



Improving choice in residential aged care

The Australian Government is making changes to residential aged care to give senior Australians more choice and control

From now until 1 July 2024, we will design a new residential aged care system that assigns places directly to senior Australians. This means that the Aged Care Approvals Round (ACAR) will be discontinued following the 2020 round and 'bed licenses' will no longer exist.

The changes will mean that:

- people who need residential care will have more choice and control to enter into care with an approved provider that best meets their needs
- people will receive simple information to make more informed decisions about their care
- entry into residential care will be straightforward – people will get the care they need when they need it
- providers will have an incentive to deliver high quality and more innovative models of care
- providers will have the flexibility to offer more services in more locations with less administrative burden.

What does this mean for approved residential care providers?

The changes will come into effect on 1 July 2024.

You do not need to do anything immediately, and there will be no change to the 2020 ACAR. However, it is recommended that you learn about what the changes will mean, and take the necessary steps to prepare for the change in the lead up to 2024.

Approved providers will benefit by no longer being restricted by the number of places allocated through the ACAR. Approved providers will be able to make more independent business decisions about adjusting and expanding their service offering to better meet demand. This will support existing high quality providers to expand their service footprint, and will allow new providers to enter the market.

The new system will also provide an incentive for aged care providers to develop higher quality and more innovative models of care that best meet consumer needs and preferences.

'no longer restricted by the number of places allocated'

What if I am a new provider?

If you are a new provider, you can get ready for the changes by applying to become an approved provider of residential care before 1 July 2024.

The Australian Government subsidises approved providers to deliver aged care services. Learn more about [becoming an approved provider](#) on the Aged Care Quality and Safety Commission's website.

Can I start providing residential care to people now, without an approval?

No.

The current system will remain in place until 30 June 2024. This means that new clients must:

- have an Aged Care Assessment Team assessment and approval for residential care, and
- only enter into care with a provider that has a vacant place.

From 1 July 2024, new clients will still need to undergo an assessment before they are approved to access residential care. However, limits on residential places will no longer apply so new clients will be able to choose between approved providers.

Will you consult with providers and the aged care sector?

We will work with senior Australians and the aged care sector to help guide the design and implementation of these important changes.

A two-phased consultation process will be undertaken in 2021 and 2022, starting with the release of a public discussion paper in the next few months.

Information on how to participate will be released via the Department of Health's [Consultation Hub](#). Stay up to date by registering for our aged care sector newsletter and announcements (see [Learn More](#) below).

What if I have applied in the current ACAR, or if I already have an allocation of places?

There will be no change to the 2020 ACAR. This will be the final ACAR before the changes are introduced from 1 July 2024, with this round prioritising places that can be made operational within a short period of time. Results of the 2020 ACAR are expected to be announced in the coming months.

'have your say in the consultation process'

There will be a transitional period before the introduction of the new system on 1 July 2024. The current requirements relating to all residential care places, regardless of their status (provision, operations, offline/unused) will continue during this period.

Providers may continue to bring their allocated places into operation over the next three years. This means providers can enter new clients into care and begin claiming subsidy for care provided.

We will consult on transitional arrangements and consider any additional measures that may be needed to support the sector.

Can I close my service if I no longer want to provide residential care?

The announcement should not impact the provision of care and services to existing clients. Security of Tenure responsibilities under the Aged Care Act require approved providers to maintain care to clients that occupy a residential place in their service. Suitable and affordable alternative accommodation that meets the client's needs must be found before a care recipient can be required to leave a service.

Further information on [managing your residential care services](#) is on the Department of Health website.

Can I transfer places to another approved provider between now and 1 July 2024?

Yes. The current process to transfer places remains unchanged. Providers must issue a *Notice of Transfer of Aged Care Places to Another Provider* to the Department of Health no later than:

- 60 days before the proposed transfer date if the transfer receiver is an approved provider, or
- 90 days before the proposed transfer date if the transfer receiver is not an approved provider.

Further information about [transferring residential aged care places](#) can be found on the Department of Health website.

What is the impact of removing bed licenses?

The decision to discontinue the ACAR has been well considered. It was recommended in the Legislated Review of Aged Care in 2017 and supported in-principle by the Australian Government in the 2018-19 Budget.

Discontinuing the ACAR will impact on the value of bed licenses and will need to be managed by providers. It may change the net assets for the small number of providers that include bed licenses as an intangible asset, however it should not impact the overall viability of the sector.

Importantly, banks and finance lenders generally do not take the recorded value of intangible assets, such as bed licenses, into account when assessing applications for finance. We plan to undertake targeted consultation with the finance sector shortly to ensure that any risks for providers are identified and mitigated, where needed.

How will the Government support the operation of the new system?

The Government will have a key oversight role in the market to ensure that it operates effectively and continues to meet the needs of senior Australians.

Support will be provided to help clients and their families make informed choices about their care in a new market-based system, including through a new star rating system on My Aged Care at the end of 2022.

Providers will also be able to access market intelligence information to support informed and independent business decision making.

From 1 July 2021, the Government will introduce a new financial and prudential monitoring, compliance and intervention framework to ensure greater oversight and stability in a new market based system. For providers, this will mean changes to reporting and new standards to build financial resilience and stricter prudential requirements. More information on [the framework](#) can be found on the Department of Health website.

Further support for providers will also be provided through a new Structural Adjustment Program, Business Advisory Service Program and Remote and Aboriginal Torres Strait Islander Aged Care Service Development Assistance Panel. These initiatives will support eligible providers to improve their capacity to sustainably deliver quality care in a new market based environment. More information on these [supporting measures](#) can be found on the Department of Health website.

A range of other measures will also be in place before 1 July 2024 to better support providers, including a new funding model via the Australian National Aged Care Classification and more support for remote providers. Further information on [these measures](#) can be found on the Department of Health website.

How will providers be supported through the transition process?

The three-year lead time will provide sufficient time for providers to adjust to the changes.

The Department of Health will consult and seek views on any support required to successfully transition the sector and aged care clients to the new system.

Information on how to participate in the consultation process will be released soon via the Department of Health's Consultation Hub. You can also stay up to date by registering for our aged care sector newsletter and announcements (see Learn More below).

Learn more

For more information and updates on our progress with [improving choice in residential care](#), please visit the Department of Health's website.

You can also stay up to date by registering for our [aged care sector newsletter and Bulk Information Distribution Service \(BIDS\) announcements](#).

'Government oversight to support senior Australians and providers'