



Places to people – embedding choice in residential aged care Consultation outcomes

Summary report, October 2022

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Putting older Australians at the center of residential aged care

A new residential aged care system, where places are allocated to people instead of providers, will progress the Australian Government's commitment to putting security, dignity, quality, and humanity back into aged care.

It will put people first – giving older Australians more control to select a home of their choice and making it easier for them to move to a new home if they choose to.

Residential aged care providers will need to lift the quality of their services and innovate to attract residents.

How the new system will dignify older Australians in accessing residential aged care

The new aged care system will enhance protections for older Australians through a rights-based, person-centered system that encourages innovation.

Various reviews into aged care, including the [Royal Commission into Aged Care Quality and Safety](#) (Royal Commission), have found that the aged care system needs significant improvement.

The Department of Health and Aged Care (the department) is leading the development of a wide range of reforms including a new system to improve choice and control for older Australians to make informed decisions on their aged care services.

A key part of these reforms will be to improve how people can access residential aged care and choose an aged care home.

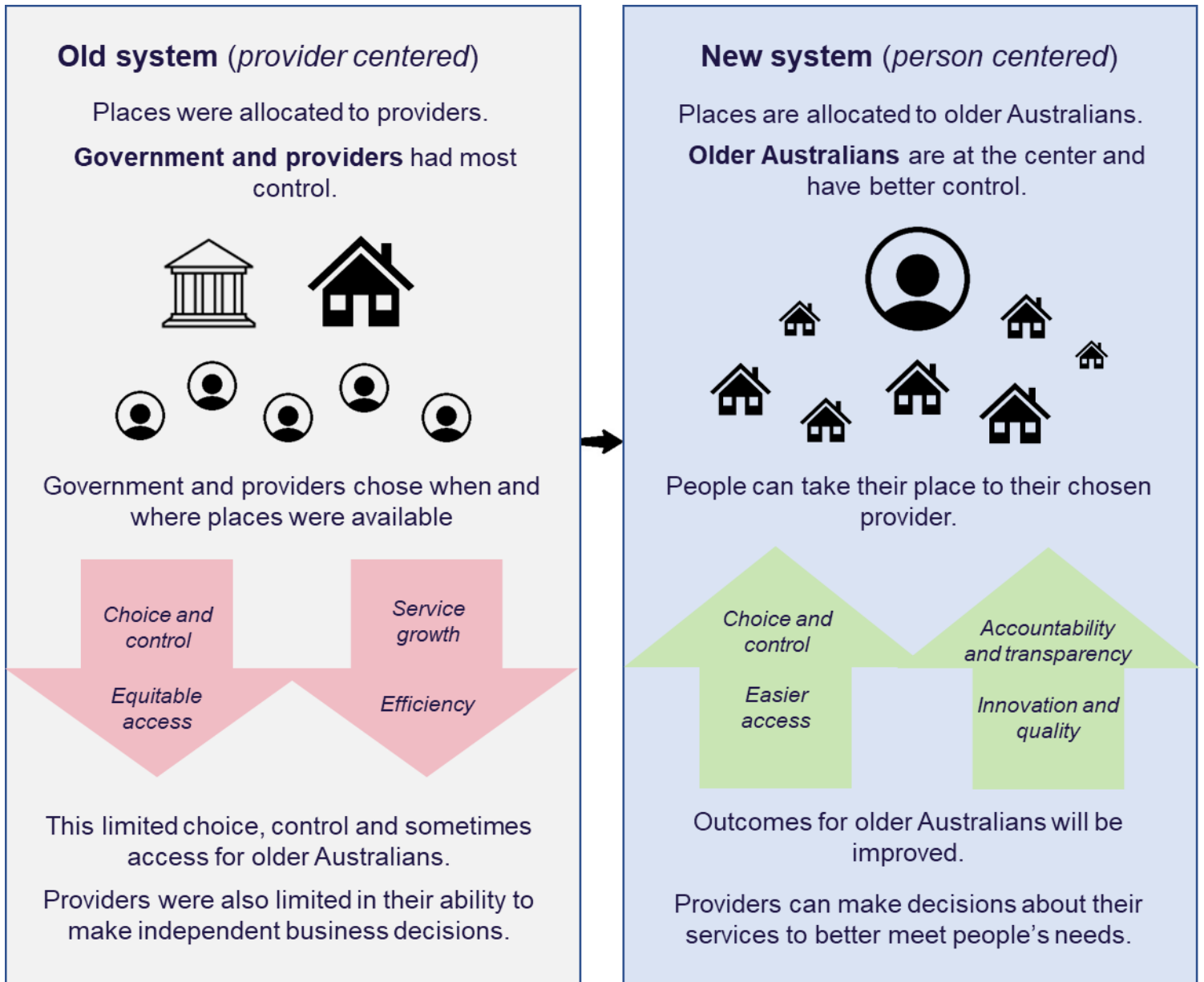
The main change being discussed in this report is that the Aged Care Approvals Round (ACAR) has now ceased. A more competitive market will be introduced from 1 July 2024 with residential aged care places allocated directly to older Australians. This, along with other changes, will provide older Australians with more choice on which approved provider delivers their care.

