

ATTACHMENT A.

SCHEDULE OF DOCUMENTS
FOI-3976

Doc no.	No. of pages	Description	Decision on access	Relevant provision of FOI Act
1.	6	E22-74984 – Branch Brief – Aged Care Fees – Means Testing / Hardship	Release relevant information in full	s22
2.	2	E22-74984 – Branch Brief – Aged Care Pricing Commissioner	Release relevant information in full	s22
3.	6	E22-74984 – Branch Brief – Private Contributions and Accommodation Pricing	Release relevant information in full	s22
4.	7	E22-74984 – Branch Brief – Means Testing	Release relevant information in full	s22
5.	5	E22-74984 – Branch Brief – Financial Hardship Assistance	Release relevant information in full	s22
6.	3	E22-74984 – Email - Fee and Funding Structure One Pager	Release relevant information in full	s22
7.	2	E22-74984 – Attachment - Fee and Funding Structure One Pager	Release relevant information in full	s22
8.	3	E22-74984 – Email – AC Subsidies and Supplements Placemat	Release relevant information in full	s22
9.	2	E22-74984 – Attachment – AC Subsidies and Supplements Placemat	Release relevant information in full	s22
10.	2	E22-4145 – Branch Brief – Aged Care Pricing Commissioner	Release relevant information in full	s22
11.	6	E22-4145 – Email and Attachment – FAS Brief – IHPA and ACPC	Release relevant information in full	s22
12.	6	E22-4145 – Email and Attachment – FAS Brief Placemat	Release relevant information in full	s22
13.	1	E22-4145 – Email – Fact Sheet Update	Release relevant information in full	s22
14.	2	E22-4145 – Attachment – Fact Sheet	Release relevant information in full	s22

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15.	5	E22-4145 – Branch Brief – Financial Hardship Assistance	Release relevant information in full	s22
16.	7	E22-4145 – Branch Brief – Private Contributions and Accommodation Pricing	Release relevant information in full	s22
17.	2	E22-4145 – Divisional Brief - Indexation	Release relevant information in full	s22
18.	7	E22-4145 – Branch Brief – Means Testing	Release relevant information in full	s22

Caution should be used when referring to the materials listed above, noting:

- information in documents 1, 2, 6, 7, 8 and 9 was current as at April 2022
- information in documents 10, 11, 12, 13, 14, 15, 16 and 18 was current as at February 2022
- documents 3, 4, 5 and 17 are copies of legacy briefings intended to be used as a starting point when drafting Estimates briefings for February and April 2022 hearings. They were, however, not finalised and ultimately replaced with new iterations (saved to the identified TRIM containers). Documents 3, 4, 5 and 17 consequently contain a mix of outdated legacy information, with some more current information.

AGED CARE FEES – MEANSTESTING / HARDSHIP

KEY POINTS

- While the Government subsidises residential care and home care to keep costs reasonable and affordable, care recipients are expected to contribute towards the cost of their care through private contributions.
- The Government sets the maximum resident fees and home care fees through a means assessment.
- Financial hardship assistance is available for:
 - Residential care – means-tested care fee, basic daily fee and accommodation costs
 - Residential respite care – basic daily fee
 - Home care (post 1 July 2014 only) – income-tested care fee and basic daily fee.

Note: extra service fees and additional service fees are excluded.

- The David Tune *Legislated Review of Aged Care 2017* (tabled in Parliament on 14 September 2017) considered the impacts and effectiveness of reforms implemented by *Living Longer, Living Better*.
- The Review found that reforms have been effective overall and the changes to means testing in residential care do not appear to have negatively impacted consumers access to care, but further reforms are needed to move towards a system which is more consumer-centred and sustainable.
- Impacts to the sector were monitored by the Aged Care Financing Authority (ACFA) until it was dissolved on 30 June 2021.
- The Royal Commission into Aged Care Quality and Safety explored the financing and sustainability of future improvements to the aged care system, the appropriate funding model/s to support the delivery of aged care services and the prudential regulation of aged care providers.
- The Royal Commission's Final Report was published on 1 March 2021.
- The Government provided a comprehensive formal response on 11 May 2021 – changes to means testing were not supported by Government at that time.

Means testing

- The 1 July 2014 means testing arrangements take into account:
 - residential care:
 - both income and assets to determine a resident's contribution to their care and accommodation costs.
 - a reduction to the amount of government subsidy paid by the amount of means-tested care fee.
 - a capped value on the former family home when it is included in the asset assessment.
 - home care:
 - an income test to determine a person's capacity to contribute to their home care fees.
 - a reduction to the amount of government subsidy paid by the amount of income-tested care fee.
- Annual and lifetime caps were introduced in light of the more comprehensive means testing in both home care and residential care.

Note: The aged care means assessment considers all assets as realisable and does not consider essential expenses. Only through an application for financial hardship can assets be considered unrealisable and/or essential expenses recognised.

Published Prices

- All residents must agree with their provider an accommodation price before entering care.
- Residents will only pay this price if they are not eligible for Government assistance with their accommodation costs.
- As at 21 January 2022:
 - approximately 96% of providers had accommodation pricing information published on My Aged Care.
 - the average published price was approximately \$464,000
 - the maximum price published was approximately \$2,954,000
- About 4% of providers do not charge accommodation payments and are therefore not required to publish prices.

See table 3 for average maximum published prices.

Financial Hardship

- For a financial hardship application to be considered, the person must:
 - have had their income and assets assessed in accordance with the *Aged Care Act 1997*;
 - have assets less than 1.5 times the annual age pension (plus supplements), \$38,516.40 (from 20 March 2022); and
 - not have gifted more than \$10,000 in the last year or \$30,000 in the last five years.
- The Department has worked with Services Australia to ensure unrealisable assets remain appropriate during the COVID-19 pandemic.

Background:

Means testing residential care

- The means testing arrangements take into account both income and assets to determine a resident's contribution to their care and accommodation costs. *See FAS placemat for thresholds and taper rates*
- Residents continue to be able to be asked to pay a basic daily fee of 85 per cent of the single basic age pension. *See table 2 for rates*
- The Hardship Supplement is payable in respect of the basic daily fee, means-tested care fee and some accommodation costs

Income testing home care packages

- The income testing arrangements for home care from 1 July 2014 replace the former ad hoc arrangements in which aged care providers charge some care recipients higher fees but with no reduction in Government subsidy.
- As was the case prior to 1 July 2014, all consumers can also be asked to pay a basic daily fee irrespective of their income.
- From 1 July 2019, the basic daily fee is set by home care package level. *See table 2 for rates*
- The Hardship Supplement is payable in respect of the basic daily fee and/or the income-tested care fee.

Financial Hardship Assistance

- Each case is assessed on an individual basis, taking into consideration a range of issues that are unique to the person, including essential expenses and unrealisable assets.
- If financial hardship assistance is granted, aged care fees payable by the person will be reduced by the amount paid by the Australian Government, including in full.
- The Australia Government pays aged care providers:
 - hardship supplement: for resident fees and home care fees (excluding pre-1 July 2014 home care);

- an accommodation supplement (up to the maximum accommodation supplement the services is eligible for): accommodation payments and contributions;
- hardship supplement – accommodation: for accommodation bonds and charges; and
- ex-hostel supplement (class C): for residents who were in a hostel on 30 September 1997 and who are NOT currently at a home that was a nursing home before 1 October 1997 automatically receive a reduction of \$0.80 per day to their basic daily fee.

Note: in some circumstances there may be a 'gap' between the resident's daily accommodation amount and the accommodation supplement paid through an application for financial hardship. The provider is **unable** to pass on this cost to the resident or their family.

- The rejection of an application for financial hardship assistance is a reviewable decision. If the original decision is upheld upon review, the person may refer the matter to the Administrative Appeals Tribunal (AAT).

See table 4 for total number of applications received and table 5 for application received by care type for 2020/21

Facts & Figures

Table 1: Maximum home care fees (as at 20 March 2022):

Basic daily fee	
Level 1 package	\$10.08 per day (\$3,679.20 per year)
Level 2 package	\$10.66 per day (\$3,890.90 per year)
Level 3 package	\$10.97 per day (\$4,004.05 per year)
Level 4 package	\$11.26 per day (\$4,109.90 per year)
Income-tested care fee	
Full pensioner:	\$0
Part pensioners:	up to \$16.15 per day (or \$5,879.85 per year)
Self-funded retiree:	up to \$32.30 per day (or \$11,759.74 per year)
Lifetime cap	\$70,588.66 (indexed)
Additional service fee	A person can choose to pay for additional care and services not otherwise covered by the home care package budget.

Table 2: Maximum residential care fees (as at 20 March 2022):

Basic daily fee	\$54.69 per day (\$19,961.85 per year)
Accommodation payment	Fully supported resident: \$0 Low means resident: up to \$60.74 per day Higher means residents: Published price of provider
Annual cap	\$29,399.40 (indexed)
Lifetime cap	\$70,558.66 (indexed)
Extra service fees	Set by the provider. All residents in an extra service place pay this fee.
Additional service fees	Set by the provider. All residents can be asked to pay this fee.

Table 3: Average maximum published RAD prices as at 21 January 2022 by ownership, remoteness location and state and territory

	Average	5th Percentile	Quartile 1	Median	Quartile 3	95th Percentile
Overall	\$464,000	\$250,000	\$350,000	\$420,000	\$550,000	\$850,000
Ownership type						
Not for profit	\$455,000	\$250,000	\$350,000	\$420,000	\$550,000	\$750,000
For profit	\$500,000	\$246,000	\$350,000	\$450,000	\$550,000	\$950,000
Government	\$348,000	\$240,000	\$300,000	\$350,000	\$365,000	\$525,000
Remoteness						
Major cities	\$504,000	\$250,000	\$350,000	450,000	\$550,000	\$908,000
Regional Areas	\$383,000	\$245,000	\$310,000	375,000	\$450,000	\$550,000
Remote Areas	\$307,000	\$200,000	\$250,000	300,000	\$350,000	\$440,000
State/Territory						
NSW	\$499,000	\$248,600	\$350,000	450,000	\$550,000	\$950,000
Vic	\$478,000	\$250,000	\$350,000	425,000	\$550,000	\$875,000
QLD	\$432,000	\$250,000	\$350,000	420,000	\$500,000	\$650,000
WA	\$454,000	\$240,000	\$330,000	408,000	\$545,000	\$850,000
SA	\$398,000	\$231,221	\$310,000	375,000	\$480,000	\$600,000
TAS	\$368,000	\$225,000	\$300,000	375,000	\$425,000	\$540,000
ACT	\$589,000	\$444,000	\$550,000	550,000	\$650,000	\$805,000
NT	\$364,000	\$172,800	\$334,000	360,000	\$425,000	\$498,500

Figures rounded to the nearest \$1,000

Table 4: Total No. of financial hardship assistance applications received – 2014-2021

Details	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Applications Received	2,247	2,569	2,861	3,348	Incomplete	3,510	3216
Applications Finalised	2,247	2,569	2,861	3,348	Incomplete	3,474	2996
Approved	1,081	997	1,253	1,554	Incomplete	1,718	1542
Rejected	1,019	1,016	1,149	1,215	Incomplete	962	761
Withdrawn/ failed to respond/ other	147	556	459	579	Incomplete	794	693

Source: Services Australia

Note:

Table 3 shows the number of Applications **received** in the given year, the number finalised as at the date of the report and the outcomes of these assessments (approved/rejected/withdrawn). This is not the same as 'how many applications were finalised in 2019-20' or 'how many applications were approved/rejected/withdrawn in 2019-20'.

2019-20 and 2020-21 data is sourced by Services Australia from DFD1935: RCA Hardship by source date

Data from 2017-18 and earlier was sourced by Services Australia from a different report.

2018-19 data is incomplete so has not been included (Note: **36** applications were outstanding on the date the report was run).

Table 5: 2020/21 data by care type

Details	Residential Care	Residential Respite Care	Home Care	Total
Applications Finalised	2604	133	259	2996
- Approved	1412	71	59	1542
- Rejected	643	16	102	761
- Withdrawn/ failed to respond/ other	549	46	98	693

Source: Services Australia

Assistant Secretary: James Benson	Contact Officer: s22	Work phone: 02 6289 s22	Mobile: s22
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BRANCH BRIEF

BUDGET ESTIMATES 2022-23

AGED CARE PRICING COMMISSIONER

KEY POINTS

- It was announced in the 2021-22 Budget, in response to the recommendations of the Royal Commission into Aged Care Quality and Safety, that the role of the Aged Care Pricing Commissioner (Commissioner) will cease and the functions are intended to transition to the new Independent Hospital and Aged Care Pricing Authority (Pricing Authority).
- The *Aged Care and Other Legislation Amendment (Royal Commission Response No. 2) Bill 2021* (Bill) will amend legislation to transfer the functions currently performed by the Commissioner to the Pricing Authority.
- This bill was introduced to House of Representatives on 1 September 2021 and was agreed to on the 25 October 2021. It was subsequently introduced to the Senate on 22 November 2021 and is still before the Senate.
- This transfer of functions will not remove or diminish care recipient protections. Providers will still need to apply for accommodation prices greater than the \$550,000 threshold and increased extra service fees.
- Mr David Weiss has been the acting Commissioner since 21 May 2021. His term is due to expire on 20 May 2022.
- Longer term arrangements are currently with the Minister for consideration.
- The Department has proposed that Mr Weiss be appointed as Commissioner to 30 June 2023. This will allow enough time for the transfer of function or should that not occur, other arrangements to be sought.

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BRANCH BRIEF

BUDGET ESTIMATES 2022-23

BACKGROUND

- The Commissioner is an independent, statutory office holder appointed under the *Aged Care Act 1997* (Act) and reports to the Minister for Aged Care and Senior Australians.
- 95B-1(1) of the Act requires that there be a Pricing Commissioner.
- The Pricing Commissioner is responsible for:
 - determining whether an aged care provider can charge accommodation prices higher than the \$550,000 threshold or the equivalent daily payment; and
 - for assessing provider applications for 'extra services' fees.
- Providers have been able to make applications to the Pricing Commissioner since 31 January 2014.
- The Pricing Commissioner is required to disclose, if requested, certain information about higher accommodation payments and extra service fees approved by the Pricing Commissioner to the Aged Care Quality and Safety Commissioner and the Secretary of the Department of Health.
- Information would be disclosed where it would assist the Aged Care Quality and Safety Commissioner and/or the Secretary of the Department of Health to perform their functions under the Act (for example, in complaints or compliance investigations and reporting).
- The Pricing Commissioner is entitled to total remuneration of \$304,830 per annum, in accordance with the existing determination of the Remuneration Tribunal, plus Tier 2 travelling allowance.
- The budget of the Office of the Aged Care Pricing Commissioner (the Office) is determined and funded out of the Corporate Operations Group budget.
- The Pricing Commissioner's budget for 2021-22 is \$1.0M.

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BRANCH BRIEF

BUDGET ESTIMATES 2021-22

PRIVATE CONTRIBUTIONS & ACCOMMODATION PRICING

KEY POINTS

- The Australian Government is committed to having an aged care system that supports older Australians while ensuring aged care expenditure is affordable and sustainable.
- While the Government subsidises residential care and home care to keep costs reasonable and affordable, care recipients are expected to contribute towards the cost of their care through private contributions.
- The Government sets the maximum resident fees and home care fees through a means assessment. *See brief: means testing.*
- The means assessment determines if a resident will receive Government assistance with their cost of care or if they will need to pay the maximum room price they negotiated with their provider.
- The maximum room price must be published on My Aged Care website and the approved provider's website (if they have one) to enable prospective residents and their families to research and compare the costs of residential aged care accommodation, and better understand what is covered by those costs.
- An additional service fee for residential care may apply for services over and above those that approved providers are required to supply under aged care legislation.
- Care recipients should contact Services Australia on their consumer line (1800 227 475) to advise them of changes to their income or assets.
- This will enable Services Australia to correct the means-tested care fee or accommodation contribution for them as soon as possible.
- If the care recipient requests an ad-hoc review at the same time they notify Services Australia of the change, Services Australia should be able to generate a fee advice notification letter outside of the quarterly review cycle, noting that refunds of overcharged fees remain a product of the quarterly review.
- Financial hardship assistance is available to care recipients who do not have sufficient income or assets to pay their contribution towards their aged care costs. *See brief: financial hardship assistance.*

FACTS & FIGURES

- Rates and thresholds as at 20 March 2022 are at **Attachment A**.
- Maximum residential care fees (as at 20 March 2022):

Basic daily fee	\$54.69 per day (\$19,961.85 per year)
Accommodation payment	Fully supported resident: \$0 Low means resident: up to \$60.74 per day Higher means residents: Published price of provider
Means-tested care fee: Annual cap	\$29,399.40 (indexed)
Means-tested care fee: Lifetime cap	\$70,558.66 (indexed)
Extra service fees	Set by the provider. All residents in an extra service place pay this fee.
Additional service fees	Set by the provider. All residents can be asked to pay this fee.

- All residents must agree with their provider an accommodation price before entering care. However, the person will only pay this price if they are not eligible for Government assistance with their accommodation costs.
- As at 14 July 2021, approximately 96% of providers had accommodation pricing information published on My Aged Care.
- The remaining 4% includes providers who will not charge accommodation payments and are therefore not required to publish prices. The Department has worked closely with those providers who are required to publish prices to assist them to meet their obligations.
- The average accommodation price published on My Aged Care at 14 July 2021 was approximately \$459,000.
- A small number of facilities do not charge an accommodation payment, while the maximum price published was \$2,954,000 at 14 July 2021.
- Published accommodation prices only apply to those residents who can afford to pay for the full cost of their accommodation. They do not apply to residents with low means, whose contribution to their accommodation costs is determined based on their assets and income.
- Average room prices are at **Attachment B**.

- Maximum home care fees (as at 20 March 2022):

Basic daily fee	
Level 1 package	\$10.08 per day (\$3,679.20 per year)
Level 2 package	\$10.66 per day (\$3,890.90 per year)
Level 3 package	\$10.97 per day (\$4,004.05 per year)
Level 4 package	\$11.26 per day (\$4,109.90 per year)
Income-tested care fee	
Full pensioner:	\$0
Part pensioners:	up to \$16.15 per day (or \$5,879.85 per year)
Self-funded retiree:	up to \$32.30 per day (or \$11,759.74 per year)
Lifetime cap	\$70,588.66 (indexed)
Additional service fee	A person can choose to pay for additional care and services not otherwise covered by the home care package budget.

BACKGROUND

- The publication of accommodation prices and descriptive information is a requirement under the Fees and Payments Principles 2014 (No. 2).
- Since 19 May 2014, providers have been required to publish the maximum accommodation price (quoted as a refundable deposit, daily payment, and combination of both), and at least one example of a combination payment, of each room for which they intend to charge an accommodation payment.
- They must also publish a statement describing the key features of that accommodation.
- This information must be published on the My Aged Care website, the provider's website (if they have one) and in relevant written materials given to prospective residents and their families.
- A small number of providers will not publish accommodation pricing information at all, as they do not intend to charge residents for the accommodation component of their residential aged care.
- This is consistent with paragraph 19(1) of the Fees and Payments Principles 2014 (No. 2), which restricts the publication requirements to those rooms for which the provider proposes to charge an accommodation payment, rather than for all rooms within the service.
- Room prices above \$550,000 must be approved by the Aged Care Pricing Commissioner. *See Brief: Aged Care Pricing Commissioner.*

Assistant Secretary: James Benson	Contact Officer: s22	Work phone: 02 6289 s22	Mobile: s22
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Attachment A



Australian Government

Department of Health

Schedule of Fees and Charges for Residential and Home Care: From 20 March 2022

THIS SCHEDULE ONLY APPLIES TO CARE RECIPIENTS WHO FIRST ENTER CARE FROM 1 JULY 2014

Fee/ Charge/ Threshold	Rate
Maximum Basic Daily Fee	
Home Care - Level 1 package	\$10.08
Home Care - Level 2 package	\$10.66
Home Care - Level 3 package	\$10.97
Home Care - Level 4 package	\$11.26
Residential Care ^[1]	\$54.69
Income Free Area (annual amount) – Home Care and Residential Care Annual Income up to these amounts is excluded from the income test component of the residential means test and the income test in home care. To calculate the equivalent fortnightly income divide by 26.	
Income Free Area (single person)	\$28,974.40
Income Free Area (Couple, Illness separated, single rate)	\$28,454.40
Income Free Area (Couple, Living together, single rate) (relevant to Home Care only)	\$22,471.80
Income Thresholds (annual amount) – Home Care Income Test Consumers with incomes above these amounts are subject to the second cap when calculating the daily income tested care fee in home care and are also subject to the higher annual cap that applies in Home Care. To calculate the equivalent fortnightly income divide by 26.	
Income Threshold (single person)	\$56,035.20
Income Threshold (Couple, Illness separated, single rate)	\$55,515.20
Income Threshold (Couple, Living together single rate)	\$42,868.80
Asset Thresholds Residential Care Means Test	
Asset Free Threshold	\$52,500
First Asset Threshold	\$178,839.20
Second Asset Threshold	\$431,517.60
Home Exemption Cap (applies separately to both members of a couple). The net value of the home above this amount is excluded from the value of the resident's assets.	\$178,839.20
Caps on Income-Tested Care Fees in Home Care	
First Cap (Daily cap applying to income-tested care fees where the consumer's income does not exceed the income threshold)	\$16.15
Annual Cap – income not exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income does not exceed the income threshold)	\$5,879.85
Second Cap (Daily cap applying to income-tested care fees where the consumer's income exceeds the income threshold)	\$32.30
Annual Cap – income exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income exceeds the income threshold)	\$11,759.74

Fee/ Charge/ Threshold	Rate
Annual Cap on Means-Tested Care Fees in Residential Care	\$29,399.40
Lifetime Cap on Means-Tested Care Fees in Residential Care and Income-Tested Care Fees in Home Care	\$70,558.66
Maximum Accommodation Supplement Amount	\$60.74
Deeming thresholds from 1 July 2021	
Threshold (single)	\$53,600
Threshold (couple – combined)	\$89,000
Deeming rates from 1 July 2021	
Lower Rate	0.25%
Higher Rate	2.25%
Relevant rates and thresholds for refundable deposits and daily payments	
Maximum Permissible Interest Rate - for all new residents ^[ii] - maximum rate of interest that may be charged on outstanding amount of daily payment	
from 1 January 2022 – 31 March 2022	4.04%
from 1 April 2022 – 30 June 2022	4.07%
Base Interest Rate from 1 June 2020	2.25%
Minimum permissible asset level - the minimum amount of assets a resident must be left with if they pay at least part of their accommodation costs by refundable deposit	\$52,500
Maximum refundable accommodation deposit - the amount that can be charged without prior approval from the Aged Care Pricing Commissioner	\$550,000

TRANSITION CARE PROGRAMME

Maximum Daily Fee	Rate
TCP delivered in a Home or Community Setting	\$11.26
TCP delivered in a Residential Care Setting	\$54.69

SHORT-TERM RESTORATIVE CARE

Maximum Daily Fee	Rate
STRC delivered in a Home or Community Setting	\$11.26
STRC delivered in a Residential Care or Hospital Setting	\$54.69

^[i] Residents in designated remote areas may be asked to pay an additional \$1.06 per day.

