setting, with some higher classifications decreasing significantly. What process and insights led to these changes?

IHACPA's pricing advice is based on data from the [2023 Residential Aged Care Costing Study](#). This study showed higher relative resource utilisation and costs for some AN-ACC classes and lower resource utilisation and costs for others compared to the existing price weights.

IHACPA is committed to providing transparent and evidence-based pricing and costing advice to the Australian Government. Recommendations are informed by the latest available cost and activity data and annual stakeholder consultation to ensure that prices reflect the cost of delivering care.

## What evidence was gathered to adjust the weights for respite residents?

The recommended price weights for respite residents were based on the relative costs compared to permanent residents with similar mobility.

Refinements to the AN-ACC funding model for respite care will be further considered in the Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2025-26. The Residential Aged Care Cost Collection 2024 will also look to capture additional cost data for residents in respite classifications.

## How do you participate in the Residential Aged Care Cost Collection process?

IHACPA undertakes cost collections to gain a better understanding of the resources and costs associated with delivering residential and in-home aged care services. IHACPA encourages all aged care providers to be part of cost collections – you can register your interest through [Aged care costing](#) or email [agedcarecosting@ihacpa.gov.au](mailto:agedcarecosting@ihacpa.gov.au).

The 2023 costing study is available at [2023 Residential Aged Care Costing Study Final Report](#).

## Did the residential sites that IHACPA based their prices on meet their care minute requirements?

IHACPA excluded sites that were rated as 1 or 2 stars by the Aged Care Quality and Safety Commission at the time of data collection when determining the recommended price weights for each AN-ACC class and BCT category. The AN-ACC price uses data from the 2021-22 ACFR, and labour costs for all services were adjusted to meet the cost of the mandatory care minute requirements.

Why is the \$10.16 uplift amount (in the revised AN-ACC rate) for the increased care minutes only 4.98% (of the 2021-22 reference cost) when total care minute requirements have increased by 7.5%?

Sector average care minute targets were around 206 minutes per resident per day in the September 2024 quarter, and increased to around 215 minutes per resident per day from October 2024 (i.e. they increased by less than 5%).

In addition RN, EN and PCW/AIN labour costs are a component of the AN-ACC price, but it also includes costs such as allied health, care management, consumables and administration costs. These costs are not impacted by the uplift in mandatory care minutes.