The changes are designed to empower older people. However, the changes will also affect the residential aged care sector more broadly:

- providers will have more freedom and flexibility to expand services and meet community demands responsively
- where there is competition, providers will need to improve quality and innovation to attract older Australians, their families and carers.

This reform will improve the standard of care and create a higher quality and more innovative sector for the future care needs of Australians.

The changes will mean that people are at the center of choosing and accessing residential aged care:



Related activities and reforms

The Government is making practical changes to ensure the aged care system meets the needs of older Australians.

This includes a range of changes that will work alongside the ACAR transition to deliver a modern residential aged care system that enables:

- better and more meaningful [choice](#) between providers, including through [star ratings](#) and face-to-face services to find care
- [transparency](#) and [accountability](#) of aged care providers
- assessment arrangements that accurately and appropriately recommend the right programs and services that will meet people's needs
- support for people with [diverse needs](#)
- funding that drives [better care and a viable system](#), that is [more fair](#) and better supports:
 - older Australians in rural, regional and remote areas
 - First Nations people
 - older Australians who require more support than others.
- better [accommodation settings](#) in residential aged care
- [market stewardship arrangements](#), to monitor and make sure people can access suitable and quality residential aged care services
- [stronger regulatory](#) and governance arrangements, including through the introduction of a new Aged Care Act
- better quality and safer care through making sure [more time is spent caring for residents](#), and that there is [always a registered nurse](#) available.

Further information on aged care reforms is available on the [department's website](#) and the [Ageing and Aged Care Engagement Hub](#).

Purpose of this paper

This summary report provides the key themes and outcomes from consultation undertaken by the department in late 2021 on the ACAR transition reform. The outcomes of this consultation will help guide implementation of the reform and related reforms, including:

- issues related to assessment
- allocation of places
- market stewardship
- informed choice
- provider viability

The report has nine main parts:

1. Consultation approach

This section provides an overview how the first round of consultation in 2021 was undertaken and who participated.

2. Overall impacts

This section covers what people said in the consultation about the overall impacts of the reform, including for older Australians, the aged care system and organisations.

3. Assessment

This section describes feedback and next steps related to the new assessment arrangements, including how urgency and special needs should be considered, and how assessment information should be used in the future.

4. Allocation of places

This section discusses how the system for deciding who should be recommended and able to access residential aged care should look like into the future.

5. Choice

This section discusses what is being done and will need to be done to improve the ability for people to choose and move between residential aged care providers.

6. Market stewardship and intelligence

This section covers new arrangements to improve regulating entry into the aged care market, ensuring that all people can access suitable residential aged care homes and services, and ensuring that important information is available to support older Australians and the sector.

7. Provider viability

This section discusses viability impacts for aged care providers, and ways to make sure that they can deliver quality residential aged care to older Australians into the future.

8. Transitional arrangements

This section describes what is happening now to ensure the ongoing supply of residential aged care places, in the lead up to reform implementation.

9. Next steps

This section outlines how the consultation outcomes will be used to guide implementation.

Section one

First round of consultation

In late 2021, the department sought views on changes to the allocation of residential aged care places. We focused on important issues, including assessment, allocation of places, choice, market stewardship and intelligence, provider viability, and transitional arrangements.