^[ii] This rate applies to residents who enter residential care within this time period but not to those who were already in care prior to this time period. To calculate daily payments for a resident paying the agreed room price, use the Maximum Permissible Interest Rate current on the day the room price was agreed. To calculate accommodation contributions for a low means resident, use the MPIR current at their date of entry to the service.

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BRANCH BRIEF

BUDGET ESTIMATES 2021-22

Attachment B

Average maximum published RAD prices as at 21 January 2022 by ownership, remoteness location and state and territory

	Average	5th Percentile	Quartile 1	Median	Quartile 3	95th Percentile
Overall	\$464,000	\$250,000	\$350,000	\$420,000	\$550,000	\$850,000
Ownership type						
Not for profit	\$455,000	\$250,000	\$350,000	\$420,000	\$550,000	\$750,000
For profit	\$500,000	\$246,000	\$350,000	\$450,000	\$550,000	\$950,000
Government	\$348,000	\$240,000	\$300,000	\$350,000	\$365,000	\$525,000
Remoteness						
Major cities	\$504,000	\$250,000	\$350,000	450,000	\$550,000	\$908,000
Regional Areas	\$383,000	\$245,000	\$310,000	375,000	\$450,000	\$550,000
Remote Areas	\$307,000	\$200,000	\$250,000	300,000	\$350,000	\$440,000
State/Territory						
NSW	\$499,000	\$248,600	\$350,000	450,000	\$550,000	\$950,000
Vic	\$478,000	\$250,000	\$350,000	425,000	\$550,000	\$875,000
QLD	\$432,000	\$250,000	\$350,000	420,000	\$500,000	\$650,000
WA	\$454,000	\$240,000	\$330,000	408,000	\$545,000	\$850,000
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TAS	\$368,000	\$225,000	\$300,000	375,000	\$425,000	\$540,000
ACT	\$589,000	\$444,000	\$550,000	550,000	\$650,000	\$805,000
NT	\$364,000	\$172,800	\$334,000	360,000	\$425,000	\$498,500

Figures rounded to the nearest \$1,000

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BRANCH BRIEF

BUDGET ESTIMATES 2021-22

MEANS TESTING

KEY POINTS

- On 1 July 2014, the means testing arrangements changed for aged care.
- In residential care, the 1 July 2014 arrangements take into account:
 - both income and assets to determine a resident's contribution to their care and accommodation costs.
 - a reduction to the amount of government subsidy paid by the amount of means-tested care fee.
 - a capped value on the former family home when it is included in the asset assessment.
- In home care, the 1 July 2014 arrangements introduced:
 - an income test to determine a person's capacity to contribute to their home care fees.
 - a reduction to the amount of government subsidy paid by the amount of income-tested care fee.
 - the ability for people receiving a home care package to apply for financial hardship assistance from the government with their aged care costs.
- Annual and lifetime caps were introduced in light of the more comprehensive means testing in both home care and residential care.
- Note: The aged care means assessment considers all assets as realisable. Only through an application for financial hardship can assets be considered unrealisable. *See brief: Financial hardship assistance.*
- The *Legislated Review of Aged Care 2017*, led by David Tune, considered the impacts and effectiveness of reforms implemented over the previous five years.
- The Review report was tabled in Parliament on 14 September 2017. The Review found that reforms have been effective overall and the changes to means testing in residential care do not appear to have negatively impacted consumers access to care, but further reforms are needed to move towards a system which is more consumer-centred and sustainable.
- Impacts to the sector were monitored by the Aged Care Financing Authority (ACFA) until it was dissolved on 30 June 2021.

- The Royal Commission into Aged Care Quality and Safety explored the financing and sustainability of future improvements to the aged care system, the appropriate funding model or models to support the delivery of aged care services, and the prudential regulation of aged care providers.
- The Government welcomed the Royal Commission's Final Report, published on 1 March 2021, and provided a comprehensive formal response on 11 May 2021.
- The Government's five-year five-pillar aged care reform plan addresses the five pillars of home care, residential aged care quality and safety, residential aged care services and sustainability, and workforce and governance.
- Pillar 2 of the Royal Commission Response – Residential aged care services and sustainability – provides \$7.8 billion towards improving and simplifying residential aged care services and to ensure senior Australians can access value for money services, including:
 - \$49.1 million to expand the Independent Hospital Pricing Authority to help ensure that aged care costs are directly related to the care provided
 - \$3.2 billion to support aged care providers to deliver better care and services, including food through a new Government-funded Basic Daily Fee Supplement of \$10 per resident per day
 - \$102.1 million to assign residential aged care places directly to senior Australians, and to support providers to adjust to a more competitive market
 - \$189.3 million for the new funding model, Australian National Aged Care Classification, to deliver a fairer and more sustainable funding arrangements.

BACKGROUND

Recent ACFA Work

- On 30 June 2021, ACFA delivered its final Annual Report to Government.
- On 1 April 2021, ACFA delivered its Report on the role of the Basic Daily Fee in Residential Aged Care. This report considers the origins and purpose of the Basic Daily Fee, analyses its adequacy as a funding source, proposes principles that should guide consideration of any changes to current arrangements, and assesses options for reform. ACFA concludes that funding arrangements for everyday living services should remain separate from care and accommodation and be predominantly funded by individuals (subject to means). ACFA proposes that in the reform of broader funding arrangements for residential aged care, the government may wish to consider:
 - increasing the BDF capped amount to 85% of the basic pension, inclusive of the pension and energy supplements, an increase of approximately \$5 per resident per day
 - supplementing the increase in the BDF cap with a Government payment to help address the gap between everyday living revenue and costs, and
 - introducing a means test on the new Government payment as part of any review of means testing arrangements following the Royal Commission report to ensure that those with sufficient financial resources continue to pay for their everyday living services.
- On 25 February 2021, ACFA provided to Government its Review of the Current and Future Role of Refundable Accommodation Deposits (RADs) in Aged Care. The Review notes that while there has been a gradual a shift in consumer preferences from RADs to daily accommodation payments (DAPs), there is a diversity in consumer payment preferences and the sector is dependent on RADs to fund service renewal and expansion. ACFA's position is that there is no obvious and immediate alternative to RADs for non-government financing of capital expansion and renewal, and that a system that includes both RADs and daily accommodation payments (DAPs) with consumer choice of payment method continues to be appropriate. However, changes are required to improve and strengthen the operation of the current system, including the strengthening of prudential regulations, the potential introduction of a form of risk premiums to be paid by providers for the guarantee, and better enforcement of the consumer's right to freely choose their form of accommodation payment.

Past ACFA reports

- On 11 December 2019, ACFA delivered a report on the financial impact on home care providers as a result of changes in payment arrangements. ACFA assessed the potential financial impact on providers of each phase of the implementation of the new payment arrangements, along with how consumers may be affected. It has made a number of recommendations that the Government could take to limit the potential impacts and risk of each phase.
- On 25 October 2019, ACFA delivered a report on Attributes for Sustainable Aged Care. This report expands on ACFA's observations in their 2019 funding and financing

report and includes feedback from stakeholders. This report provides an overview of the attributes of sustainable aged care, from a funding and financing perspective providing a holistic framework that highlights the inter-related components of achieving sustainable aged care, and as such, the need to move beyond considering particular issues in isolation.

- On 29 April 2019, ACFA provided its submission to the Royal Commission in to Aged Care Quality and Safety. This submission describes the financial performance of aged care service providers and looks at the financing and funding challenges in the aged care sector. ACFA maintains that to provide the level and quality of aged care services that older Australians require now and into the future there should be, amongst other things, greater financial contributions by consumers towards their aged care costs. This would involve stronger means testing arrangements and uncapping the basic daily fee in residential care, which may reduce the reliance on charging fees for additional services.
- On 30 November 2018, ACFA delivered a report on how consumers plan and finance their aged care. This report discussed the unique issues for couples entering residential care with respect to combined income and assets assessments, and fee considerations when members of the couple enter care on different dates.
- On 31 October 2018, ACFA delivered a report on respite care to Government. This report noted that people would trial respite care as a means of deferring other aged care costs.
- On 26 July 2018, ACFA delivered its 2018 Report on Funding and Financing of the Aged Care Industry (Annual Report). This report suggested that changes to income testing for home care packages could be impacting how consumers take up packages.

Means testing residential care

- The means testing arrangements take into account both income and assets to determine a resident's contribution to their care and accommodation costs.
- The resident's means are determined by applying the following taper rates (20 March 2022 prices):
 - 50 per cent of their income above the maximum income for a full pensioner (\$28,974.40); plus
 - 17.5 per cent of their assessable assets between \$52,000 and \$178,839.20; plus
 - 1 per cent of their assessable assets between \$178,839.20 and \$431,517.60; plus
 - 2 per cent of their assessable assets above \$431,517.60.
- Residents continue to be able to be asked to pay a basic daily fee of 85 per cent of the single basic age pension.
- The Hardship Supplement is payable in respect of the basic daily fee, means-tested care fee and some accommodation costs. *See brief: Financial hardship assistance.*
- ACFA noted in the June 2021 Annual report the following levels of consumer contributions from means testing over time (excluding lump sum accommodation payments) in comparison to Government expenditure:

Table 1: Australian Government expenditure and consumer contribution, by service type, 2015-16 to 2019-20

		2015-16	2016-17	2017-18	2018-19	2019-20
Home care	Government	\$1.5b	\$1.6b	\$2.0b	\$2.5b	\$3.4b
	Consumer	\$127m	\$126m	\$122m	\$107m	\$102m
Residential care	Government	\$11.4b	\$11.9b	\$12.2b	\$13.0b	\$13.4b
	Consumer	\$4.5b	\$4.5b	\$4.5b	\$4.8b	\$4.9b
Home support	Government	\$2.2b	\$2.4b	\$2.4b	\$2.5b	\$2.6b
	Consumer	N/A	\$204m	\$219m	\$252m	\$251m

Note: Consumer contributions for home support were not available until 2016-17.

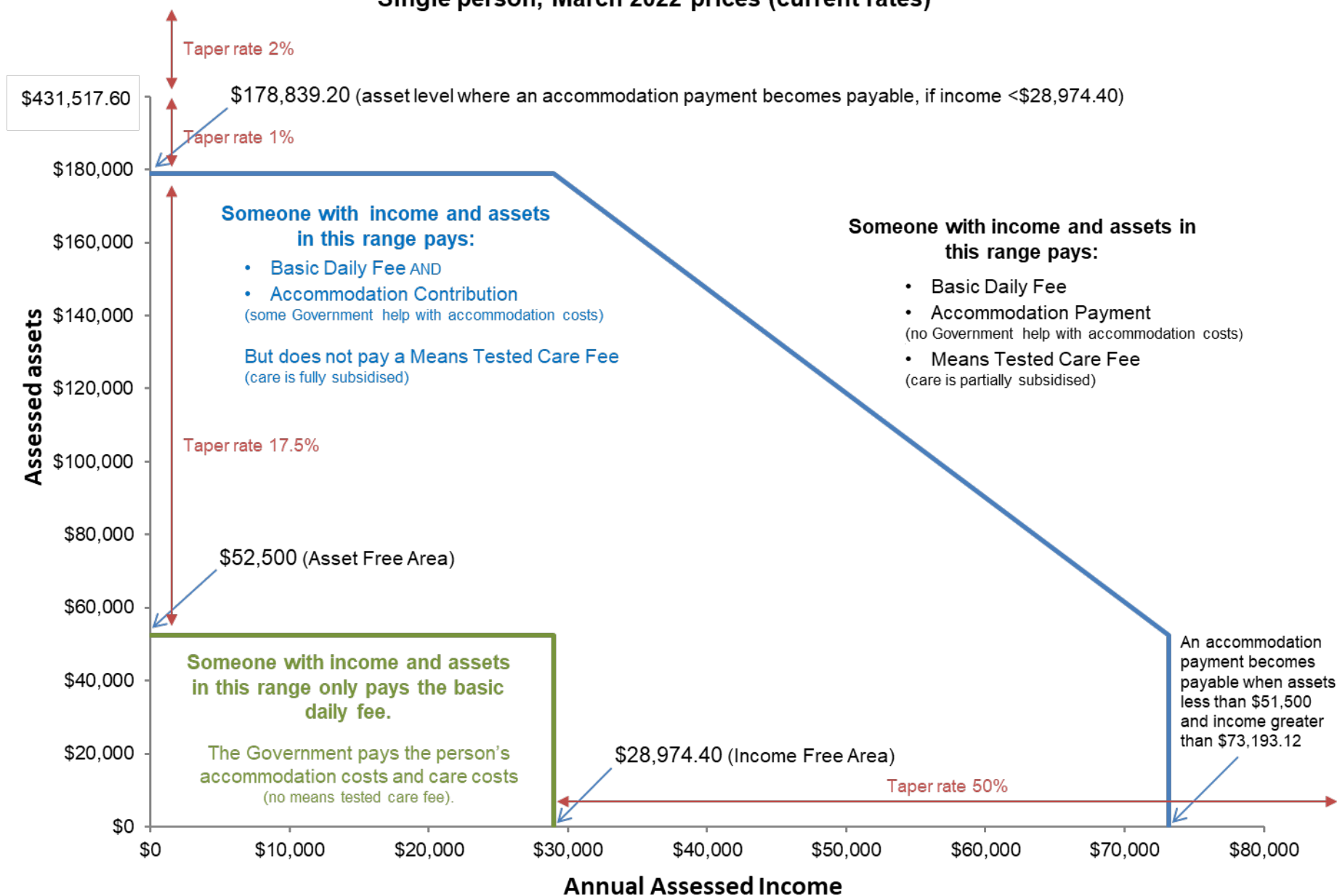
- For maximum fees for residents *see brief: Private contributions and accommodation pricing.*

Income testing home care packages

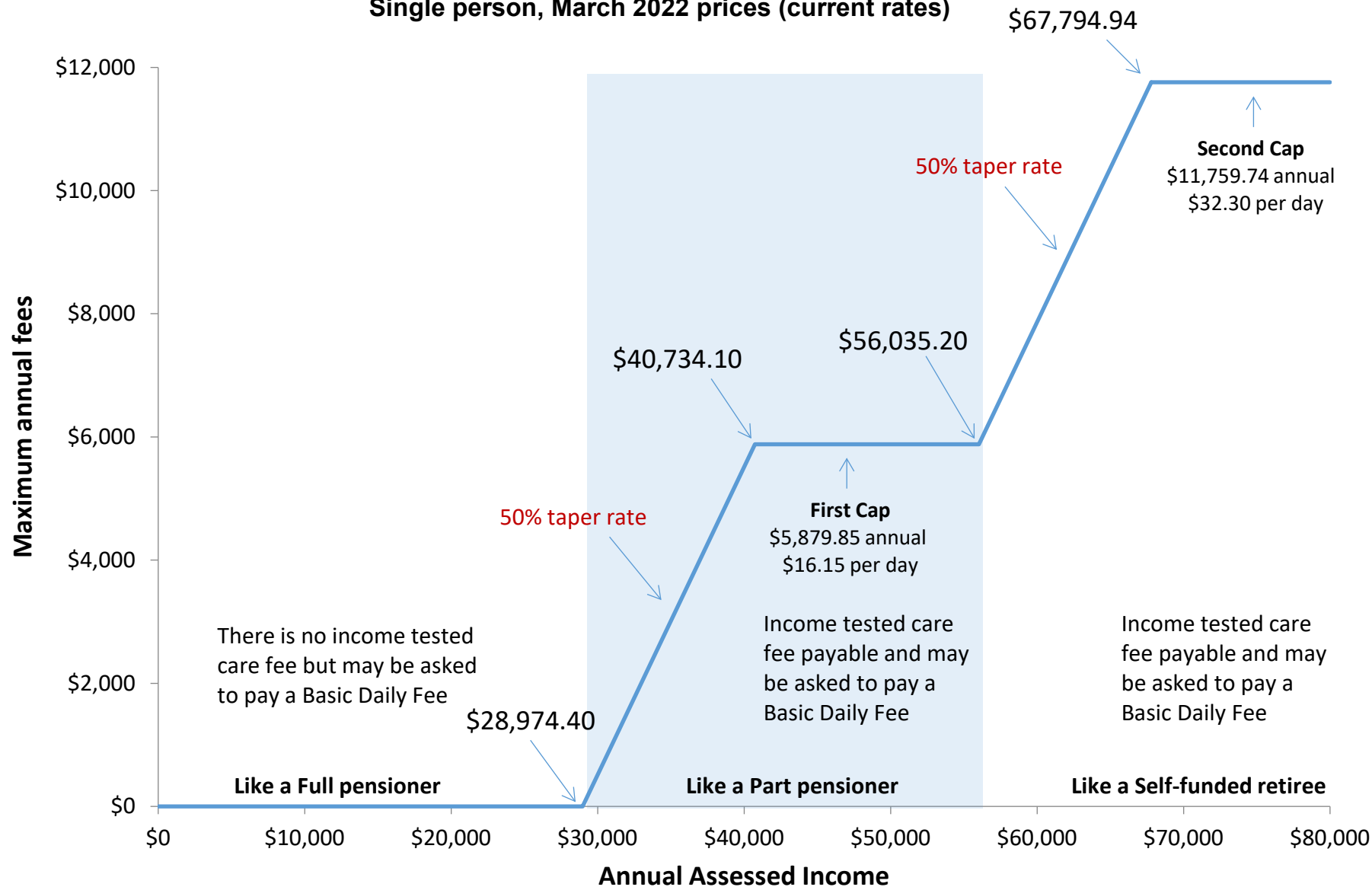
- The income testing arrangements for home care from 1 July 2014 replace the former ad hoc arrangements in which aged care providers charge some care recipients higher fees but with no reduction in Government subsidy.
- Consumers can be asked to pay an income-tested care fee of 50 per cent of their income above the maximum income for a full pensioner, \$28,974.40 for a single person in March 2022 prices, capped on a daily basis at the lower of their cost of care or the daily cap. Full pensioners cannot be required to pay an income-tested care fee.
- The Government will reduce its contribution based on the amount the care recipient can be asked to pay.
- As was the case prior to 1 July 2014, all consumers can also be asked to pay a basic daily fee of up to 17.5 per cent of the single basic age pension irrespective of their income.
- From 1 July 2019, the basic daily fee is set by home care package level.
- The Hardship Supplement is payable in respect of the basic daily fee and/or the income-tested care fee. *See brief: Financial hardship assistance.*
- For maximum fees for home care *see brief: Private contributions and accommodation pricing.*

Assistant Secretary: James Benson	Contact Officer: s22	Work phone: 02 6289 s22	Mobile: s22
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Residential Care income and asset thresholds: Single person, March 2022 prices (current rates)



Home Care – Maximum Income Tested Care Fees based on income, Single person, March 2022 prices (current rates)



For Official Use Only

BRANCH BRIEF

BUDGET ESTIMATES 2021-22

FINANCIAL HARDSHIP ASSISTANCE

KEY POINTS

- Financial hardship assistance is available in residential aged care and home care for persons that are having difficulty paying their aged care fees and payments for reasons beyond their control.
- Financial hardship assistance is available for:
 - Residential care – means-tested care fee, basic daily fee and accommodation costs
 - Residential respite care – basic daily fee
 - Home care (post 1 July 2014 only) – income-tested care fee and basic daily fee.

