



Competition in residential aged care

The Australian Government is making changes to residential aged care to give providers more control over their business decisions

The Aged Care Approvals Round (ACAR) has ended. We are designing a new residential aged care system that assigns places directly to senior Australians from 1 July 2024.

The changes will mean that:

- people who need residential care will have more choice 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
- providers will have an incentive to provide high quality care 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 providers of residential aged care?

The changes will come into effect on 1 July 2024.

Approved providers will benefit by not being limited by places allocated through the ACAR. Providers will be able to make more independent business decisions about adjusting and expanding their service offering to meet demand.

You should learn about the changes and prepare in the lead up to 2024.

How will the Government support the new system?

The Government will have an oversight role as the market steward to ensure that the market operates effectively.

A range of supporting measures will be in place to achieve this. More information on [these measures](#) available on the Department of Health website.

Removing bed licenses

The decision to end the ACAR has been well documented. Sector consultation in 2021 indicated widespread support for the reform. Many providers see it as an opportunity to improve choice, quality of care, innovation and accommodation offerings.

The removal of the ACAR may affect the value of bed licenses for some providers that include licenses as intangible assets on their financial statements. Providers will need to manage this with advice from their accountants and auditors. However, the overall viability of the sector should not be impacted.

Targeted consultation with the finance sector has indicated that banks and finance lenders place limited value on intangible assets (such as bed licenses) when assessing finance applications.

The Australian Securities and Investments Commission (ASIC) has published information about the [accounting treatment of bed licenses](#). Residential aged care providers and their auditors should consider this information in relation to their financial statements.

Further consultation and analysis will occur to ensure that risks for providers are identified and mitigated where needed.

What if I am wanting to become a new provider?

You can get ready for the changes by applying to become an approved provider of residential aged care.

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

When can I start delivering care?

Legislative requirements will remain until 1 July 2024, meaning that:

- new residents must have an Aged Care Assessment Team assessment and be approved for residential aged care
- providers must have residential place allocations (to admit a person into care). If you require residential places to expand or open a new service, see below for how to apply for places.

From 1 July 2024:

- new residents will still need to undergo an assessment and be approved to receive residential aged care
- places won't exist and people will not be limited to providers with allocated places. People will be able to choose their preferred provider.

What if I already have residential places?

Providers can continue offering care as they do now. This means providers can enter new clients into care and begin claiming subsidies.

Providers may also continue to bring their provisional places into operation in the lead up to 1 July 2024.

What if I don't have enough places?

Transitional arrangements are in place until 30 June 2024.

Providers who can immediately provide care (are 'bed-ready') but do not have enough places, can apply through a non-competitive process.

This requires a provider to demonstrate it is bed-ready and how it will meet the needs of potential residents in its community.

Providers must have a satisfactory provider compliance record. This means they have no active sanctions or recent history of systemic non-compliance that is yet to be remedied.

There are no caps on the number of places a provider can apply for. There will be adequate supply of residential care places to support bed-ready applications nationwide until 30 June 2024.

The [bed-ready application form](#) is available on the Department of Health website.

How will new residential developments be supported?

Providers can notify the Department of upcoming residential developments and seek comfort that places will be available at the time the development is 'bed-ready'.

This can be done by completing the '[Intention to develop](#)' form. This form requires providers to submit details about the:

- proposed service
- number of residential places required
- anticipated timing of key development milestones.

The Department will advise in writing that places will be available to support the development at the time it is 'bed-ready'.

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

The 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.

More information about [transferring residential aged care places](#) is on the Department of Health website.

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

You can close your service if you choose to leave the sector. However, Security of Tenure responsibilities under the Aged Care Act must be adhered to. This means that approved providers must maintain care to residents until suitable and affordable alternative accommodation is found. Only then can a resident move to another service.

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

Will you consult with providers and the aged care sector?

To design the new system we will continue to consult with:

- senior Australians, their families and carers
- approved providers
- peak bodies and other non-government organisations
- assessors
- finance lenders, banks and auditors
- other Australian Government, state and territory government departments and agencies.

The first round of consultation took place in late 2021 through a [discussion paper](#), online survey and virtual workshops with providers, peak bodies and assessors. Separate targeted consultation with finance lenders, banks and auditors was also held in late 2021 to understand the accounting and financial impacts.

A second round of consultation will occur later in 2022.

Information on how to participate will be continue to made available through the Department of Health [Consultation Hub](#).

Learn more

For more information and updates on our progress with [competition in residential aged care](#), visit the Department of Health website. You can stay informed and register your interest for engagement activities through the [Aged Care Engagement Hub](#), and subscribe to our [aged care sector newsletter and announcements](#).