Discussion paper and survey

On 29 September 2021, the department released a [discussion paper](#) and online survey seeking public comment on the details of the reform. Written submissions were also welcomed. Most people who responded to the survey worked in aged care (30 per cent), represented a peak body (21 per cent), or ran an aged care business/other enterprise (20 per cent).

The discussion paper was directed towards providers, peak bodies, aged care assessment teams, and other organisations. Older Australians, their families and carers also had the opportunity to provide feedback through this process.

In total, 165 responses to the discussion paper were received:

- 152 respondents provided answers to questions in the online survey format
- 13 respondents address the substance of the paper through detailed submission.

An analysis of survey responses is presented in [Appendix A](#).

Workshops

In October and November 2021, the department held 17 virtual workshops. Over 130 individuals attended, representing older Australians, providers, peak bodies, and state and territory governments. These workshops focused on the issues and questions outlined in the discussion paper.

There was broad representation across the provider sector – from large providers to mid-sized operators and small stand-alone providers operating in regional areas. All provider types were consulted, including private for-profits, not-for-profits, and government providers.

Section two

Overall impacts

There was widespread support to allocate residential aged care places directly to older Australians.

Impacts for older Australians

There was agreement that the reform would positively impact older Australians seeking residential aged care. Around half of survey respondents indicated that the change would lead to better choice (49 per cent), access (48 per cent), quality (48 per cent) and innovation (43 per cent). Less than 30 per cent disagreed that the changes would improve each of these aspects for older Australians.

People said that it would improve choice, by giving older Australians more options for which approved provider delivers their residential aged care services.

There was also agreement that it could improve quality, accountability, and transparency across the sector.

Impacts for the residential aged care sector

The perceived impact of the changes on the sector are generally perceived as positive.

Many people agreed that the current system has not created equitable access to residential aged care services across different regions.

The current system has limitations in its ability to drive expansion and investment into aged care in thin markets, whilst at the same time restricting providers in more competitive markets.

Many providers view the reform as an opportunity to improve quality of care and accommodation offerings across the sector. Around half of respondents agreed that the reforms would lead to increased quality and increased innovation. Most (54 per cent) survey respondents indicated that provider business models would be more sustainable. However, it was noted that there is likely to be a gradual transition as older facilities are re-developed or refurbished and new services are constructed.

“The changes will allow a provider to determine where they operate and how many people to offer care to. This is a positive reform for both senior Australians and providers... as long as appropriate assistance is available, we do believe allocating places to consumers has the potential to improve choice and control and could improve quality of service delivery as providers who are responsive to consumer preferences will likely thrive.” - Peak body

Section three

Assessment

Access to residential aged care will continue to be determined by an independent assessment of individual need. New aged care assessment arrangements will be introduced to simplify and improve the assessment experience. This will include specialised arrangements dedicated to assessing the unique needs of Aboriginal and Torres Strait Islander peoples.

Considering urgency for residential aged care

Most people (72 per cent) strongly agreed that aged care assessments should consider a person's urgency for care and whether the person identifies with a diverse needs group. These considerations would be provided as guidance only to help providers and others (for example, care finders) prioritise which people to assist first.

Training for assessors

Most people (84 per cent) agreed that assessments should consider the diverse needs of people accessing aged care. Participants addressed the importance of assessors having comprehensive training and knowledge in this area.

Putting people at the center of assessment

Providers also emphasised the need for assessors to get an accurate and comprehensive understanding of the person's current care needs. This information would assist providers with their intake processes and to determine their capacity to meet the person's needs, including if they have diverse needs.

Policy response

Work is already underway to change [how older Australians are assessed](#) for aged care, including the development of a new assessment tool which will better assess a person's current and future needs.

The new tool will consider the need for an urgent assessment so that the assessment process can happen as quickly as possible for those who are most in need.

It is also proposed that the new tool will consider a person's urgency for residential aged care services. Urgency may consider the extent to which a person's safety, health and wellbeing are at immediate risk if they do not enter residential aged care.

As long as there are enough places available for those who need them, urgency assessments would not be used to determine how quickly a residential aged care place is allocated.

It is proposed that assessment information would also be shared with appropriate providers prior to a person entering care (ensuring that consent is sought and privacy requirements are met). This will benefit both older Australians and providers. It would make providers better able to decide who to assist first. People most in need would then be able to access residential aged care more quickly.