Note: extra service fees and additional service fees are excluded

- For a financial hardship application to be considered, the person must:
 - have had their income and assets assessed in accordance with the *Aged Care Act 1997*;
 - have assets less than 1.5 times the annual age pension (plus supplements), \$38,516.40 (from 20 March 2022); and
 - not have gifted more than \$10,000 in the last year or \$30,000 in the last five years.

COVID-19

- The aged care means assessment considers all assets as realisable. Only through an application for financial hardship can assets be considered unrealisable.
- The Department has worked with Services Australia to ensure unrealisable assets remain appropriate during the COVID-19 pandemic.

BACKGROUND

- For Services Australia to consider financial hardship assistance, it is necessary for the person or their representative to complete the following application form:
 - Aged Care Claim for financial hardship assistance form (SA462)

Note: The Forms Taskforce developed a new combined and simplified form for residential and home care which was released in March 2021.

- A person having difficulty completing their hardship application form should contact Services Australia on 1800 227 475 to seek assistance.
- Each case is assessed on an individual basis, taking into consideration a range of issues that are unique to the person, including essential expenses and unrealisable assets.

Note: The means assessment considers all assets of a person to be realisable. An asset can only be considered 'unrealisable' as part of an application for financial hardship assistance.

- If financial hardship assistance is granted, aged care fees payable by the person will be reduced by the amount paid by the Australian Government, including in full.
- The Australian Government pays aged care providers:
 - hardship supplement: for resident fees and home care fees (excluding pre-1 July 2014 home care);
 - an accommodation supplement (up to the maximum accommodation supplement the services is eligible for): accommodation payments and contributions;
 - hardship supplement – accommodation: for accommodation bonds and charges; and
 - ex-hostel supplement (class C): for residents who were in a hostel on 30 September 1997 and who are NOT currently at a home that was a nursing home before 1 October 1997 automatically receive a reduction of \$0.80 per day to their basic daily fee.

Note: in some circumstances there may be a 'gap' between the resident's daily accommodation amount and the accommodation supplement paid through an application for financial hardship. The provider is **unable** to pass on this cost to the resident or their family.

- The rejection of an application for financial hardship assistance is a reviewable decision. If the original decision is upheld upon review, the person may refer the matter to the Administrative Appeals Tribunal (AAT).

Unrealisable assets

- When determining an asset is unrealisable, we refer to the Guide to Social Policy Law reference unrealisable assets – unable or unreasonable to sell or borrow against (see **Attachment A**).
- Examples of unrealisable assets are:
 - a property that has failed to attract a sale after six months on the market at a realistic price
 - frozen assets
 - a property in the situation where an ex-partner of the care recipient resides in the property.
 - farms that provide income for a third party, or
 - a standard level funeral plan.
- In response to COVID-19, the following concessions were also made:

- Investment properties which are no longer generating income due to COVID-19 may be classed as unrealisable assets for a period of up to 12 months.
- A principal home may be classed as unrealisable before it is put on the market **IF** travel (legal) restrictions have prevented family from helping prepare the principal home for market and in turn prevented the asset from being sold.

DATA

Table 1: Total No. of financial hardship assistance applications received – 2011-2021

Details	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Applications Received	1,580	1,557	1,527	2,247	2,569	2,861	3,348	Incomplete	3,510	3216
Applications Finalised	1,501	1,440	1,602	2,247	2,569	2,861	3,348	Incomplete	3,474	2996
Approved	703	708	745	1,081	997	1,253	1,554	Incomplete	1,718	1542
Rejected	117	117	134	1,019	1,016	1,149	1,215	Incomplete	962	761
Withdrawn/ failed to respond/ other	681	615	723	147	556	459	579	Incomplete	794	693

Source: Services Australia

Note:

Table 1 shows the number of Applications **received** in the given year, the number finalised as at the date of the report and the outcomes of these assessments (approved/rejected/withdrawn). This is not the same as 'how many applications were finalised in 2019-20' or 'how many applications were approved/rejected/withdrawn in 2019-20'.

2019-20 and 2020-21 data is sourced by Services Australia from DFD1935: RCA Hardship by source date

Data from 2017-18 and earlier was sourced by Services Australia from a different report.

2018-19 data is incomplete so has not been included (Note: **36** applications were outstanding on the date the report was run).

Table 2: 2020/21 data by care type

Details	Residential Care	Residential Respite Care	Home Care	Total
Applications Finalised	2604	133	259	2996
- Approved	1412	71	59	1542
- Rejected	643	16	102	761
- Withdrawn/ failed to respond/ other	549	46	98	693

Source: Services Australia

Attachment A

1. Unable to sell or borrow against an asset
 - a) the asset is on the market but cannot attract a buyer and the asking price is no higher than 10% above the assessed assets test value, OR
 - b) the person has been found eligible for Farm Household Allowance, OR
 - c) there is a legal restriction or court order which prevents the asset being sold or borrowed against, or the asset is subject to a pending property settlement, OR
 - d) the asset is a jointly owned home and the person has fled the home as a result of domestic violence, OR
 - e) the asset is owned jointly with another person and this person refuses to consent to the sale of the asset, OR
 - f) the asset is owned as a tenant in common and the practical effect of this form of ownership is that the asset would be unsaleable.
2. Person in temporary hardship expected to borrow
 - a) A person is in temporary hardship
 - i. is only expected to attempt to borrow from banks, finance companies and similar institutions with whom they normally invest or with a government body set up specifically to assist certain businesses e.g. Rural Assistance Board, AND
 - ii. is only expected to enter into a loan agreement if they would be able to meet repayments, and where the interest rate is no higher than prevailing secured loan rates.
3. Unreasonable to sell an asset
 - a) For pensioners accept that it would be unreasonable for them to sell an asset if:
 - i. the asset is a property AND the pensioner has lived there for at least 20 years AND the property cannot be subdivided to allow the pensioner to retain the portion their home is on, OR
 - ii. the asset is a farm AND the pensioner has been a farmer for at least 20 years (not necessarily on this farm) AND the pensioner is working the farm AND they could not sell some of the land without affecting the viability of the farm and/or significantly affecting their income from the farm (see exception), OR
 - iii. the asset is a farm AND a family member is working the farm to capacity AND has been working the farm for at least 10 years (a slightly shorter period can be accepted if the family member has worked the property continuously since leaving school) AND the farm is the main source of the family member's livelihood (see explanation and example), OR
 - iv. the asset is a farm or some other business AND there is a temporary but substantial reduction in income from the business due to factors outside the pensioner's control, OR
 - v. the asset is a house occupied by a near relative AND the near relative has lived in the house for at least 10 years OR the near relative has previously provided care for the pensioner in the house (which was formerly the pensioner's home) OR the near relative is a handicapped child of the pensioner and the pensioner is providing the house to promote the child's independent living OR the near relative has dependent children and the family income of the near relative does not exceed the FTB income ceiling.

Assistant Secretary: James Benson	Contact Officer: §22	Work phone: 02 6289 §22	Mobile: §22
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From: s22
To: s22
Cc: Subsidies and Supplements; Aged Care Fees; s22
Subject: RE: UPDATE - Fee and Funding Structure One Pager [SEC=OFFICIAL]
Date: Thursday, 17 March 2022 4:48:55 PM
Attachments: [Fee and Funding Structure - One Pager v2.0 - Aged care fees section updated for 20 March 2022.pptx](#)
[Fee and Funding Structure - One Pager v2.0 - Aged care fees section updated for 20 March 2022.pdf](#)
[image003.png](#)
[image004.png](#)
[image005.jpg](#)

Hi s22

Given the indexation process will increase fees/thresholds from 20 March, we've updated this to reflect 20 March rates rather than rates correct as at today. However, we haven't changed the overarching version number or date in the title.

Happy to discuss,

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
 Home and Residential Division
 Australian Government Department of Health
 T: 02 6289 s22
 Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 @health.gov.au>
Sent: Thursday, 17 March 2022 11:37 AM
To: s22 @health.gov.au>
Cc: Subsidies and Supplements s22 @health.gov.au>
Subject: FW: UPDATE - Fee and Funding Structure One Pager [SEC=OFFICIAL]

Hi s22

s22 has asked if you could please check if the Fees relevant to your section are correct in the attached document.

I can confirm that the following fees have been checked and are correct:

- Home Care Subsidy Rates
- Dementia and Cognition and Veterans Supplement
- Oxygen and Enteral Feeding Supplements
- Viability Supplement (MMM Rates)

Happy to discuss further if required

Kind Regards

s22

Subsidies and Supplements

Funding Operations and Analysis Branch
 Home and Residential Division, Department of Health
 Australian Government Department of Health
 E s22 @health.gov.au
 PO Box 9848, Canberra ACT 2601, Australia

The Department of Health acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

From: s22 @health.gov.au>
Sent: Friday, 21 January 2022 12:03 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>
Subject: RE: Fees & Subsidies - Design Hub Showcase Wrap - 28.10.21 [SEC=OFFICIAL]

Hi s22 ,

Updated doc attached reflecting your changes

Regards

s22

From: s22 <[REDACTED]@health.gov.au>
Sent: Thursday, 20 January 2022 10:30 AM
To: s22 <[REDACTED]@health.gov.au>
Subject: FW: Fees & Subsidies - Design Hub Showcase Wrap - 28.10.21 [SEC=OFFICIAL]

Hi s22

This is the email I mentioned in my message.

Cheers, s22

From: s22 <[REDACTED]>
Sent: Thursday, 20 January 2022 10:25 AM
To: s22 <[REDACTED]@health.gov.au>
Cc: s22 <[REDACTED]@health.gov.au>
Subject: FW: Fees & Subsidies - Design Hub Showcase Wrap - 28.10.21 [SEC=OFFICIAL]

Hi s22

with Additional Estimates commencing Tuesday 14 February, we've started looking at back pocket briefs etc for our FAS and as part of this, I have made some suggestions to update page two of the attached fact sheet (as shown in the attached pdf).

Are you able to arrange for these changes to be made and a new version sent back to me?

Many thanks,

s22

A/g Director
Aged Care Subsidies and Supplements
Funding Operations and Analysis Branch
Home and Residential Division
Ph: 02628 s22
Sirius Building |
GPO Box 9848, Canberra ACT 2601

I acknowledge the traditional custodians of the lands and waters where we live and work, and pay my respects to elders past, present and future.

From: s22 <[REDACTED]@health.gov.au>
Sent: Wednesday, 3 November 2021 11:50 AM
To: HARTLAND, Nicholas <Nick.HARTLAND@health.gov.au>; MORGAN, Nick <Nick.Morgan@health.gov.au>; s22 <[REDACTED]@health.gov.au>; HERALD, Russell <Russell.Herald@health.gov.au>; BENSON, James <James.BENSON@health.gov.au>; MURRAY, Nigel <Nigel.MURRAY@health.gov.au>; RICHARDSON, Rebecca <Rebecca.Richardson@health.gov.au>
Cc: s22 <[REDACTED]@health.gov.au>
Subject: Fees & Subsidies - Design Hub Showcase Wrap - 28.10.21 [SEC=OFFICIAL]

Hi All

Attached is the fact sheet (internal use) that was developed with assistance of James' team (thanks s22) and presented to the Design Hub last week.

Thanks again James for your support and s22 for participating in Design Hub and answering questions.

Regards,

s22

From: s22 <[REDACTED]@health.gov.au>

Sent: Monday, 1 November 2021 4:31 PM

Subject: Design Hub Showcase Wrap - 28.10.21 [SEC=OFFICIAL]

Good afternoon,

Thank you for your time and engagement at our 7th Design Hub Showcase last Thursday.

The [video recording](#) is available on our [Design Hub Community of Practice](#). Please note, this will not include the results of the tomato poll.

The resources referred to during the session include:

Topic	Presenter/s	Resource/s
1. Design Assurance: Walkthrough of the rollout plan and BA perspective	s22	Business Design Assurance – Design Hub Overview Aged Care HLBR template
2. A scenario based guide to Aged Care Program Fees and Funding	s22	Fee and Funding Structure – Design Hub Presentation Fee and Funding Structure – Fact Sheet (v1.0) (and attached)

Thank you for taking part in the poll to gauge the suitability of the Showcase day and time. We found that most people preferred the current setup as opposed to other options.

For a run-down of the last few Showcases, please follow the links to:

- For 14th October, **Business Design Assurance, Aged Care Service Model** and **Requirements Process**: [video](#) and [resources](#)
- For 30th September, **Azure DevOps tips** and **Scaled Agile Framework**: [video](#)
- For 16th September, **Aged Care 101**: [video](#) and [resources](#)

All the best for the rest of the week, and we hope you enjoy planting your tomatoes tomorrow!

Kind regards,

s22

Business Design & User Experience

ICT Strategy and Business Assurance | & | Aged Care Navigation and Access
Ageing and Aged Care Group
Australian Government Department of Health
M: 0411 s22 | E: s22@health.gov.au
Location: Sirius Building
GPO Box 9848, Canberra ACT 2601, Australia

My Aged Care – A Guide to Aged Care Program Fees

Context

This document outlines client fees for the main Commonwealth supported aged care programs including the Commonwealth Home Support Program (CHSP), Home Care Packages (HCP), Residential Care and Flexible Care (including Transition Care Program (TCP), Short-Term Restorative Care (STRC), Multi-purpose Services (MPS), National Aboriginal and Torres Strait Islander Flexible Aged Care (NATS FAC) and Innovative Care). Fees are reviewed periodically and below figures are effective September 2021.

Client Fee Structure – Commonwealth Home Support Program (CHSP)

Fee Portion	Amount	Description
Client	<ul style="list-style-type: none"> Client payments vary between service provider and the particular service they receive 	CHSP providers are required to charge a client contribution (for those who can afford it) to help cover the cost of services. Client contributions enable providers to deliver more services to more people

Client Fee Structure – Home Care Package (HCP)

Fee Portion	Amount	Description
Basic Daily/Annual Fee	<ul style="list-style-type: none"> Level 1 - \$10 08 (Daily), \$3,679.20 (Annual) Level 2 - \$10 66 (Daily), \$3,890.90 (Annual) Level 3 - \$10 97 (Daily), \$4,004.05 (Annual) Level 4 - \$11 26 (Daily), \$4,109.90 (Annual) 	This fee is payable by all clients and increases the funds available in their HCP budget, however, some providers choose not to collect it. Fees are collected by the Approved Provider (AP). This fee is indexed.
Income-tested Care Fee	<ul style="list-style-type: none"> Clients can pay between \$16.15 and \$32 30 per day As a guide, an single with income above \$28,974.40 pays up to the \$16.15 and income above \$56,035 20 pays up to \$32.30 	The income-tested care fee is the contribution that some clients pay if assessed as being able to contribute and can change overtime. The Government subsidy is reduced by this amount. Fees are collected by the AP and make up HCP budget. Refer link for details: Fee and Funding Structures .
Additional Service Fees	<ul style="list-style-type: none"> Any additional amount a client has agreed to pay 	Additional Service Fees are charged for optional services as agreed to by client and provider and increase the funds available in their budget.

Client Fee Structure – Residential Care

Fee Portion	Amount	Description
Basic Daily Fee (BDF)	<ul style="list-style-type: none"> The daily fee is \$54 69 per day (\$19,961 85 p.a.) The BDF represents 85% of the single person basic age pension 	All clients pays a BDF, which is collected by the AP and pays for day-to-day services such as meals, cleaning and facilities management. This fee is indexed in March and September each year.
Means-tested Care Fee	<ul style="list-style-type: none"> Between \$0 and \$259.26 per day dependent on client means This fee is calculated by Service Australia and is based on an individual's income and asset levels 	This fee is collected by the AP and reduces the Commonwealth subsidy This amount can change over time. There are annual and lifetime caps that apply to the means-tested care fee – this cap is currently \$28,792 36 per year or \$69,101.75 in a lifetime.
Accommodation Costs	<ul style="list-style-type: none"> The amount a client can be asked to pay is determined by the means assessment. If they are determined to be low-means, they may still be asked to contribute If they are not supported by Government, they will pay the negotiated room price The clients cost of accommodation can be paid either via: a refundable lump sum (from which provider generates interest), a rental style daily payment, or a combination of both 	For clients who do not have the means to pay, the Government helps with some or all of the costs of accommodation through the accommodation supplement. For more details, refer to the link Fee and Funding Structures and Understanding Aged Care Home Accommodation Costs .
Additional Service Fees	<ul style="list-style-type: none"> Additional service fees may be charged for additional services These fees are determined by the aged care home 	Client pays the full amount as they are not subsidised by the government. The client must agree to these fees prior to being charged.
Extra Service Fees	<ul style="list-style-type: none"> Extra service fees may be charged if the client occupies a room with extra service status These fees are determined by the aged care home but are approved by the Aged Care Pricing Commissioner 	Client pays the full amount as they are not subsidised by the government.

Client Fee Structure – Respite Care

Fee Portion	Amount	Description
Basic Daily Fee (BDF)	<ul style="list-style-type: none"> The daily fee is \$54 69 per day (\$19,961 85 p.a.) The BDF represents 85% of the single person basic age pension 	All clients pay a basic daily fee. This fee helps pay for day-to-day services such as meals, cleaning, facilities management, and laundry.
Booking Fee	<ul style="list-style-type: none"> The booking fee cannot be more than either a full week's fee or 25% of the fee for the entire stay, it is usually whichever one of these options is the lowest 	Some providers may ask for a booking fee to secure a place in their home.
Additional Service Fees	<ul style="list-style-type: none"> As determined by the respite provider 	Client pays the full amount as they are not subsidised by the government.

Client Fee Structure – Flexible Care

Program	Amount	Description
Transition Care (TCP)	<ul style="list-style-type: none"> \$11 26 max fee per day at persons home or in the community \$54 69 max fee per day in an aged care home setting 	This is the maximum amount a client may be asked to pay by their TCP service provider. Fees must be agreed upon with the client in the TCP Care Recipient Agreement.
Short-Term Restorative Care (STRC)	<ul style="list-style-type: none"> \$11 26 per day at persons home or in the community \$54 69 per day in an aged care home setting 	This is the maximum amount a client may be asked to pay by their service provider. Fees must be agreed upon with the client in the Flexible Care Agreement.
Multi-Purpose Services (MPS)	<ul style="list-style-type: none"> Client payments vary between service provider and services. Each MPS provider sets their own fees and charges. Some providers also hold Refundable Accommodation Deposits (RADs) As at 30 June 2020 MPS reporting indicated: <ul style="list-style-type: none"> ➢ \$50.16 to \$62.50 for residential care or 87.5% aged care pension ➢ 35 consecutive days free for respite care then \$48 90 to \$62 ➢ \$5.00 per visit or \$5.00-\$17 00 per hour or \$20.00-\$82.50 per week for home care. 	MPS providers can charge a daily care fee to clients for hotel-type daily services (for example, laundry and meals) and care, as well as an accommodation payment.
National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC)	<ul style="list-style-type: none"> The amount a client pays depends on their financial situation 	Some clients may be eligible for the Department of Human Services, (DHS) Centrelink Rent Assistance.

Context

This document outlines the grants or subsidies for the main Commonwealth supported aged care programs including the Commonwealth Home Support Program (CHSP), Home Care Packages (HCP), Residential Care and Flexible Care (including Transition Care Program (TCP), Short-Term Restorative Care (STRC), Multi-purpose Services (MPS), National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) and Innovative Care). Grants and subsidies are reviewed periodically and below figures are effective September 2021. For further information about grants and subsidies, it is recommended the reader refer to the [My Aged Care website](#) or legislation.

Government Contribution – Commonwealth Home Support Program (CHSP)

Grant	Amount	Description
CHSP Service Provider	<ul style="list-style-type: none"> Funding for providers to deliver services range from small thousands to tens of millions per annum Funding for individual providers is defined in a grant agreement 	Providers receive funding from the Australian Government through one or more grant agreements. From here, providers provide subsidised services to clients without impact on the individual's pension status.

Government Contribution – Home Care Package (HCP)

Subsidy/Supplement	Amount	Description
Home Care Subsidy Rates	<ul style="list-style-type: none"> Level 1 - \$24.73 (Daily), \$9,026.45 (Annual) Level 2 - \$43.50 (Daily), \$15,877.50 (Annual) Level 3 - \$94.66 (Daily), \$34,550.9 (Annual) Level 4 - \$143.50 (Daily), \$52,377.50 (Annual) 	The Australian Government contributes a different amount for each level of HCP, which is paid directly to the home care provider.
Home Care Supplements Daily Rates	<ul style="list-style-type: none"> Dementia and Cognition, and Veterans' Supplement: <ul style="list-style-type: none"> Level 1 - \$2.84 (Daily) Level 2 - \$5.00 (Daily) Level 3 - \$10.89 (Daily) Level 4 - \$16.50 (Daily) Oxygen Supplement - \$12.11 Enteral Feeding Supplement – Bolus - \$19.19 Enteral Feeding Supplement – Non Bolus - \$21.55 Viability Supplement: <ul style="list-style-type: none"> MMM7 (\$19.22) MMM6 (\$16.01) MMM5 (\$2.42) MMM4 (\$1.09) 	<p>Australian government paid depending on client needs and paid directly to the home care provider. Additional Funding supplements include:</p> <ul style="list-style-type: none"> Home Care Viability Supplement – if consumer receives care in a location with a Modified Monash Model classification of 4, 5, 6 or 7. Rate paid is higher in more remote locations Hardship Supplement – this is payable where consumers meet the requirements under the Aged Care Act 1997.

Government Contribution – Residential Care

Subsidy/Supplement	Amount	Description
Daily Subsidy Rates	<ul style="list-style-type: none"> Daily Subsidy Rates are determined by the Aged Care Funding Instrument (ACFI) ranging from \$64.72 to \$225.60 The interim rate for new residents awaiting an ACFI appraisal is \$59.38/day 	The ACFI appraisal assesses a person's needs across three domains: 1) Activities of daily living (ADL), 2) Behaviour (BEH), and 3) Complex Health Care (CHC). Refer link for details: Aged Care Subsidies and Supplements .
Residential Aged Care Supplements	<ul style="list-style-type: none"> Supplements available include: Accommodation, Oxygen, Enteral Feeding, Veterans', Viability, Homeless, Basic Daily Fee (requires reporting obligation on nutrition), and Hardship. The current rates of payment are available on the Aged Care Subsidies and Supplements fact sheet. 	Supplements are paid to Approved Providers by the Australian Government depending on a client's eligibility. There are also a range of 'grandparented' supplements that relate to residents who were in care before certain dates.
Accommodation Costs	<ul style="list-style-type: none"> If a client is eligible for government assistance, the government will pay some or all of their accommodation costs to their provider in an accommodation supplement of up to \$60.74 per day Australian Government pays complete accommodation costs if a client's income is below \$28,974.40 and assets below \$52,500 	For clients who do not have the means to pay, the Government helps with some or all of the costs of accommodation through the accommodation supplement. For more details on what the client pays, refer to the link Fee and Funding Structures and Understanding Aged Care Home Accommodation Costs .

Government Contribution – Respite Care

Subsidy/Supplement	Amount	Description
Government Contribution	<ul style="list-style-type: none"> Low level respite recipients receive a basic subsidy of \$48.68 per day and a respite supplement of \$40.76 per day High level respite recipients receive a basic subsidy of \$136.50 per day and a respite supplement paid at one of two rates per day: <ul style="list-style-type: none"> \$97.21 if the service has provided 70% or more of their allocation of respite care days over the preceding 12 months \$57.13 if the service has provided less than 70% of their allocation of respite care days over the preceding 12 months 	Residential respite care subsidies and supplements are paid to Approved Providers by the Australian Government depending on a client's eligibility. From 1 July 2021 a Basic Daily Care Fee supplement of \$10 per day has also been paid for respite care recipients in eligible residential care services.

Government Contribution – Flexible Care

Subsidy/Supplement	Amount	Description
Transition Care (TCP)	<ul style="list-style-type: none"> TCP Subsidy and dementia and veterans' supplement equivalent amount - \$214.39 (per day, per place, per client) 	The TCP is jointly funded by the Australian and State/Territory Governments, with total funding comprising a Commonwealth contribution of 75% provided through a flexible care subsidy, and a State/Territory contribution of 25% provided through direct/in-kind funding.
Short-Term Restorative Care (STRC)	<ul style="list-style-type: none"> STRC Subsidy and dementia and veterans' supplement equivalent amount- \$214.39 (daily) 	The STRC program is funded by the Australian government through a flexible care subsidy payable to the provider on a per-client, per-day basis for each STRC place.
Multi-Purpose Services (MPS)	<ul style="list-style-type: none"> Daily rate for Residential care places - \$133.77 per day, per place Daily rate for Home care places - \$43.50 per day, per place A range of additional Residential Aged Care and Home Care supplements are also paid with the rates varying depending on the service location and the number of places. From 1 July 2021 a BDF Fee Nutrition and Food supplement of \$10 per day per residential care place (subject to reporting requirements). 	MPS providers receive Australian Government funding for the aged care part of their service. Australian and state/territory government funding contributions for health and aged care are cashed out into a pool of funds which can be used flexibly by an MPS.
National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC)	<ul style="list-style-type: none"> In 2019–20, 42 aged care services received funding of \$59.6 million to deliver 1,264 aged care places 	Australian Government funding is received by care services. Under this program, services can be delivered in either a residential or home care setting.

From: s22
To: s22
Cc: s22
Subject: FW: UPDATES - AC Subsidies and Supplements Placemat - due COB 17/3/22 [SEC=OFFICIAL]
Date: Thursday, 17 March 2022 4:47:09 PM
Attachments: [image001.png](#)
[image002.png](#)
[FAS Brief 18 15 March 2022 - aged care subsidies and supplements placemat - NH changes - ACF update.pptx](#)

Hi s22

Given the indexation process will increase fees/thresholds from 20 March, we've updated this to reflect 20 March rates rather than rates correct as at today.

Happy to discuss,

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
 Home and Residential Division
 Australian Government Department of Health

T: 02 6289 s22

Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 @health.gov.au>
Sent: Thursday, 17 March 2022 12:27 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>; s22 @health.gov.au>
Subject: FW: UPDATES - AC Subsidies and Supplements Placemat - due COB 17/3/22 [SEC=OFFICIAL]

Hi s22

Apologies for earlier version.

This time fully updated with new rates that will apply from 20 March 2022 and additional content as noted by s22 for your consideration/approval

s22

From: s22 @health.gov.au>
Sent: Wednesday, 16 March 2022 2:35 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>; s22 @health.gov.au>
Subject: FW: UPDATES - AC Subsidies and Supplements Placemat - due COB 17/3/22 [SEC=OFFICIAL]

Hi s22

As discussed, s22 is coordinating the updates for the attached. s22 also wanting annual cap amounts to be included for the home care. Can you consider please?

Happy to discuss,

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
Home and Residential Division
Australian Government Department of Health
T: 02 6289 s22
Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 <s22@health.gov.au>
Sent: Wednesday, 16 March 2022 1:03 PM
To: s22 <s22@health.gov.au>; s22 <s22@Health.gov.au>; s22 <s22@health.gov.au>; s22 <s22@health.gov.au>
Subject: UPDATES - AC Subsidies and Supplements Placemat - due COB 17/3/22 [SEC=OFFICIAL]

Good afternoon

I am currently updating this placemat for the upcoming Budget Estimates hearings.

Each of you have information that I need you to review and update, noting I have tried to use information from other sources to amend where possible.

The figures are primarily from 2020-21 ROACA – you may have more current published figures we can use.

s22 – in relation to your table below – NH has requested we include the annual fee figure at each level – I suspect in brackets, i.e. \$28,472.60, \$39,989.50, 54,990.00 and \$66,506.92.

A picture containing text, computer, dark, night sky Description automatically generated



Happy to discuss. Thanks in advance!

Regards

s22

Aged Care Subsidies and Supplements | Funding Operations and Analysis Branch
Home and Residential Division | Ageing and Aged Care Group
Australian Government Department of Health
T: 02 6289 s22 | E: s22@health.gov.au
Location: St Buildin s22
GPO Box 9848, Canberra 2601, Australia

s22

The Department of Health acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present

Aged care subsidies and supplements data overview

FOI 3976 - Document #9

March 2022

Subject matter lead: James Benson

Cleared by: Nick Hartland

Date updated: xx March 2022

Key data

- \$23.6 billion in Australian Government funding
- \$18.3 billion aged care reform package
- 1.5 million consumers of aged care

Residential care

- In 2020-21 residential aged care expenditure was \$14.1 billion (approximately \$69,000 per resident) which is 60% of the total expenditure for aged care.
- 2024-25 residential aged care funding estimated at \$19.6 billion.
- 830 operational residential aged care providers.
- 229,547 operational residential aged care places and 183,894 permanent resident as at 30 June 2021.
- A new residential care funding model called the Australian National Aged Care Classification (the AN-ACC) will be introduced on 1 October 2021.
- 2613 residential aged care homes delivered respite care to 67,775 residential respite clients.

Home care

- In 2020-21 home care expenditure was \$4.2 billion.
- From 1 February 2021 home care subsidy has been paid in arrears to providers.
- From 1 September 2021, home care subsidy is paid to providers in arrears for services provided. \$251 million of unspent subsidy that has accrued for September and October 2021 is being held by the Commonwealth on behalf of the consumer.
- 2024-25 home care funding estimated at \$7.1 billion.
- 939 approved providers of home care.
- 586 funded CHSP organisations provided respite care to 46,527 CHSP respite clients.

Australian Government recurrent residential care funding 2015-16 to 2024-25

	2015-16 \$B	2016-17 \$B	2017-18 \$B	2018-19 \$B	2019-20 \$B	2020-21 \$B	2021-22 \$B est	2022-23 \$B est	2023-24 \$B est	2024-25 \$B est
National	11.4	11.9	12.2	13.0	13.4	14.1	15.2	17.1	18.5	19.6

Australian Government expenditure for home care packages 2015-16 to 2024-25

	2015-16 \$B	2016-17 \$B	2017-18 \$B	2018-19 \$B	2019-20 \$B	2020-21 \$B	2021-22 \$B est	2022-23 \$B est	2023-24 \$B est	2024-25 \$B est
National	1.5	1.6	2.0	2.5	3.4	4.2	5.3	6.5	7.1	7.1

Transitional Care and Short Term Restorative Care

- 128 approved providers of flexible care.
- 10,442 operational flexible care places across five programs

Transitional Care (TCP)

- In 2020-21 TCP funding was \$276.9 million
- 4,180 transition care places.
- 23,802 people received transition care.

Short Term Restorative Care (STRC)

- In 2020-21 STRC funding was \$67.3 million
- 1,241 short term restorative care places.
- 6,227 received short-term restorative care.

Emergency leave

- Residents are not limited in the amount of emergency leave they can take and may take multiple periods of leave.
- 13,776 individual residents took emergency leave between April 2020 to December 2021 averaging 12 leave days taken at a time.
- Residents on emergency leave are able to access two tiers of support through the CHSP for up to 8 weeks.
 - Tier 1: high intensity nursing and personal care services for those from a residential aged care home that has been significantly impacted by COVID-19. 23 people have received tier 1 services.
 - Tier 2: entry-level home support services for all other residents choosing to return to the community. 26 people have received tier 2 services.
- The emergency leave and CHSP support measures have been extended to 30 June 2022.

COVID-19 Hospital Leave

In 2020-21:

- Approximately 4,000 care recipients had extended hospital leave due to COVID-19 which caused some providers serious financial hardship.
 - during periods of hospital leave providers receive the full subsidy for the first 28 days in hospital, and then half subsidy for the remaining period.
- The Government implemented a temporary measure to pay the subsidy at the full rate during all extended stays. This measure did not extend beyond 30 June 2021.

Social leave [ANDREW CAMPBELL]

- XXX
- XXX

Workforce Bonus

- There are over 370,000 workers in aged care.
- On 1 February 2022 the Government announced a fourth aged care workforce bonus of up to \$800.
- The bonus will cost \$210 million and will be paid to care and support workers in home care and to direct care workers, food preparation workers and cleaners in residential care.
- This announcement brings the total workforce bonus payments to \$650 million (i.e., ACWR of \$440m and ACWBP of \$210m).
- Applications for the fourth round opened on 1 March 2022, and to date, over 200 applications have been received totalling \$14.6 million.

Who received residential care

- In 2020-21 243,117 people received permanent residential aged care at some time during the year.
- The average age (on entry) was 82.9 years for men, 85.0 years for women.
- The average completed length of stay was 36.0 months.
- On 30 June 2021 there were 183,894 people receiving permanent residential care.

Who received home care

- Number of people in a home care package at 30 June 2021 was 176,105
- This was an increase of 33,669 (or 23.6 per cent) from 30 June 2020 (142,436).
- Number of people in a Level 3 or 4 package grew from 67,176 at 30 June 2020 to 87,680 at 30 June 2021, an increase of 30.5 per cent.
- Average length of time on a home care package was 21 months in 2020-21. In the first 6 months of 2021-22, it increased to 22 months.
- Average age of access to a package was 81.3 years.

Who received TCP and STRC

- In 2020-21 23,802 people received TCP and 6,227 people received STRC
- At 30 June 2021 there were 3,661 people receiving TCP and 859 people receiving STRC.
- Each episode of TCP is up to 12 weeks (with the possibility of a 6 week extension).
- STRC episodes go for 8 weeks, and eligible clients can receive 2 episodes in a year.

Aged care subsidies and supplements data overview

FOI 3976 - Document #9

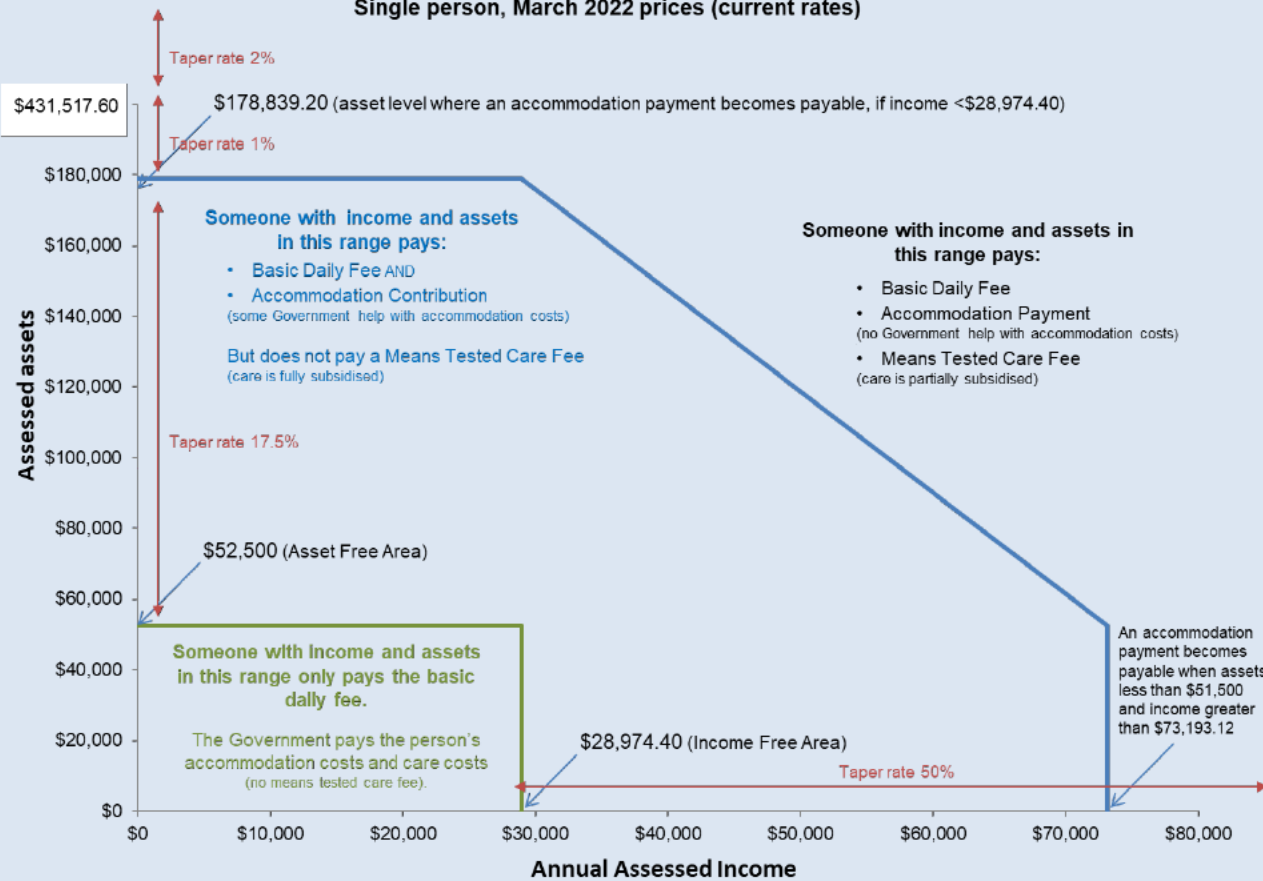
March 2022

Subject matter lead: James Benson

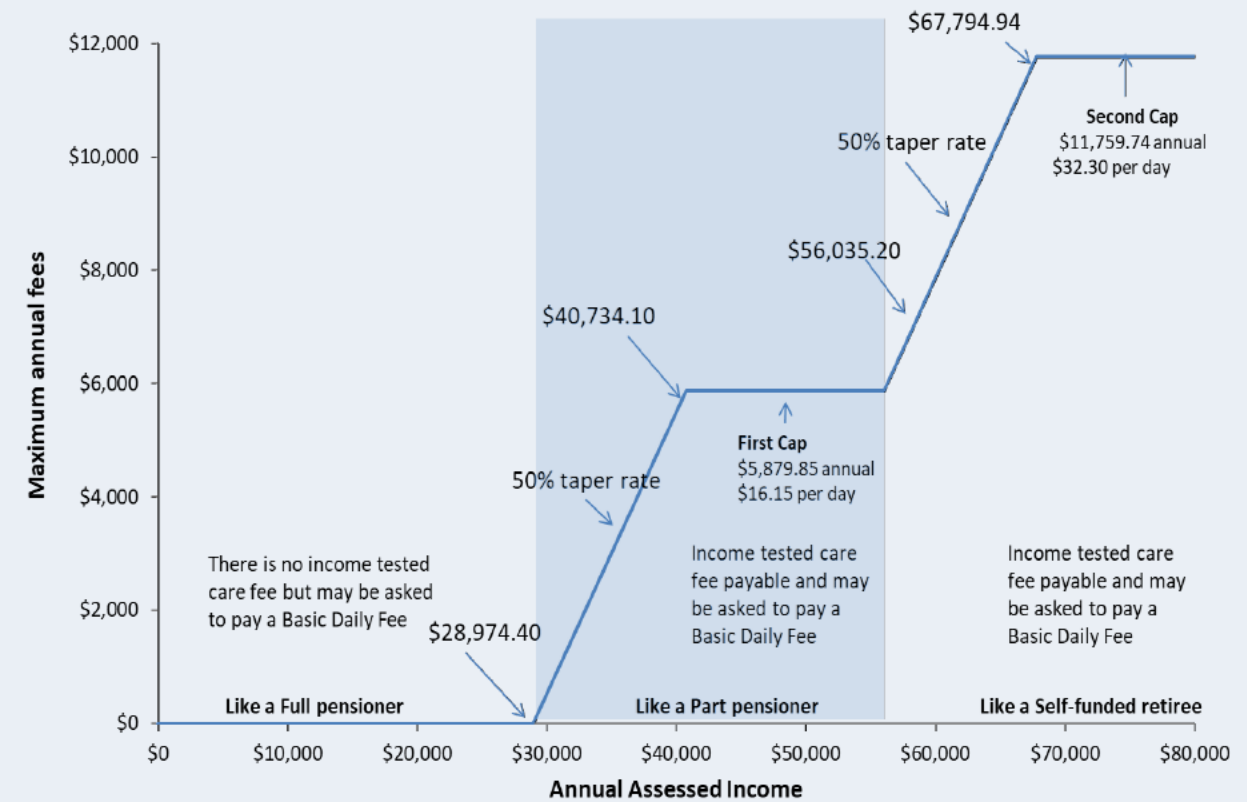
Cleared by: Nick Hartland

Date updated: XX March 2022

Residential Care income and asset thresholds: Single person, March 2022 prices (current rates)



Home Care – Maximum Income Tested Care Fees based on income, Single person, March 2022 prices (current rates)



Recent new residential care subsidies paid as lump sums

- First COVID-19 support supplement – around \$900 per resident in major metropolitan areas and around \$1,350 per resident in all other areas – paid June 2020.
- Second COVID-19 support supplement - around \$975 per resident in major metropolitan areas and around \$1,435 per resident in all other areas – paid October 2020.
- Residential care support supplement - around \$760 per resident in metropolitan areas and around \$1,145 for those in rural, regional and remote areas – paid April 2021.
- Equivalent amounts were paid to flexible care Multi-Purpose Services for their residential places

Higher accommodation supplement

- A higher rate of accommodation supplement is payable in residential facilities that have been built or significantly refurbished since 20 April 2012.
- The higher accommodation supplement is \$60.74 per eligible resident per day compared to \$39.60 for the standard accommodation supplement rate (20 March 2022 rates). As at 31 December 2021, 1,946 facilities (1,818 at 31 December 2021) or approximately 67 per cent of all facilities qualified for the higher accommodation supplement.

Basic Daily Fee (BDF) Supplement

- From BDF was funded \$3.2 billion over four years.
- BDF Supplement is \$10 per resident per day.
- Previous 30% increases in the homeless and viability supplements continues.
- For the period July 2021 to January 2022, \$415 million has been paid which includes \$7.3 million as paid to Multi-Purpose Service.

Cumulative daily average ACFI subsidies and growth rates by service remoteness, organisation type and size

Category of residential aged care service	Jul 2019 To June 2020	Jul 2020 To June 2021	Growth Over Same Period in Previous Year
All	\$178.94	186.03	4.0%
Major Cities	\$182.51	\$189.44	3.8%
Inner Regional	\$172.46	\$179.68	4.2%
Outer Regional	\$166.54	\$174.89	5.0%
Remote	\$143.81	\$151.51	5.4%
Very Remote	\$150.27	\$158.75	5.6%
Not-For-Profit	\$174.87	\$182.35	4.3%
For-Profit	\$187.25	\$193.91	3.6%
Government	\$154.05	\$158.34	2.8%
0-39 places	\$150.03	\$161.66	7.8%
40-74 places	\$164.43	\$172.40	4.8%
75-129 places	\$171.22	\$177.63	3.7%
130-499 places	\$176.99	\$184.39	4.2%
500-999 places	\$183.43	\$190.64	3.9%
1000+ places	\$184.46	\$190.83	3.5%

For Official Use Only

BRANCH BRIEF

ADDITIONAL ESTIMATES 2021-22

AGED CARE PRICING COMMISSIONER

KEY POINTS

- The Aged Care Pricing Commissioner (the Pricing Commissioner) is an independent, statutory office holder appointed under the *Aged Care Act 1997* (the Act) and reports to the Minister for Aged Care and Senior Australians.
- 95B-1(1) of the Act requires that there be a Pricing Commissioner.
- Mr David Wiess has been appointed the acting Pricing Commissioner by Minister Colbeck to 20 May 2022.

Independent Hospital and Aged Care Pricing Authority (IHACPA)

- The Aged Care and Other Legislation Amendment (Royal Commission Response No. 2) Bill 2021 contains the primary legislative changes required to transfer the Aged Care Pricing Commissioner function into the renamed the IHACPA.
- Minister Hunt provided some clear views on the amendment sheets and what he is willing to compromise on and what he isn't. Mel Metz's team are now pitching for passage on 29 / 30 March through the Senate and agreement of amendments in the House on 31 March.

BACKGROUND

- The Pricing Commissioner is responsible for:
 - determining whether an aged care provider can charge accommodation prices higher than the \$550,000 threshold or the equivalent daily payment; and
 - for assessing provider applications for 'extra services' fees.
- Providers have been able to make applications to the Pricing Commissioner since 31 January 2014.
- The Pricing Commissioner is required to disclose, if requested, certain information about higher accommodation payments and extra service fees approved by the Pricing Commissioner to the Aged Care Quality and Safety Commissioner and the Secretary of the Department of Health.
- Information would be disclosed where it would assist the Aged Care Quality and Safety Commissioner and/or the Secretary of the Department of Health to perform their functions under the Act (for example, in complaints or compliance investigations and reporting).
- The Pricing Commissioner is entitled to total remuneration of \$304,830

per annum, in accordance with the existing determination of the Remuneration Tribunal, plus Tier 2 travelling allowance.

- The budget of the Office of the Aged Care Pricing Commissioner (the Office) is determined and funded out of the Corporate Operations Group budget.

The Pricing Commissioner's budget for 2020-21 is \$1.0M.

Royal Commission

- The Department is currently considering the role of the Pricing Commissioner in line with the recommendations of the Royal Commission into Aged Care Quality and Safety.
- As part of its inquiry, the Royal Commission is exploring the financing and sustainability of future improvements to the aged care system, the appropriate funding model or models to support the delivery of aged care services, and the prudential regulation of aged care providers.
- The Government welcomed the Royal Commission's Final Report, published on 1 March 2021.
- The Government will consider the Commissioners' recommendations for reform, respond in the upcoming Budget and provide a formal response by 31 May 2021 in line with Recommendation 145 of the Final Report.
- The Government's response to the Final Report will be framed through five pillars – home care, residential aged care quality and safety, residential aged care services and sustainability, workforce and governance.
- The Legislated Review of Aged Care 2017 (the Review), recommended that the role of the Pricing Commissioner should be extended to review other uncapped fees, such as additional service fees and uncapped basic daily fees, where they are proposed to be above certain thresholds. The Review also stated that the role of the Pricing Commissioner should continue, at least as long as residential care continues to be delivered in a supply constrained environment.

Independent Hospital and Aged Care Pricing Authority (IHACPA)

- Minister Hunt provided some clear views on the amendment sheets and what he is willing to compromise on and what he isn't. Mel Metz's team are now pitching for passage on 29 / 30 March through the Senate and agreement of amendments in the House on 31 March.
- If legislation is not passed before Caretaker, we will need to source a new pricing commissioner as we cannot extend Mr Weiss' acting arrangement further.

Assistant Secretary: James Benson	Contact Officer: s22	Work phone: 02 6289 s22	Mobile: s22
--------------------------------------	-------------------------	----------------------------	----------------

From: s22
To: s22
Cc: s22; [BENSON, James](#); s22
Subject: FW: Request review/input FAS Brief - IHPA and ACPC [SEC=OFFICIAL]
Date: Friday, 28 January 2022 12:44:00 PM
Attachments: [FAS Brief 14 - IHPA - October 2021 for consult ACPC.docx](#)
[image001.jpg](#)
[image002.png](#)

Hi s22

The Pricing Commissioner's content is correct and does not require any further amendments.

Thank you,

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
 Home and Residential Division
 Australian Government Department of Health
 T: 02 6289 s22
 Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 @Health.gov.au>
Sent: Thursday, 27 January 2022 1:04 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>; BENSON, James
 <James.BENSON@health.gov.au>; s22 @Health.gov.au>;
 s22 @health.gov.au>
Subject: Request review/input FAS Brief - IHPA and ACPC [SEC=OFFICIAL]

Hi s22

I am reviewing and updating the additional estimates FAS Brief on IHPA and there are a few points that touch on the Aged Care Pricing Commissioner. Your area has previously provided words on this and I wanted to check that what we have is current and appropriate.

I've tagged the points in the comments section – would it be possible to obtain your response by midday tomorrow (Friday 28th)? Apologies, we just got the request and there's a quick turnaround on them. Please let me know if you have concerns around this.

Many thanks, s22

s22

Acting Assistant Director
ANACC Policy and Engagement Section
Residential Care Funding Reform Branch

Home and Residential Division

Department of Health

P: (02) 6289^{s22} | **E:** ^{s22} [@health.gov.au](mailto:health@health.gov.au)

I acknowledge the traditional custodians of the lands and waters where we live and work, and pay my respects to elders past, present and future.

FIRST ASSISTANT SECRETARY ISSUES BRIEF

Supplementary Budget Estimates 2021-22

Brief Number: 13

INDEPENDENT HOSPITAL PRICING AUTHORITY

BUDGET

Budget Measure	2020-21	2021-22	2022-23	2023-24	2024-25	Total
Independent Hospital and Aged Care Pricing Authority	0.2	8.6	11.4	12.5	16.4	49.1

(\$ millions reverse underlying cash – over 5 years from 2020-21)

KEY POINTS

- **\$49.1 million** investment to implement an independent process to advise Government on aged care pricing issues, which responds fully or in part to *Recommendations 6, 11 and 115* of the Royal Commission into Aged Care Quality and Safety's final report.
- Advice will be delivered through an expansion of the current Independent Hospital Pricing Authority (IHPA), which will be renamed the Independent Health and Aged Care Pricing Authority (IHACPA).
- The legislation required to affect this expansion, the *Aged Care and Other Legislation Amendment (Royal Commission Response No.2) Bill 2021*, was introduced into the House of Representatives on 1 September. This Bill will expand the functions of the IHACPA from 28 days after the date of Royal Assent.
- IHACPA advice will inform Government decisions on annual funding increases in residential aged care, including residential respite, from 1 July 2023. IHACPA activities relating to home care pricing will be established after the commencement of the new Support at Home program from 1 July 2023.
- The Government will take into account the advice in pricing decisions that set funding, but it is the Government that will make ultimate decisions on price.
- IHACPA's work and analysis will also inform future changes and refinements to the Australian National Aged Care Classification (AN-ACC) model, post-introduction in October 2022. For example, if the costs of meeting care for particular groups of residents change or the costs in different regional areas change, this could be addressed through changes to the relative weightings given to different categories of funding in the AN-ACC model.
- The IHACPA activities will also include the current functions performed by the Aged Care Pricing Commissioner.
 - The need for continued oversight of prices and further information on how this will be done will be provided in due course.

- In the interim, Mr David Weiss assumed an acting Pricing Commissioner role at the end of the previous Pricing Commissioner, Mr John Dicer's, term on 21 May 2021.

IF ASKED

Why has the Government not fully implemented the Royal Commission's recommendation to make the Pricing Authority truly autonomous in price setting?

- The Government is accountable to the community for the expenditure of resources across health services, including aged care services and as such, needs to be ultimately responsible for price setting.
- The IHPA is an existing independent entity with a proven track record in developing and managing health system classification systems and pricing models.
- IHACPA's advice will be transparent and follow a rigorous consultation process.

What will be IHACPA's new function in aged care?

- IHACPA will provide advice to Government on pricing of aged care subsidies and supplements, ensuring that independent analysis of costs and changes in costs in the sector are considered by Government in setting funding levels.
- IHACPA will also have powers to regulate prices for residential aged care accommodation and services, through the transfer of the functions of the Aged Care Pricing Commissioner.
- These changes respond to Recommendations 6, 11 and 115 of the Royal Commission into Aged Care Quality and Safety.
- IHACPA's independent advice will allow Government to appropriately adjust funding over time to ensure it is sufficient to provide quality aged care to meet the needs of Australians.

What pricing authority functions recommended by the Royal Commission into Aged Care Quality and Safety will not be created, and why?

- Recommendation 115 of the Royal Commission into Aged Care Quality and Safety's final report included that the proposed Pricing Authority should also evaluate the extent of competition in particular areas and markets or advise on or implement forms of economic regulation.
- These two functions are outside the scope of IHACPA's existing expertise and will remain with the Department of Health (the department).
- Recommendation 139 of the Royal Commission proposed the Pricing Authority be able to determine aged care subsidies and supplements by making a legislative instrument, which is inconsistent with Parliamentary practice.
- Chapter 3 of the *Aged Care Act 1997* already provides that the Minister with responsibility for that Act determines amounts of aged care subsidies and supplements through making disallowable instruments tabled in Parliament. This arrangement will continue.

What is the impact of IHACPA's new role in aged care on providers?

- When the Aged Care Pricing Commissioner functions have been transferred to IHACPA, aged care providers will need to make requests to IHACPA to change extra service fee amounts and to exceed the maximum accommodation amount. Matters on hand at the commencement date will transfer to IHACPA.
- Aged care providers will also be required to cooperate with requests from IHACPA for data to support their costing work. Separate amendments to the Accountability Principles, made under the *Aged Care Act 1997*, will support this requirement. The regular collection of cost data from residential aged care providers will enable IHACPA to produce its aged care pricing advice.
- More broadly, providers will benefit from having IHACPA independently and transparently advise on aged care pricing, as this will ensure that the AN-ACC price is determined following consideration of the actual costs of delivering care.

What will IHACPA consider in its analysis of residential aged care costs?

- One of IHACPA's first major projects in aged care will be to develop a pricing framework for residential aged care.
- The pricing framework will set out the high-level principles governing IHACPA's advice.
- At a high level it is expected that IHACPA will collect and analyse data on all costs and revenue streams for residential aged care providers. This will include direct care costs, costs of provision of daily living services, for example food, cleaning and linen, costs of accommodation and other costs.
- Pricing advice will be on funding that will be paid under the AN-ACC funding system, including the new residential respite funding model, which is principally to meet care costs and provide some Government contribution to daily living services costs.
- This is reflected in the Basic Daily Fee Supplement being rolled into AN-ACC from October 2022.

How and when will the IHACPA develop their residential aged care pricing framework, and what consultation with providers will take place?

- Once the legislation is passed, IHACPA will commence consultation on the development of the first pricing framework. This is expected to commence in the first half of 2022 via the release of a consultation paper to engage stakeholder views on the proposed approach to pricing aged care services, and the associated approach to aged care pricing policy development.
- The consultation paper will be published via IHACPA's consultation hub located on the agency's website. All interested parties will be welcome to partake in the submission process.
- Following consultation, the pricing framework for aged care services policy document will be developed and is expected to be released in the second half of 2022.

Will IHACPA look at aged care wages in its pricing advice?

Yes. IHACPA will consider all costs of delivering care, and how these have changed in providing its pricing advice.

Will IHACPA advise Government on means testing and consumer contributions in aged care?

No. IHACPA will not provide advice on means testing arrangements and the appropriate level of consumer contributions in aged care.

Given IHPA is funded from 2021 why is the pricing authority only providing advice to inform pricing from July 2023?

- The Government's reform agenda is significant and will see a range of reforms introduced in a sequenced manner to deliver a sustainable quality aged care system, including introduction of AN-ACC from 1 October 2022 and increases to funding from that date to support more care minutes.
- Improved financial reporting and reporting on care minutes and other measures will significantly expand the data and costing information available over the next 18 months to assist IHPA in its work.
- The timetable enables IHACPA to take into account all this new information, establish processes and consult with the sector prior to advising Government in advance of 1 July 2023.
- It is important to get reform right and the timetable allows IHACPA to undertake its work in a comprehensive and considered manner.

Why aren't you accepting the RC recommendation to change indexation immediately from 1 July 2021?

- Government has announced major uplifts in funding. \$3.2 billion for the Basic Daily Fee Supplement effective 1 July 2021 and \$3.9B for care minutes from 1 October 2022.
- IHACPA's advice on indexation and other matters will then inform prices from 1 July 2023.
- This will allow IHACPA to appropriately consider how prices/indexation should work going forward.
- Indexation under current arrangements will continue in the interim.

I understand the department organised a pilot costing study in residential aged care. What is its purpose and why is it commencing prior to the legislation expanding IHPA's role passing?

- The department has commenced procurement of a pilot costing of residential aged care. The purpose is to design and test methods for collecting cost data under the AN-ACC and to inform a larger costing study that IHACPA will undertake in 2022.
- Regular costing studies will be an ongoing feature of the AN-ACC model and IHACPA's role in aged care. These studies are intended to ensure the model is refined over time based on the latest cost structures and care delivery models, and that the AN-ACC price accurately reflects the costs of delivering care.
- The department has gone out to tender with the pilot study prior to the legislation passing to ensure that IHACPA is able to advise meaningfully on the AN-ACC price for the July 2023 price increase. Once the legislation passes the pilot costing study will be formally transitioned to IHACPA.
 - Request for Quotation was issued 10 September 2021 and closed on 6 October 2021.
 - The proposed commencement of the study is 1 November 2021, expecting to conclude 29 April 2022.

From: s22
To: s22
Cc: s22
Subject: FW: FAS Brief 17 placemat [SEC=OFFICIAL]
Date: Friday, 28 January 2022 10:31:48 AM
Attachments: [image002.jpg](#)
[image003.png](#)
[FAS brief 17 - 20 JAN 22 update - subs and sups placemat - RERC updated 250122 V2.odp](#)

Hi s22, final FAS Brief 17 Placemat attached for James' clearance. Cheers,

From: s22 @health.gov.au>
Sent: Tuesday, 25 January 2022 5:04 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>
Subject: FW: FAS Brief 17 placemat [SEC=OFFICIAL]

And now I've updated it with the new figure that s22 sent through.

Also saved to TRIM - E22-1514

s22
Assistant Director
Resident Entitlements and Restorative Care Section
Home and Residential Division | Ageing and Aged Care Group
Funding Operations and Analysis Branch
Australian Government Department of Health
T: 02 6289 s22 | E: s22 @health.gov.au
Location: s22 Sirius Building | GPO Box 9848, Canberra ACT 2601

s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 @health.gov.au>
Sent: Thursday, 20 January 2022 12:22 PM
To: s22 @health.gov.au>
Cc: s22 @health.gov.au>; s22 @health.gov.au>; s22 @health.gov.au>; s22 @health.gov.au>
Subject: RE: FAS Brief 17 placemat [SEC=OFFICIAL]

Hi s22

After s22 updates earlier this morning, I have made one additional update to the attached FAS Brief 17 placemat so now it is just waiting for your final updates.

Cheers,

s22

A/g Director
Aged Care Subsidies and Supplements
Funding Operations and Analysis Branch
Home and Residential Division
Ph: 026289 s22
Sirius Building |
GPO Box 9848, Canberra ACT 2601

I acknowledge the traditional custodians of the lands and waters where we live and work, and pay my respects to elders past, present and future.

From: s22 <[redacted]@health.gov.au>
Sent: Thursday, 20 January 2022 10:56 AM
To: s22 <[redacted]@health.gov.au>; s22 <[redacted]@health.gov.au>
Cc: s22 <[redacted]@health.gov.au>; s22 <[redacted]@health.gov.au>; s22 <[redacted]@health.gov.au>
Subject: RE: FAS Brief 17 placemat [SEC=OFFICIAL]

Hi,

The sky slopes have now been updated. Over to you (both) for the next steps.

Cheers,

s22

A/g Director, Aged care fees
 Funding Operations and Analysis Branch
 Home and Residential Division
 Australian Government Department of Health
 T: 02 6289 s22
 Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 <[redacted]@health.gov.au>
Sent: Thursday, 20 January 2022 9:23 AM
To: s22 <[redacted]@health.gov.au>; s22 <[redacted]@health.gov.au>
Subject: RE: FAS Brief 17 placemat [SEC=OFFICIAL]

Hi s22

Yes, we should update the sky slopes given the schedules were all updated in January. We'll get this sorted by COB tomorrow, if not first thing Monday. I'll send it back to you both - that way Kamini can update the figures she needs to update in that version.

Cheers,

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
Home and Residential Division
Australian Government Department of Health
T: 02 6289 s22
Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 <s22@health.gov.au>

Sent: Thursday, 20 January 2022 8:23 AM

To: s22 <s22@health.gov.au>; s22 <s22@health.gov.au>

Subject: RE: FAS Brief 17 placemat [SEC=OFFICIAL]

Hi s22

FYI – ACR reporting have confirmed I should get that data early next week. It's only the one figure I need to replace though. The rest of the text should be fine.

s22

s22

Assistant Director
Resident Entitlements and Restorative Care Section
Home and Residential Division | Ageing and Aged Care Group
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s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 [redacted] <[redacted]@health.gov.au>
Sent: Wednesday, 19 January 2022 9:47 AM
To: s22 [redacted] <[redacted]@health.gov.au>
Cc: s22 [redacted] <[redacted]@health.gov.au>
Subject: FAS Brief 17 placemat [SEC=OFFICIAL]

Hi s22 [redacted]

Please find attached placemat 17. I've updated the subs and sups content. s22 [redacted] still needs some data to finalise her updates.

Did you want to update the means testing diagrams on page 2?

Cheers,

s22 [redacted]
A/g Director
Aged Care Subsidies and Supplements
Funding Operations and Analysis Branch
Home and Residential Division
Ph: 026289 s22 [redacted]
Sirius Building |
GPO Box 9848, Canberra ACT 2601

I acknowledge the traditional custodians of the lands and waters where we live and work, and pay my respects to elders past, present and future.

Aged care subsidies and supplements data overview

FOI 3976 - Document #12

January 2022

Subject matter lead: James Benson

Cleared by: Nick Hartland

Date updated: 19 January 2022

Key data

\$17.7 billion aged care reform package announced in budget 2021-22

Residential care

- 2020-21 residential aged care expenditure \$14.1 billion (approximately \$69,000 per resident)
- \$295.3 million of new basic daily fee supplement paid to aged care homes (including MPS) from July to November 2021
- From 1 October 2022 a new residential care funding model (AN-ACC) will be introduced.
- 2024-25 residential aged care funding estimated at \$19 billion

Home care

- 2020-21 home care expenditure \$4.2 billion.
- From 1 February 2021 home care subsidy has been paid in arrears to providers.
- From 1 September 2021, home care subsidy is paid to providers in arrears for services provided. \$251 million of unspent subsidy that has accrued for September and October 2021 is being held by the Commonwealth on behalf of the consumer.
- 2024-25 home care funding estimated at \$7.1 billion.

Transition care programme (TCP) and Short Term Restorative Care (STRC) programme

- In 2020-21 -TCP funding was \$276.9 million, and STRC funding was \$67.3 million.

Measures linked to AN-ACC reforms:

- \$3.22 billion to introduce from 1 July 2021 a Government basic daily fee supplement of \$10 per resident per day and to support a continuation of the 30 per cent increase in the viability and homeless supplements. From October 2022, these amounts will be rolled into the AN-ACC funding base on an ongoing basis.
- \$3.92 billion to deliver an increase to the care time for residents to an average of 200 minutes per day.
- \$49.1 million to expand the role of the Independent Hospital Pricing Authority (IHPA) to inform Government decisions on annual funding increases in residential aged care from 1 July 2023. The expanded IHPA will also provide advice to Government on home care pricing from 1 July 2023.
- \$441.4 million to implement changes to residential respite care, including a new respite subsidy with a fixed component identical to the fixed component under the AN-ACC and a variable component with three funding classes and a new respite accommodation supplement with the rate aligned to the existing accommodation supplement for permanent residents.

Australian Government recurrent residential care funding 2015-16 to 2024-25

	2015-16 \$B	2016-17 \$B	2017-18 \$B	2018-19 \$B	2019-20 \$B	2020-21 \$B	2021-22 \$B est	2022-23 \$B est	2023-24 \$B est	2024-25 \$B est
National	11.4	11.9	12.2	13.0	13.4	14.1	15.0	17.0	18.5	19.5

Australian Government expenditure for home care packages 2015-16 to 2024-25

	2015-16 \$B	2016-17 \$B	2017-18 \$B	2018-19 \$B	2019-20 \$B	2020-21 \$B	2021-22 \$B est	2022-23 \$B est	2023-24 \$B est	2024-25 \$B est
National	1.5	1.6	2.0	2.5	3.4	4.2	5.3	6.5	7.1	7.1

Emergency leave

- Residents are not limited in the amount of emergency leave they can take and may take multiple periods of leave.
- 13,776 individual residents took emergency leave between April 2020 to December 2021 averaging 12 leave days taken at a time.
- Residents on emergency leave are able to access two tiers of support through the CHSP for up to 8 weeks.
 - Tier 1: high intensity nursing and personal care services for those from a residential aged care home that has been significantly impacted by COVID-19. 23 people have received tier 1 services.
 - Tier 2: entry-level home support services for all other residents choosing to return to the community. 26 people have received tier 2 services.
 - The emergency leave and CHSP support measures have been extended to 30 June 2022.

PILLAR 2: Residential aged care services and sustainability (Total funding: \$7.8 billion)

Measure	Total	Supports Royal Commission recommendation
Reforming Residential Care Funding to Drive Better Care and a Viable System	\$7.3 billion over 5 years from 2020-21	86, 112, 113, 121, 122
Aged Care Immediate Priorities - Residential Care Temporary Financial Support	\$189.8 million in 2020-21	Linked to Reforming Residential Care Funding to Drive Better Care and a Viable System measure
Aged Care Structural Adjustment Strategy	\$102.1 million over 4 years from 2021-22	25, 41, 91, 130, 131, 132, 133, 134, 135, 136 and 137
COVID-19 Viability Fund for Emergency Support to Residential Aged Care Providers - extension	\$90.0 million over 3 years from 2020-21	Linked to Aged Care Structural Adjustment Strategy measure
Reforming Accommodation Settings in Residential Aged Care	\$5.5 million over 4 years from 2021-22	45, 46 and 112
Refundable Accommodation Deposit Reporting and Additional Service Fees	\$7.5 million over 4 years from 2021-22	Not aligned with a specific recommendation

As at 30 June 2021

As at 30 June 2021 there were:

- 229,547 operational residential aged care places (including flexible aged care places)
- 4,180 transition care places
- 1,241 short term restorative care places
- 830 operational approved providers of residential aged care
- 939 operational approved providers of home care
- 128 operational approved providers of flexible care
- Over 370,000 in the aged care workforce

Who received residential care

In 2020-21:

- 243,117 people received permanent residential aged care at some time during the year
- the average age (on entry) was 82.9 years for men, 85.0 years for women
- the average completed length of stay was 36.0 months
- On 30 June 2021 there were 183,894 people receiving permanent residential care

Who received home care

- The number of people in a home care package at 30 June 2021 was 176,105
- This was an increase of 33,669 (or 23.6 per cent) from 30 June 2020 (142,436). The number of people in a Level 3 or 4 package grew from 67,176 at 30 June 2020 to 87,680 at 30 June 2021, an increase of 30.5 per cent.
- In 2020-21, the average age of access to a package was 81.3 years.

Who received TCP and STRC

- At 30 June 2021 there were 4,180 TCP places and 1,241 STRC places nationally
- In 2020-21, 23,802 people received TCP and 6,227 people received STRC
- At 30 June 2021 there were 3,661 people receiving -TCP and 859 people receiving STRC.
- Each episode of TCP is up to 12 weeks (with the possibility of a 6 week extension). STRC episodes go for 8 weeks, and eligible clients can receive 2 episodes in a year.

Aged care subsidies and supplements data overview

FOI 3976 - Document #12

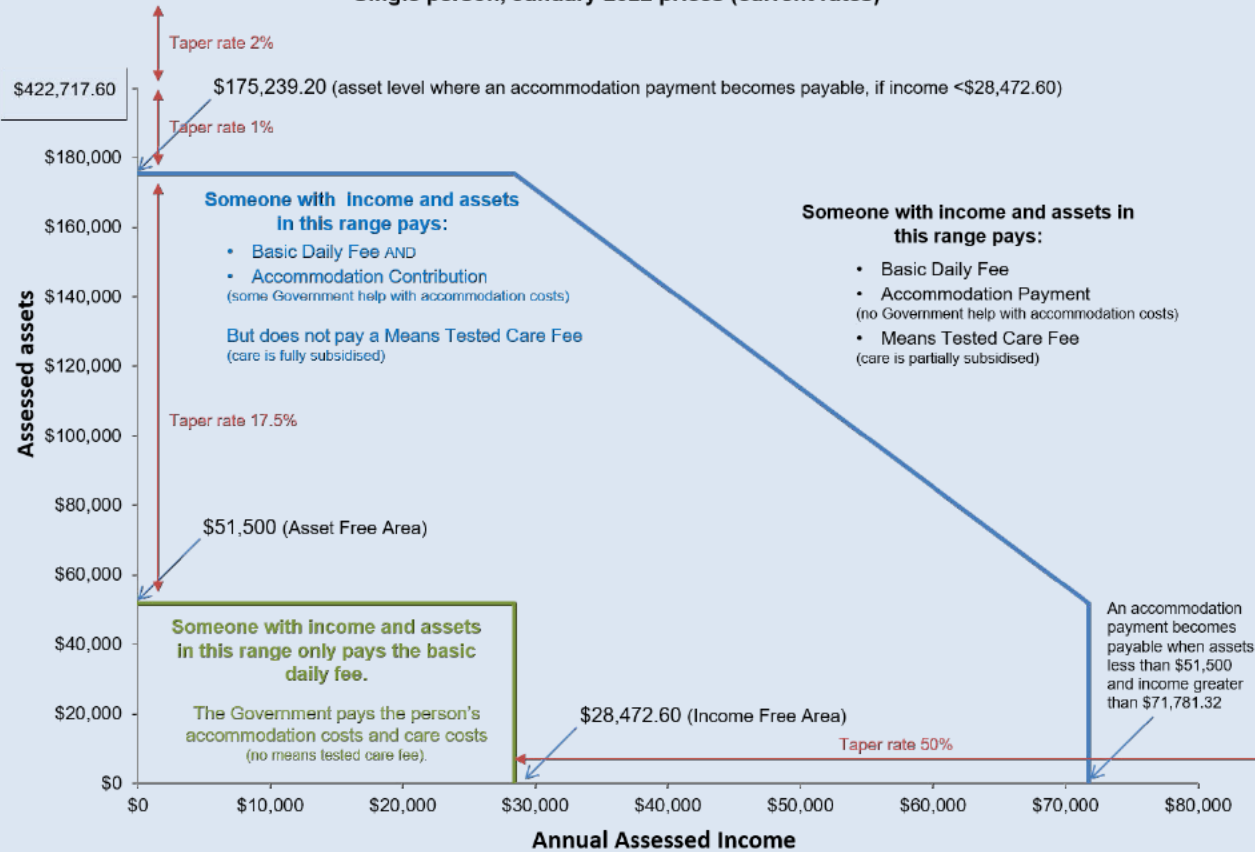
January 2022

Subject matter lead: James Benson

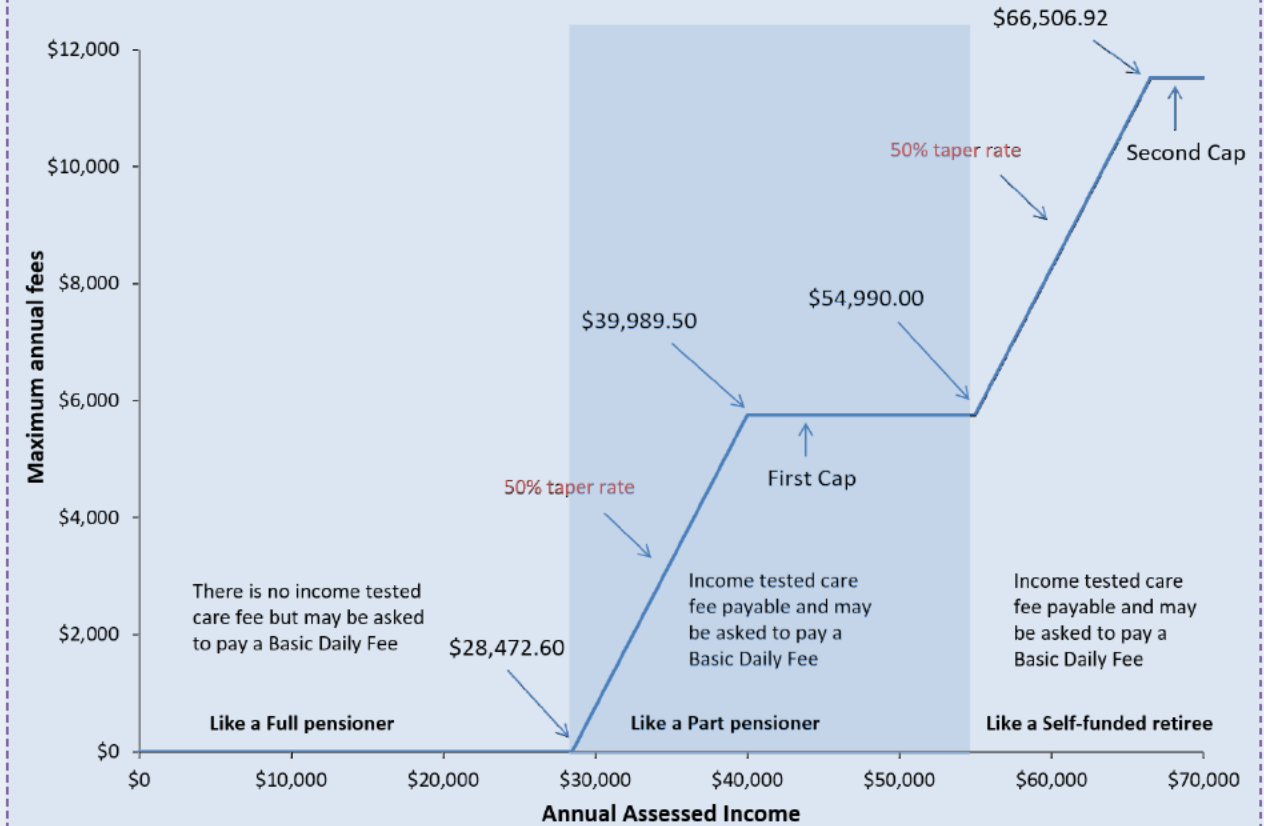
Cleared by: Nick Hartland

Date updated: 4 January 2022

Residential Care income and asset thresholds: Single person, January 2022 prices (current rates)



Home Care – Maximum Income Tested Care Fees based on income, Single person, January 2022 prices (current rates)



Recent new residential care subsidies paid as lump sums

- First COVID-19 support supplement – around \$900 per resident in major metropolitan areas and around \$1,350 per resident in all other areas – paid June 2020.
- Second COVID-19 support supplement - around \$975 per resident in major metropolitan areas and around \$1,435 per resident in all other areas – paid October 2020.
- Residential care support supplement - around \$760 per resident in metropolitan areas and around \$1,145 for those in rural, regional and remote areas – paid April 2021.
- Equivalent amounts were paid to flexible care Multi-Purpose Services for their residential places

Higher accommodation supplement

- A higher rate of accommodation supplement is payable in residential facilities that have been built or significantly refurbished since 20 April 2012.
- The higher accommodation supplement is \$59.49 per eligible resident per day compared to \$38.78 for the standard accommodation supplement rate (20 September 2021 rates).
- As at 31 December 2021, 1,946 facilities (1,818 at 31 December 2021) or approximately 67 per cent of all facilities qualified for the higher accommodation supplement.

Cumulative daily average ACFI subsidies and growth rates by service remoteness, organisation type and size

Category of residential aged care service	Jul 2019 To June 2020	Jul 2020 To June 2021	Growth Over Same Period in Previous Year
All	\$178.94	186.03	4.0%
Major Cities	\$182.51	\$189.44	3.8%
Inner Regional	\$172.46	\$179.68	4.2%
Outer Regional	\$166.54	\$174.89	5.0%
Remote	\$143.81	\$151.51	5.4%
Very Remote	\$150.27	\$158.75	5.6%
Not-For-Profit	\$174.87	\$182.35	4.3%
For-Profit	\$187.25	\$193.91	3.6%
Government	\$154.05	\$158.34	2.8%
0-39 places	\$150.03	\$161.66	7.8%
40-74 places	\$164.43	\$172.40	4.8%
75-129 places	\$171.22	\$177.63	3.7%
130-499 places	\$176.99	\$184.39	4.2%
500-999 places	\$183.43	\$190.64	3.9%
1000+ places	\$184.46	\$190.83	3.5%

From: s22
To: s22
Cc: s22
Subject: FW: Fact Sheet update [SEC=OFFICIAL]
Date: Thursday, 20 January 2022 9:28:00 AM
Attachments: [Fee and Funding Structure - Fact Sheet \(v1.0\).pdf](#)
[image001.jpg](#)
[image002.png](#)

Hi s22

Thanks for finding this one. I've reviewed and the fee rates for home care, respite and permanent residential care are correct. As such, I don't have any further changes to this.

Thanks

s22

A/g Director, Aged care fees

Funding Operations and Analysis Branch
 Home and Residential Division
 Australian Government Department of Health
 T: 02 6289 s22
 Location: Sirius Building s22

The Department of Health acknowledges the Traditional Custodians of Australia and their continued connection to land, sea and community. We pay our respects to all Elders past and present.

From: s22 @health.gov.au>
Sent: Wednesday, 19 January 2022 4:22 PM
To: s22 @health.gov.au>
Subject: Fact Sheet update [SEC=OFFICIAL]

Hi s22

I've made some sticky note comments regarding subsidies in the attached.

Cheers,

s22

A/g Director
Aged Care Subsidies and Supplements
Funding Operations and Analysis Branch
Home and Residential Division
Ph: 026289 s22
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GPO Box 9848, Canberra ACT 2601

I acknowledge the traditional custodians of the lands and waters where we live and work, and pay my respects to elders past, present and future.

My Aged Care – A Guide to Aged Care Program Fees

Context

This document outlines client fees for the main Commonwealth supported aged care programs including the Commonwealth Home Support Program (CHSP), Home Care Packages (HCP), Residential Care and Flexible Care (including Transition Care Program (TCP), Short-Term Restorative Care (STRC), Multi-purpose Services (MPS), National Aboriginal and Torres Strait Islander Flexible Aged Care (NATS FAC) and Innovative Care). Fees are reviewed periodically and below figures are effective September 2021.

Client Fee Structure – Commonwealth Home Support Program (CHSP)

Fee Portion	Amount	Description
Client	<ul style="list-style-type: none"> Client payments vary between service provider and the particular service they receive 	CHSP providers are required to charge a client contribution (for those who can afford it) to help cover the cost of services. Client contributions enable providers to deliver more services to more people

Client Fee Structure – Home Care Package (HCP)

Fee Portion	Amount	Description
Basic Daily/Annual Fee	<ul style="list-style-type: none"> Level 1 - \$9 88 (Daily), \$3,606.20 (Annual) Level 2 - \$10.44 (Daily), \$3,810.60 (Annual) Level 3 - \$10.74 (Daily), \$3,920.10 (Annual) Level 4 - \$11 02 (Daily), \$4,022.30 (Annual) 	This fee is payable by all clients and increases the funds available in their HCP budget, however, some providers choose not to collect it. Fees are collected by the Approved Provider (AP). This fee is indexed.
Income-tested Care Fee	<ul style="list-style-type: none"> Clients can pay between \$15.81 and \$31 63 per day As a guide, an single with income above \$28,472.60 pays up to the \$15 81 and income above \$54,990 00 pays up to \$31.63 	The income-tested care fee is the contribution that some clients pay if assessed as being able to contribute and can change overtime. The Government subsidy is reduced by this amount. Fees are collected by the AP and make up HCP budget. Refer link for details: Fee and Funding Structures .
Additional Service Fees	<ul style="list-style-type: none"> Any additional amount a client has agreed to pay 	Additional Service Fees are charged for optional services as agreed to by client and provider and increase the funds available in their budget.

Client Fee Structure – Residential Care

Fee Portion	Amount	Description
Basic Daily Fee (BDF)	<ul style="list-style-type: none"> The daily fee is \$53 56 per day (\$19,549.40 p.a.) The BDF represents 85% of the single person basic age pension 	All clients pays a BDF, which is collected by the AP and pays for day-to-day services such as meals, cleaning and facilities management. This fee is indexed in March and September each year.
Means-tested Care Fee	<ul style="list-style-type: none"> Between \$0 and \$259.26 per day dependent on client means This fee is calculated by Service Australia and is based on an individual's income and asset levels 	This fee is collected by the AP and reduces the Commonwealth subsidy This amount can change over time. There are annual and lifetime caps that apply to the means-tested care fee – this cap is currently \$28,792 36 per year or \$69,101.75 in a lifetime.
Accommodation Costs	<ul style="list-style-type: none"> The amount a client can be asked to pay is determined by the means assessment. If they are determined to be low-means, they may still be asked to contribute If they are not supported by Government, they will pay the negotiated room price The clients cost of accommodation can be paid either via: a refundable lump sum (from which provider generates interest), a rental style daily payment, or a combination of both 	For clients who do not have the means to pay, the Government helps with some or all of the costs of accommodation through the accommodation supplement. For more details, refer to the link Fee and Funding Structures and Understanding Aged Care Home Accommodation Costs .
Additional Service Fees	<ul style="list-style-type: none"> Additional service fees may be charged for additional services These fees are determined by the aged care home 	Client pays the full amount as they are not subsidised by the government. The client must agree to these fees prior to being charged.
Extra Service Fees	<ul style="list-style-type: none"> Extra service fees may be charged if the client occupies a room with extra service status These fees are determined by the aged care home but are approved by the Aged Care Pricing Commissioner 	Client pays the full amount as they are not subsidised by the government.

Client Fee Structure – Respite Care

Fee Portion	Amount	Description
Basic Daily Fee (BDF)	<ul style="list-style-type: none"> The daily fee is \$53 56 per day (\$19,549.40 p.a.) The BDF represents 85% of the single person basic age pension 	All clients pay a basic daily fee. This fee helps pay for day-to-day services such as meals, cleaning, facilities management, and laundry.
Booking Fee	<ul style="list-style-type: none"> The booking fee cannot be more than either a full week's fee or 25% of the fee for the entire stay, it is usually whichever one of these options is the lowest 	Some providers may ask for a booking fee to secure a place in their home.
Additional Service Fees	<ul style="list-style-type: none"> As determined by the respite provider 	Client pays the full amount as they are not subsidised by the government.

Client Fee Structure – Flexible Care

Program	Amount	Description
Transition Care (TCP)	<ul style="list-style-type: none"> \$11 02 max fee per day at persons home or in the community \$53 56 max fee per day in an aged care home setting 	This is the maximum amount a client may be asked to pay by their TCP service provider. Fees must be agreed upon with the client in the TCP Care Recipient Agreement.
Short-Term Restorative Care (STRC)	<ul style="list-style-type: none"> \$11 02 per day at persons home or in the community \$53 56 per day in an aged care home setting 	This is the maximum amount a client may be asked to pay by their service provider. Fees must be agreed upon with the client in the Flexible Care Agreement.
Multi-Purpose Services (MPS)	<ul style="list-style-type: none"> Client payments vary between service provider and services. Each MPS provider sets their own fees and charges. Some providers also hold Refundable Accommodation Deposits (RADs) As at 30 June 2020 MPS reporting indicated: <ul style="list-style-type: none"> \$50.16 to \$62.50 for residential care or 87 5% aged care pension 35 consecutive days free for respite care then \$48 90 to \$62 \$5.00 per visit or \$5 00-\$17 00 per hour or \$20 00-\$82.50 per week for home care. 	MPS providers can charge a daily care fee to clients for hotel-type daily services (for example, laundry and meals) and care, as well as an accommodation payment.
National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC)	<ul style="list-style-type: none"> The amount a client pays depends on their financial situation 	Some clients may be eligible for the Department of Human Services, (DHS) Centrelink Rent Assistance.

Context

This document outlines the grants or subsidies for the main Commonwealth supported aged care programs including the Commonwealth Home Support Program (CHSP), Home Care Packages (HCP), Residential Care and Flexible Care (including Transition Care Program (TCP), Short-Term Restorative Care (STRC), Multi-purpose Services (MPS), National Aboriginal and Torres Strait Islander Flexible Aged Care (NATS FAC) and Innovative Care). Grants and subsidies are reviewed periodically and below figures are effective September 2021. For further information about grants and subsidies, it is recommended the reader refer to the [My Aged Care website](#) or legislation.

Government Contribution – Commonwealth Home Support Program (CHSP)

Grant	Amount	Description
CHSP Service Provider	<ul style="list-style-type: none"> Funding for providers to deliver services range from small thousands to tens of millions per annum Funding for individual providers is defined in a grant agreement 	Providers receive funding from the Australian Government through one or more grant agreements. From here, providers provide subsidised services to clients without impact on the individual's pension status.

Government Contribution – Home Care Package (HCP)

Subsidy/Supplement	Amount	Description
Home Care Subsidy Rates	<ul style="list-style-type: none"> Level 1 - \$24.73 (Daily), \$9,026.45 (Annual) Level 2 - \$43.50 (Daily), \$15,877.50 (Annual) Level 3 - \$94.66 (Daily), \$34,550.9 (Annual) Level 4 - \$143.50 (Daily), \$52,377.50 (Annual) 	The Australian Government contributes a different amount for each level of HCP, which is paid directly to the home care provider.
Funding Supplements	<ul style="list-style-type: none"> Dementia and Cognition, and Veterans' Supplement includes: <ul style="list-style-type: none"> Level 1 - \$2.84 (Daily) Level 2 - \$5.00 (Daily) Level 3 - \$10.89 (Daily) Level 4 - \$16.50 (Daily) Oxygen and Enteral Feeding Supplements include: <ul style="list-style-type: none"> Oxygen Supplement - \$12.11 Enteral Feeding Supplement - Bolus \$19.19 Enteral Feeding Supplement - Non-bolus \$21.55 	<p>Australian government paid depending on client needs and paid directly to the home care provider. Additional Funding supplements include:</p> <ul style="list-style-type: none"> Home Care Viability Supplement – if consumer receives care in a location with a Modified Monash Model classification of 4, 5, 6 or 7. Rate paid is higher in more remote locations Hardship Supplement – this is payable where consumers meet the requirements under the Aged Care Act 1997. <p>The ARIA rates of viability supplement are a savings provision that applies to some pre-1 January 2017 home care consumer.</p>

Government Contribution – Residential Care

Subsidy/Supplement	Amount	Description
Basic Subsidy Rates	<ul style="list-style-type: none"> Basic Subsidy Rates are determined by the Aged Care Funding Instrument (ACFI) ranging from \$64.72 to \$225.60 The interim rate for new residents awaiting an ACFI appraisal is \$59.38/day 	The ACFI appraisal assesses a person's needs across three domains: 1) Activities of daily living (ADL), 2) Behaviour (BEH), and 3) Complex Health Care (CHC). Refer link for details: Aged Care Subsidies and Supplements .
Residential Aged Care Supplements	<ul style="list-style-type: none"> Supplements available include: Accommodation, Oxygen, Enteral Feeding, Veterans', Viability, Homeless, Basic Daily Fee (requires reporting obligation on nutrition), and Hardship. The current rates of payment are available on the Aged Care Subsidies and Supplements fact sheet. 	Supplements are paid to Approved Providers by the Australian Government depending on a client's eligibility. There are also a range of 'grandparented' supplements that relate to residents who were in care before certain dates.
Accommodation Costs	<ul style="list-style-type: none"> If a client is eligible for government assistance, the government will pay some or all of their accommodation costs to their provider in an accommodation supplement of up to \$59.49 per day Australian Government pays complete accommodation costs if a client's income is below \$28,472.60 and assets below \$51,500 	For clients who do not have the means to pay, the Government helps with some or all of the costs of accommodation through the accommodation supplement. For more details on what the client pays, refer to the link Fee and Funding Structures and Understanding Aged Care Home Accommodation Costs .

Government Contribution – Respite Care

Subsidy/Supplement	Amount	Description
Government Contribution	<ul style="list-style-type: none"> Low level respite recipients receive a basic subsidy of \$48.68 per day and a respite supplement of \$40.76 per day High level respite recipients receive a basic subsidy of \$136.50 per day and a respite supplement paid at one of two rates per day: <ul style="list-style-type: none"> \$97.21 if the service has provided 70% or more of their allocation of respite care days over the preceding 12 months \$57.13 if the service has provided less than 70% of their allocation of respite care days over the preceding 12 months 	Residential respite care subsidies and supplements are paid to Approved Providers by the Australian Government depending on a client's eligibility. From 1 July 2021 a Basic Daily Care Fee supplement of \$10 per day has also been paid for respite care recipients in eligible residential care services.

Government Contribution – Flexible Care

Subsidy/Supplement	Amount	Description
Transition Care (TCP)	<ul style="list-style-type: none"> TCP Subsidy and dementia and veterans' supplement equivalent amount - \$214.39 (per day, per place, per client) 	The TCP is jointly funded by the Australian and State/Territory Governments, with total funding comprising a Commonwealth contribution of 75% provided through a flexible care subsidy, and a State/Territory contribution of 25% provided through direct/in-kind funding.
Short-Term Restorative Care (STRC)	<ul style="list-style-type: none"> STRC Subsidy and dementia and veterans' supplement equivalent amount- \$214.39 (daily) 	The STRC program is funded by the Australian government through a flexible care subsidy payable to the provider on a per-client, per-day basis for each STRC place.
Multi-Purpose Services (MPS)	<ul style="list-style-type: none"> Daily rate for Residential care places - \$133.77 per day, per place Daily rate for Home care places - \$43.50 per day, per place A range of additional Residential Aged Care and Home Care supplements are also paid with the rates varying depending on the service location and the number of places. From 1 July 2021 a BDF Fee Nutrition and Food supplement of \$10 per day per residential care place (subject to reporting requirements). 	MPS providers receive Australian Government funding for the aged care part of their service. Australian and state/territory government funding contributions for health and aged care are cashed out into a pool of funds which can be used flexibly by an MPS.
National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC)	<ul style="list-style-type: none"> In 2019–20, 42 aged care services received funding of \$59.6 million to deliver 1,264 aged care places 	Australian Government funding is received by care services. Under this program, services can be delivered in either a residential or home care setting.

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BRANCH BRIEF

ADDITIONAL ESTIMATES 2021-22

FINANCIAL HARDSHIP ASSISTANCE

KEY POINTS

- Financial hardship assistance is available in residential aged care and home care for persons that are having difficulty paying their aged care fees and payments for reasons beyond their control.
- Financial hardship assistance is available for:
 - Residential care – means-tested care fee, basic daily fee and accommodation costs
 - Residential respite care – basic daily fee
 - Home care (post 1 July 2014 only) – income-tested care fee and basic daily fee.

Note: extra service fees and additional service fees are excluded

- For a financial hardship application to be considered, the person must:
 - have had their income and assets assessed in accordance with the *Aged Care Act 1997*;
 - have assets less than 1.5 times the annual age pension (plus supplements), \$37,732.50 (from 20 September 2021); and
 - not have gifted more than \$10,000 in the last year or \$30,000 in the last five years.

COVID-19

- The aged care means assessment considers all assets as realisable. Only through an application for financial hardship can assets be considered unrealisable.
- The Department has worked with Services Australia to ensure unrealisable assets remain appropriate during the COVID-19 pandemic.

BACKGROUND

- For Services Australia to consider financial hardship assistance, it is necessary for the person or their representative to complete the following application form:
 - Aged Care Claim for financial hardship assistance form (SA462)

Note: The Forms Taskforce developed a new combined and simplified form for residential and home care which was released in March 2021.
- A person having difficulty completing their hardship application form should contact Services Australia on 1800 227 475 to seek assistance.

- Each case is assessed on an individual basis, taking into consideration a range of issues that are unique to the person, including essential expenses and unrealisable assets.

Note: The means assessment considers all assets of a person to be realisable. An asset can only be considered 'unrealisable' as part of an application for financial hardship assistance.

- If financial hardship assistance is granted, aged care fees payable by the person will be reduced by the amount paid by the Australian Government, including in full.
- The Australian Government pays aged care providers:
 - hardship supplement: for resident fees and home care fees (excluding pre-1 July 2014 home care);
 - an accommodation supplement (up to the maximum accommodation supplement the services is eligible for): accommodation payments and contributions;
 - hardship supplement – accommodation: for accommodation bonds and charges; and
 - ex-hostel supplement (class C): for residents who were in a hostel on 30 September 1997 and who are NOT currently at a home that was a nursing home before 1 October 1997 automatically receive a reduction of \$0.80 per day to their basic daily fee.

Note: in some circumstances there may be a 'gap' between the resident's daily accommodation amount and the accommodation supplement paid through an application for financial hardship. The provider is **unable** to pass on this cost to the resident or their family.

- The rejection of an application for financial hardship assistance is a reviewable decision. If the original decision is upheld upon review, the person may refer the matter to the Administrative Appeals Tribunal (AAT).

Unrealisable assets

- When determining an asset is unrealisable, we refer to the Guide to Social Policy Law reference unrealisable assets – unable or unreasonable to sell or borrow against (see **Attachment A**).
- Examples of unrealisable assets are:
 - a property that has failed to attract a sale after six months on the market at a realistic price
 - frozen assets
 - a property in the situation where an ex-partner of the care recipient resides in the property.
 - farms that provide income for a third party, or
 - a standard level funeral plan.
- In response to COVID-19, the following concessions were also made:
 - Investment properties which are no longer generating income due to COVID-19 may be classed as unrealisable assets for a period of up to 12 months.

- A principal home may be classed as unrealisable before it is put on the market **IF** travel (legal) restrictions have prevented family from helping prepare the principal home for market and in turn prevented the asset from being sold.

DATA

Table 1: Total No. of financial hardship assistance applications received – 2011-2021

Details	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Applications Received	1,580	1,557	1,527	2,247	2,569	2,861	3,348	Incomplete	3,510	3216
Applications Finalised	1,501	1,440	1,602	2,247	2,569	2,861	3,348	Incomplete	3,474	2996
Approved	703	708	745	1,081	997	1,253	1,554	Incomplete	1,718	1542
Rejected	117	117	134	1,019	1,016	1,149	1,215	Incomplete	962	761
Withdrawn/ failed to respond/ other	681	615	723	147	556	459	579	Incomplete	794	693

Source: Services Australia

Note:

Table 1 shows the number of Applications **received** in the given year, the number finalised as at the date of the report and the outcomes of these assessments (approved/rejected/withdrawn). This is not the same as 'how many applications were finalised in 2019-20' or 'how many applications were approved/rejected/withdrawn in 2019-20'.

2019-20 and 2020-21 data is sourced by Services Australia from DFD1935: RCA Hardship by source date

Data from 2017-18 and earlier was sourced by Services Australia from a different report.

2018-19 data is incomplete so has not been included (Note: **36** applications were outstanding on the date the report was run).

Table 2: 2020/21 data by care type

Details	Residential Care	Residential Respite Care	Home Care	Total
Applications Finalised	2604	133	259	2996
- Approved	1412	71	59	1542
- Rejected	643	16	102	761
- Withdrawn/ failed to respond/ other	549	46	98	693

Source: Services Australia

Attachment A

1. Unable to sell or borrow against an asset
 - a) the asset is on the market but cannot attract a buyer and the asking price is no higher than 10% above the assessed assets test value, OR
 - b) the person has been found eligible for Farm Household Allowance, OR
 - c) there is a legal restriction or court order which prevents the asset being sold or borrowed against, or the asset is subject to a pending property settlement, OR
 - d) the asset is a jointly owned home and the person has fled the home as a result of domestic violence, OR
 - e) the asset is owned jointly with another person and this person refuses to consent to the sale of the asset, OR
 - f) the asset is owned as a tenant in common and the practical effect of this form of ownership is that the asset would be unsaleable.
2. Person in temporary hardship expected to borrow
 - a) A person is in temporary hardship
 - i. is only expected to attempt to borrow from banks, finance companies and similar institutions with whom they normally invest or with a government body set up specifically to assist certain businesses e.g. Rural Assistance Board, AND
 - ii. is only expected to enter into a loan agreement if they would be able to meet repayments, and where the interest rate is no higher than prevailing secured loan rates.
3. Unreasonable to sell an asset
 - a) For pensioners accept that it would be unreasonable for them to sell an asset if:
 - i. the asset is a property AND the pensioner has lived there for at least 20 years AND the property cannot be subdivided to allow the pensioner to retain the portion their home is on, OR
 - ii. the asset is a farm AND the pensioner has been a farmer for at least 20 years (not necessarily on this farm) AND the pensioner is working the farm AND they could not sell some of the land without affecting the viability of the farm and/or significantly affecting their income from the farm (see exception), OR
 - iii. the asset is a farm AND a family member is working the farm to capacity AND has been working the farm for at least 10 years (a slightly shorter period can be accepted if the family member has worked the property continuously since leaving school) AND the farm is the main source of the family member's livelihood (see explanation and example), OR
 - iv. the asset is a farm or some other business AND there is a temporary but substantial reduction in income from the business due to factors outside the pensioner's control, OR
 - v. the asset is a house occupied by a near relative AND the near relative has lived in the house for at least 10 years OR the near relative has previously provided care for the pensioner in the house (which was formerly the pensioner's home) OR the near relative is a handicapped child of the pensioner and the pensioner is providing the house to promote the child's independent living OR the near relative has dependent children and the family income of the near relative does not exceed the FTB income ceiling.

Assistant Secretary: James Benson	Contact Officer: s22	Work phone: 02 6289 s22	Mobile: s22
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BRANCH BRIEF

ADDITIONAL ESTIMATES 2021-22

PRIVATE CONTRIBUTIONS & ACCOMMODATION PRICING

KEY POINTS

- The Australian Government is committed to having an aged care system that supports older Australians while ensuring aged care expenditure is affordable and sustainable.
- While the Government subsidises residential care and home care to keep costs reasonable and affordable, care recipients are expected to contribute towards the cost of their care through private contributions.
- The Government sets the maximum resident fees and home care fees through a means assessment. *See brief: means testing.*
- The means assessment determines if a resident will receive Government assistance with their cost of care or if they will need to pay the maximum room price they negotiated with their provider.
- The maximum room price must be published on My Aged Care website and the approved provider's website (if they have one) to enable prospective residents and their families to research and compare the costs of residential aged care accommodation, and better understand what is covered by those costs.
- An additional service fee for residential care may apply for services over and above those that approved providers are required to supply under aged care legislation.
- Care recipients should contact Services Australia on their consumer line (1800 227 475) to advise them of changes to their income or assets.
- This will enable Services Australia to correct the means-tested care fee or accommodation contribution for them as soon as possible.
- If the care recipient requests an ad-hoc review at the same time they notify Services Australia of the change, Services Australia should be able to generate a fee advice notification letter outside of the quarterly review cycle, noting that refunds of overcharged fees remain a product of the quarterly review.
- Financial hardship assistance is available to care recipients who do not have sufficient income or assets to pay their contribution towards their aged care costs. *See brief: financial hardship assistance.*

FACTS & FIGURES

- Rates and thresholds as at 1 January 2022 are at **Attachment A**.
- Maximum residential care fee (as at 1 January 2021):

Basic daily fee	\$53.56 per day (\$19,549.40 per year)
Accommodation payment	Fully Supported Resident: \$0 Low Means Resident: up to \$59.49 per day Higher Means Residents: Published price of provider
Means-tested care fee: Annual cap	\$28,792.36 (indexed)
Means-tested care fee: Lifetime cap	\$69,101.75 (indexed)
Extra service fees	Set by the provider. All residents in an extra service place pay this fee.
Additional service fees	Set by the provider. All residents can be asked to pay this fee.

- All residents must agree with their provider an accommodation price before entering care. However, the person will only pay this price if they are not eligible for Government assistance with their accommodation costs.
- As at 14 July 2021, approximately 96% of providers had accommodation pricing information published on My Aged Care.
- The remaining 4% includes providers who will not charge accommodation payments and are therefore not required to publish prices. The Department has worked closely with those providers who are required to publish prices to assist them to meet their obligations.
- The average accommodation price published on My Aged Care at 14 July 2021 was approximately \$459,000.
- A small number of facilities do not charge an accommodation payment, while the maximum price published was \$2,954,000 at 14 July 2021.
- Published accommodation prices only apply to those residents who can afford to pay for the full cost of their accommodation. They do not apply to residents with low means, whose contribution to their accommodation costs is determined based on their assets and income.
- Average room prices are at **Attachment B**.

- Maximum home care fees (as at 1 January 2022):

Basic daily fee	
Level 1 package	\$9.88 per day (\$3,606.20 per year)
Level 2 package	\$10.44 per day (\$3,810.60 per year)
Level 3 package	\$10.74 per day (\$3,920.10 per year)
Level 4 package	\$11.02 per day (\$4,022.30 per year)
Income-tested care fee	Full pensioner: \$0 Part pensioners: up to \$5,758.45 per year or \$15.81 per day Self-funded retiree: up to \$11,516.92 per year or \$31.63 per day
Lifetime cap	\$69,101.75 (indexed)
Additional service fee	A person can choose to pay for additional care and services not otherwise covered by the home care package budget.

BACKGROUND

- The publication of accommodation prices and descriptive information is a requirement under the Fees and Payments Principles 2014 (No. 2).
- Since 19 May 2014, providers have been required to publish the maximum accommodation price (quoted as a refundable deposit, daily payment, and combination of both), and at least one example of a combination payment, of each room for which they intend to charge an accommodation payment.
- They must also publish a statement describing the key features of that accommodation.
- This information must be published on the My Aged Care website, the provider's website (if they have one) and in relevant written materials given to prospective residents and their families.
- A small number of providers will not publish accommodation pricing information at all, as they do not intend to charge residents for the accommodation component of their residential aged care.
- This is consistent with paragraph 19(1) of the Fees and Payments Principles 2014 (No. 2), which restricts the publication requirements to those rooms for which the provider proposes to charge an accommodation payment, rather than for all rooms within the service.
- Room prices above \$550,000 must be approved by the Aged Care Pricing Commissioner. *See Brief: Aged Care Pricing Commissioner.*

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Attachment A



Australian Government

Department of Health

Schedule of Fees and Charges for Residential and Home Care: From 1 January 2022

THIS SCHEDULE ONLY APPLIES TO CARE RECIPIENTS WHO FIRST ENTER CARE FROM 1 JULY 2014

Fee/ Charge/ Threshold	Rate
Maximum Basic Daily Fee	
Home Care - Level 1 package	\$9.88
Home Care - Level 2 package	\$10.44
Home Care - Level 3 package	\$10.74
Home Care - Level 4 package	\$11.02
Residential Care ^[1]	\$53.56
Income Free Area (annual amount) – Home Care and Residential Care Annual Income up to these amounts is excluded from the income test component of the residential means test and the income test in home care. To calculate the equivalent fortnightly income divide by 26.	
Income Free Area (single person)	\$28,472.60
Income Free Area (couple, illness separated, single rate)	\$27,952.60
Income Free Area (couple, living together, single rate) (relevant to Home Care only)	\$22,094.80
Income Thresholds (annual amount) – Home Care Income Test Consumers with incomes above these amounts are subject to the second cap when calculating the daily income tested care fee in home care and are also subject to the higher annual cap that applies in Home Care. To calculate the equivalent fortnightly income divide by 26.	
Income Threshold (single person)	\$54,990.00
Income Threshold (couple, illness separated, single rate)	\$54,470.00
Income Threshold (couple, living together, single rate)	\$42,083.60
Asset Thresholds Residential Care Means Test	
Asset Free Threshold	\$51,500
First Asset Threshold	\$175,239.20
Second Asset Threshold	\$422,717.60
Home Exemption Cap (applies separately to both members of a couple). The net value of the home above this amount is excluded from the value of the resident's assets.	\$175,239.20
Caps on Income-Tested Care Fees in Home Care	
First Cap (Daily cap applying to income-tested care fees where the consumer's income does not exceed the income threshold)	\$15.81
Annual Cap – income not exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income does not exceed the income threshold)	\$5,758.45
Second Cap (Daily cap applying to income-tested care fees where the consumer's income exceeds the income threshold)	\$31.63
Annual Cap – income exceeding the Income Threshold (Annual cap applying to income tested care fees where the consumer's income exceeds the income threshold)	\$11,516.92

Fee/ Charge/ Threshold	Rate
Annual Cap on Means-Tested Care Fees in Residential Care	\$28,792.36
Lifetime Cap on Means-Tested Care Fees in Residential Care and Income-Tested Care Fees in Home Care	\$69,101.75
Maximum Accommodation Supplement Amount	\$59.49
Deeming thresholds from 1 July 2021	
Threshold (single)	\$53,600
Threshold (couple – combined)	\$89,000
Deeming rates from 1 July 2021	
Lower Rate	0.25%
Higher Rate	2.25%
Relevant rates and thresholds for refundable deposits and daily payments	
Maximum Permissible Interest Rate - for all new residents ^[ii] - maximum rate of interest that may be charged on outstanding amount of daily payment	
from 1 January 2022 – 31 March 2022	4.04%
Base Interest Rate from 1 June 2020	2.25%
Minimum permissible asset level - the minimum amount of assets a resident must be left with if they pay at least part of their accommodation costs by refundable deposit	\$51,500
Maximum refundable accommodation deposit - the amount that can be charged without prior approval from the Aged Care Pricing Commissioner	\$550,000

TRANSITION CARE PROGRAMME

Maximum Daily Fee	Rate
TCP delivered in a Home or Community Setting	\$11.02
TCP delivered in a Residential Care Setting	\$53.56

SHORT-TERM RESTORATIVE CARE

Maximum Daily Fee	Rate
STRC delivered in a Home or Community Setting	\$11.02
STRC delivered in a Residential Care or Hospital Setting	\$53.56

^[i] Residents in designated remote areas may be asked to pay an additional \$1.06 per day.

^[ii] This rate applies to residents who enter residential care within this time period but not to those who were already in care prior to this time period. To calculate daily payments for a resident paying the agreed room price, use the Maximum Permissible Interest Rate current on the day the room price was agreed. To calculate accommodation contributions for a low means resident use the MPIR current at their date of entry to the service.

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BRANCH BRIEF

BUDGET ESTIMATES 2021-22

Attachment B

Average maximum published RAD prices as at 21 January 2022 by ownership, remoteness location and state and territory

	Average	5th Percentile	Quartile 1	Median	Quartile 3	95th Percentile
Overall	\$464,000	\$250,000	\$350,000	\$420,000	\$550,000	\$850,000
Ownership type						
Not for profit	\$455,000	\$250,000	\$350,000	\$420,000	\$550,000	\$750,000
For profit	\$500,000	\$246,000	\$350,000	\$450,000	\$550,000	\$950,000
Government	\$348,000	\$240,000	\$300,000	\$350,000	\$365,000	\$525,000
Remoteness						
Major cities	\$504,000	\$250,000	\$350,000	450,000	\$550,000	\$908,000
Regional Areas	\$383,000	\$245,000	\$310,000	375,000	\$450,000	\$550,000
Remote Areas	\$307,000	\$200,000	\$250,000	300,000	\$350,000	\$440,000
State/Territory						
NSW	\$499,000	\$248,600	\$350,000	450,000	\$550,000	\$950,000
Vic	\$478,000	\$250,000	\$350,000	425,000	\$550,000	\$875,000
QLD	\$432,000	\$250,000	\$350,000	420,000	\$500,000	\$650,000
WA	\$454,000	\$240,000	\$330,000	408,000	\$545,000	\$850,000
SA	\$398,000	\$231,221	\$310,000	375,000	\$480,000	\$600,000
TAS	\$368,000	\$225,000	\$300,000	375,000	\$425,000	\$540,000
ACT	\$589,000	\$444,000	\$550,000	550,000	\$650,000	\$805,000
NT	\$364,000	\$172,800	\$334,000	360,000	\$425,000	\$498,500

Figures rounded to the nearest \$1,000

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BRANCH BRIEF

BUDGET ESTIMATES 2021-22

Average agreed accommodation prices, of current residents, who entered care between 1 July 2014 and 21 January 2022, by ownership, remoteness location and state and territory

	Average	5th Percentile	Quartile 1	Median	Quartile 3	95th Percentile
Overall	\$397,000	\$168,000	\$300,000	\$380,000	\$485,000	\$680,000
Ownership type						
Not for profit	\$396,000	\$164,000	\$300,000	\$390,000	\$485,000	\$650,000
For profit	\$407,000	\$178,000	\$295,000	\$386,000	\$500,000	\$750,000
Government	\$320,000	\$120,000	\$250,000	\$300,000	\$370,000	\$525,000
Remoteness						
Major cities	\$426,000	\$180,000	\$316,000	\$404,000	\$528,000	\$750,000
Regional Areas	\$334,000	\$146,000	\$270,000	\$345,000	\$400,000	\$518,000
Remote Areas	\$274,000	\$131,000	\$200,000	\$280,000	\$320,000	\$430,000
State/Territory						
NSW	\$405,000	\$174,000	\$295,000	\$375,000	\$500,000	\$750,000
Vic	\$415,000	\$157,000	\$300,000	\$400,000	\$500,000	\$718,000
QLD	\$372,000	\$185,000	\$300,000	\$380,000	\$450,000	\$550,000
WA	\$392,000	\$138,000	\$280,000	\$395,000	\$480,000	\$690,000
SA	\$381,000	\$150,000	\$295,000	\$380,000	\$475,000	\$600,000
TAS	\$330,000	\$200,000	\$265,000	\$325,000	\$395,000	\$500,000
ACT	\$490,000	\$200,000	\$420,000	\$525,000	\$550,000	\$700,000
NT	\$368,000	\$144,000	\$300,000	\$355,000	\$450,000	\$550,000

Figures rounded to the nearest \$1,000

Note: The **average published** accommodation prices are the averages of prices published on My Aged Care at a point in time (22 January 2022). However, the **average agreed** accommodation prices are the average accommodation prices, represented as a lump sum amount, agreed between providers and current residents as at 22 January 2022 since 1 July 2014, as reported through the Aged Care Entry Record. Data is not available to indicate residents' actual choice of payment.

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DIVISIONAL BRIEF

BUDGET ESTIMATES 2021-22

INDEXATION

KEY POINTS

- In March and September each year routine indexation is applied to aged care supplements and aged care fees in line with changes to the age pension and the Consumer Price Index (CPI).
- The negative growth in the CPI in the June 2020 quarter resulted in a pause to the indexation of aged care fees and thresholds as at 20 September 2020. There was no change to the age pension from 20 September 2020.
- CPI returned to positive growth in the September 2020 quarter. It rose 0.9 per cent in the December 2020 quarter, 0.6 per cent in the March 2021 quarter and 0.8 per cent in the June 2021 quarter.
- There was an increase to the age pension from 20 March 2021 and 20 September 2021.
- As such, routine indexation was applied from 20 March 2021 and 20 September 2021 to:
 - residential care accommodation and respite related supplements and charges;
 - the annual and lifetime caps in home care and residential aged care
 - the cap on the value of the former family home
 - the asset and income thresholds within the aged care means assessment.

BACKGROUND

- In March and September each year routine indexation is applied to residential care accommodation related supplements (paid by Services Australia) and charges (paid by residents) in line with changes to the CPI.
- Note that this is separate and distinct from:
 - the routine indexation of subsidies that occurs on 1 July each year
 - the temporary increase to the home care viability supplement that ceased from 1 March 2021

- the temporary increase to the residential care viability supplement was made permanent from 11 May 2021
- the COVID supplement lump sum amounts that were paid to aged care providers in response to the pandemic
- the new Australian Government basic daily fee supplement of \$10 per day introduced from 1 July 2021 to support providers to deliver better care and services to residents, with a focus on food and nutrition.

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BRANCH BRIEF

ADDITIONAL ESTIMATES 2021-22

MEANS TESTING

KEY POINTS

- On 1 July 2014, the means testing arrangements changed for aged care.
- In residential care, the 1 July 2014 arrangements take into account:
 - both income and assets to determine a resident's contribution to their care and accommodation costs.
 - a reduction to the amount of government subsidy paid by the amount of means-tested care fee.
 - a capped value on the former family home when it is included in the asset assessment.
- In home care, the 1 July 2014 arrangements introduced:
 - an income test to determine a person's capacity to contribute to their home care fees.
 - a reduction to the amount of government subsidy paid by the amount of income-tested care fee.
 - the ability for people receiving a home care package to apply for financial hardship assistance from the government with their aged care costs.
- Annual and lifetime caps were introduced in light of the more comprehensive means testing in both home care and residential care.
- Note: The aged care means assessment considers all assets as realisable. Only through an application for financial hardship can assets be considered unrealisable. *See brief: Financial hardship assistance.*
- The *Legislated Review of Aged Care 2017*, led by David Tune, considered the impacts and effectiveness of reforms implemented over the previous five years.
- The Review report was tabled in Parliament on 14 September 2017. The Review found that reforms have been effective overall and the changes to means testing in residential care do not appear to have negatively impacted consumers access to care, but further reforms are needed to move towards a system which is more consumer-centred and sustainable.
- Impacts to the sector were monitored by the Aged Care Financing Authority (ACFA) until it was dissolved on 30 June 2021.

- The Royal Commission into Aged Care Quality and Safety explored the financing and sustainability of future improvements to the aged care system, the appropriate funding model or models to support the delivery of aged care services, and the prudential regulation of aged care providers.
- The Government welcomed the Royal Commission's Final Report, published on 1 March 2021, and provided a comprehensive formal response on 11 May 2021.
- The Government's five-year five-pillar aged care reform plan addresses the five pillars of home care, residential aged care quality and safety, residential aged care services and sustainability, and workforce and governance.
- Pillar 2 of the Royal Commission Response – Residential aged care services and sustainability – provides \$7.8 billion towards improving and simplifying residential aged care services and to ensure senior Australians can access value for money services, including:
 - \$49.1 million to expand the Independent Hospital Pricing Authority to help ensure that aged care costs are directly related to the care provided
 - \$3.2 billion to support aged care providers to deliver better care and services, including food through a new Government-funded Basic Daily Fee Supplement of \$10 per resident per day
 - \$102.1 million to assign residential aged care places directly to senior Australians, and to support providers to adjust to a more competitive market
 - \$189.3 million for the new funding model, Australian National Aged Care Classification, to deliver a fairer and more sustainable funding arrangements.

BACKGROUND

Recent ACFA Work

- On 30 June 2021, ACFA delivered its final Annual Report to Government.
- On 1 April 2021, ACFA delivered its Report on the role of the Basic Daily Fee in Residential Aged Care. This report considers the origins and purpose of the Basic Daily Fee, analyses its adequacy as a funding source, proposes principles that should guide consideration of any changes to current arrangements, and assesses options for reform. ACFA concludes that funding arrangements for everyday living services should remain separate from care and accommodation and be predominantly funded by individuals (subject to means). ACFA proposes that in the reform of broader funding arrangements for residential aged care, the government may wish to consider:
 - increasing the BDF capped amount to 85% of the basic pension, inclusive of the pension and energy supplements, an increase of approximately \$5 per resident per day
 - supplementing the increase in the BDF cap with a Government payment to help address the gap between everyday living revenue and costs, and
 - introducing a means test on the new Government payment as part of any review of means testing arrangements following the Royal Commission report to ensure that those with sufficient financial resources continue to pay for their everyday living services.
- On 25 February 2021, ACFA provided to Government its Review of the Current and Future Role of Refundable Accommodation Deposits (RADs) in Aged Care. The Review notes that while there has been a gradual a shift in consumer preferences from RADs to daily accommodation payments (DAPs), there is a diversity in consumer payment preferences and the sector is dependent on RADs to fund service renewal and expansion. ACFA's position is that there is no obvious and immediate alternative to RADs for non-government financing of capital expansion and renewal, and that a system that includes both RADs and daily accommodation payments (DAPs) with consumer choice of payment method continues to be appropriate. However, changes are required to improve and strengthen the operation of the current system, including the strengthening of prudential regulations, the potential introduction of a form of risk premiums to be paid by providers for the guarantee, and better enforcement of the consumer's right to freely choose their form of accommodation payment.

Past ACFA reports

- On 11 December 2019, ACFA delivered a report on the financial impact on home care providers as a result of changes in payment arrangements. ACFA assessed the potential financial impact on providers of each phase of the implementation of the new payment arrangements, along with how consumers may be affected. It has made a number of recommendations that the Government could take to limit the potential impacts and risk of each phase.
- On 25 October 2019, ACFA delivered a report on Attributes for Sustainable Aged Care. This report expands on ACFA's observations in their 2019 funding and financing

report and includes feedback from stakeholders. This report provides an overview of the attributes of sustainable aged care, from a funding and financing perspective providing a holistic framework that highlights the inter-related components of achieving sustainable aged care, and as such, the need to move beyond considering particular issues in isolation.

- On 29 April 2019, ACFA provided its submission to the Royal Commission in to Aged Care Quality and Safety. This submission describes the financial performance of aged care service providers and looks at the financing and funding challenges in the aged care sector. ACFA maintains that to provide the level and quality of aged care services that older Australians require now and into the future there should be, amongst other things, greater financial contributions by consumers towards their aged care costs. This would involve stronger means testing arrangements and uncapping the basic daily fee in residential care, which may reduce the reliance on charging fees for additional services.
- On 30 November 2018, ACFA delivered a report on how consumers plan and finance their aged care. This report discussed the unique issues for couples entering residential care with respect to combined income and assets assessments, and fee considerations when members of the couple enter care on different dates.
- On 31 October 2018, ACFA delivered a report on respite care to Government. This report noted that people would trial respite care as a means of deferring other aged care costs.
- On 26 July 2018, ACFA delivered its 2018 Report on Funding and Financing of the Aged Care Industry (Annual Report). This report suggested that changes to income testing for home care packages could be impacting how consumers take up packages.

Means testing residential care

- The means testing arrangements take into account both income and assets to determine a resident's contribution to their care and accommodation costs.
- The resident's means are determined by applying the following taper rates (20 January 2022 prices):
 - 50 per cent of their income above the maximum income for a full pensioner (\$28,472.60); plus
 - 17.5 per cent of their assessable assets between \$51,500 and \$175,239.20; plus
 - 1 per cent of their assessable assets between \$175,239.20 and \$422,717.60; plus
 - 2 per cent of their assessable assets above \$422,717.60.
- Residents continue to be able to be asked to pay a basic daily fee of 85 per cent of the single basic age pension.
- The Hardship Supplement is payable in respect of the basic daily fee, means-tested care fee and some accommodation costs. *See brief: Financial hardship assistance.*
- ACFA noted in the June 2021 Annual report the following levels of consumer contributions from means testing over time (excluding lump sum accommodation payments) in comparison to Government expenditure:

Table 1: Australian Government expenditure and consumer contribution, by service type, 2015-16 to 2019-20

		2015-16	2016-17	2017-18	2018-19	2019-20
Home care	Government	\$1.5b	\$1.6b	\$2.0b	\$2.5b	\$3.4b
	Consumer	\$127m	\$126m	\$122m	\$107m	\$102m
Residential care	Government	\$11.4b	\$11.9b	\$12.2b	\$13.0b	\$13.4b
	Consumer	\$4.5b	\$4.5b	\$4.5b	\$4.8b	\$4.9b
Home support	Government	\$2.2b	\$2.4b	\$2.4b	\$2.5b	\$2.6b
	Consumer	N/A	\$204m	\$219m	\$252m	\$251m

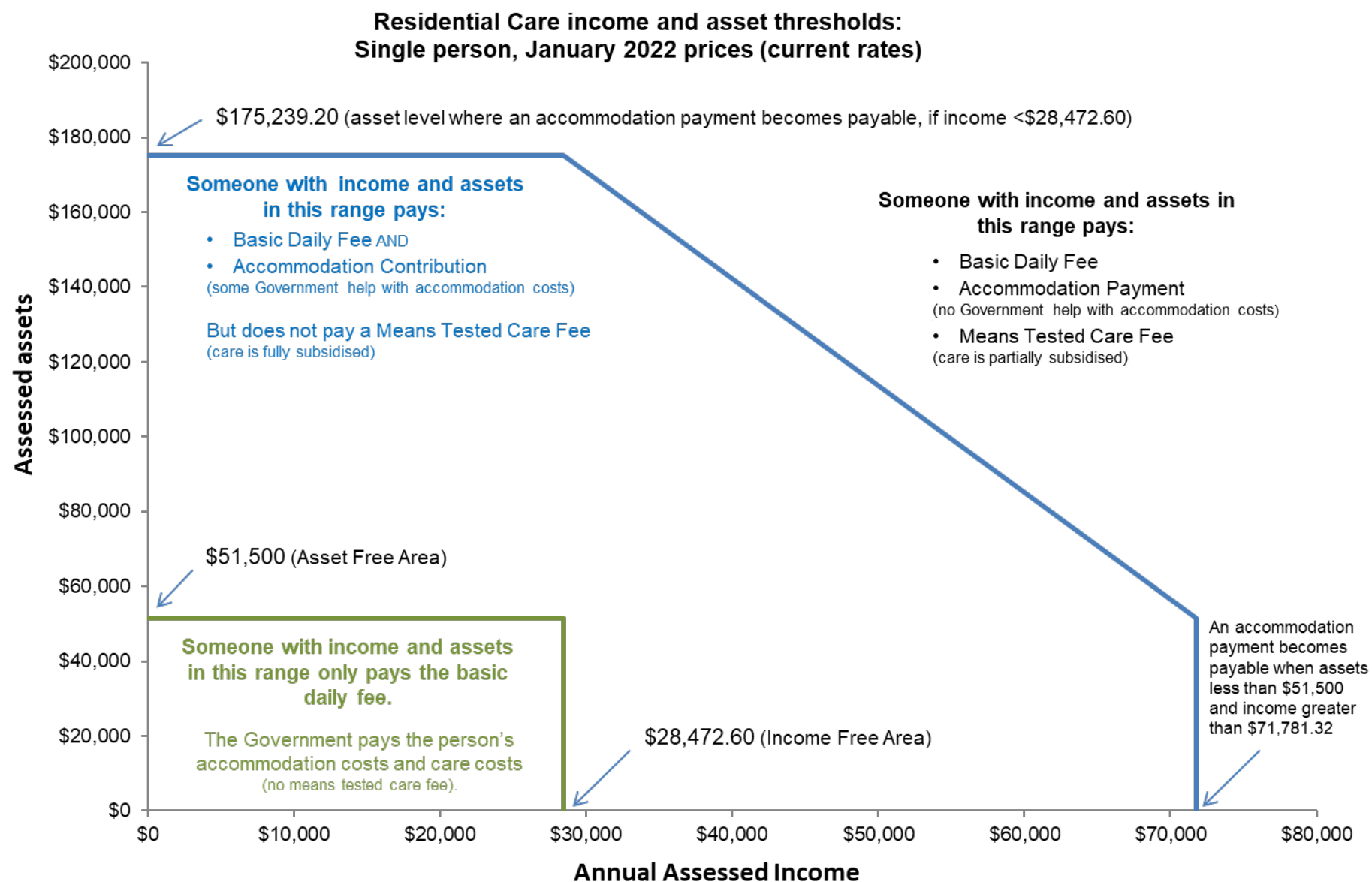
Note: Consumer contributions for home support were not available until 2016-17.

- For maximum fees for residents *see brief: Private contributions and accommodation pricing.*

Income testing home care packages

- The income testing arrangements for home care from 1 July 2014 replace the former ad hoc arrangements in which aged care providers charge some care recipients higher fees but with no reduction in Government subsidy.
- Consumers can be asked to pay an income-tested care fee of 50 per cent of their income above the maximum income for a full pensioner, \$28,472.60 for a single person in January 2022 prices, capped on a daily basis at the lower of their cost of care or the daily cap. Full pensioners cannot be required to pay an income-tested care fee.
- The Government will reduce its contribution based on the amount the care recipient can be asked to pay.
- As was the case prior to 1 July 2014, all consumers can also be asked to pay a basic daily fee of up to 17.5 per cent of the single basic age pension irrespective of their income.
- From 1 July 2019, the basic daily fee is set by home care package level.
- The Hardship Supplement is payable in respect of the basic daily fee and/or the income-tested care fee. *See brief: Financial hardship assistance.*
- For maximum fees for home care *see brief: Private contributions and accommodation pricing.*

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**Home Care – Maximum Income Tested Care Fees based on income,
Single person, January 2022 prices (current rates)**