At a minimum, this information could include:

- the date of a person's assessment
- high level information about the person's needs and preferences, including identification with a diverse needs group (including cognitive impairment or dementia)
- the person's relative urgency for services, as determined by the assessor.

Section four

Allocation of places

It was acknowledged and accepted that the supply of places is expected to exceed demand well into the future. There was support for the current proposal for a person to be able to access residential aged care immediately once they are assessed and approved. It was felt that doing otherwise would place significant pressure on families and carers and require them to manage complex care needs in the home while they waited for a residential care place.

Time and location restrictions

Most stakeholders (60 per cent) agreed that older Australians should be free to use their residential aged care place in any region they want, only 8 per cent disagreed. There was a view that placing restrictions on this would increase complexity for older Australians seeking care and would have few benefits.

Many people also felt that older Australians should retain their place indefinitely, allowing them to enter care at any time of their choosing (subject to the availability of a bed). They suggested that doing otherwise would introduce undue complexity and put pressure on older Australians to rush decisions relating to their care.

“...in an environment where the supply of subsidised residential aged care places is expected to exceed demand in the majority of circumstances, prioritising access would not only make the system more complex and be of doubtful effectiveness, but more importantly would not address the causes of any localised access issues.” - Peak body

Making sure people can access the care they want in areas where there aren't yet enough available services

Sometimes, there are not enough residential aged care beds for those who need them. This can especially be the case in rural and remote areas of Australia.

There was broad agreement that government should play a role in ensuring adequate supply in thin markets, and that there would be risks in relying solely on the role of market forces. It was also agreed that this risk would be best addressed through targeted measures such as such as capital funding, regional planning and encouraging building in areas with undersupply.

In addition, people suggested that priority could be given to certain groups of people in local regions so that they can access residential aged care first (57 per cent of survey respondents agreed).

Public information

People discussed the need for publicly available and easily accessible information on how many services are available across areas and how many people are seeking to access them, including what the situation might be in the future. This may help to:

- provide certainty to older Australians considering future access
- enable providers to make business decisions and plan for growing what they offer in a more competitive market
- help government to make decisions and assist the sector.

Policy response

Supply of residential care places

There is no intention to make people wait prior to receiving a residential care place. It is intended that people will be assigned a place immediately once they have been approved.

Using a residential care place

There are no plans to introduce time limits on the use of a residential aged care place. Once a person is allocated a place, they would be free to use it at any time in the future.

In addition, there are no plans to prioritise the allocation of places to certain regions. Doing so would move away from what the new system is supposed to do – to create efficiency and make it quick and easy for older Australians to access care. It would also be unlikely to address the underlying causes of limited supply, including lack of workers and financial issues for providers.

These issues will instead be addressed through [structural adjustment measures](#) (supporting providers to keep their businesses running, making sure services continue for older Australians and helping providers to transfer ownership or to leave the sector) and a strengthened stewardship role by government (discussed below).

Section five

Choice

All stakeholders agreed that it is important to support informed decision making by providing older Australians and their families with appropriate information, educational material and support in a format that can be easily understood.

Making sure that older Australians can make informed choices about residential aged care

There was broad agreement that a range of recent changes will assist people to make informed decisions when choosing a residential aged care provider. However, it was suggested that more could be done, especially to support those who need more support than others.

Many survey respondents mentioned the importance of face-to-face support – 94 per cent said that this was either very or extremely important. Stakeholders also reiterated that information should be accessible, written in clear language, and available in diverse languages.

Acknowledging that some areas will have more competition than others

There was broad acknowledgement that the removal of the ACAR will likely lead to increased choice in metropolitan areas where there are more providers and there is more competition.

However, it was widely acknowledged that competition will not exist universally across Australia, and that as a result choice may be more limited in rural, remote or regional areas and other areas where there are not as many services.

Some people are also concerned that providers may select older people with less care or social needs, or those that can afford to pay higher accommodation charges, removing genuine choice for some people.

Supporting people to move between residential aged care homes

Most people (86 per cent) agreed older Australians should be able to choose to move between aged care homes. However, feedback indicated that additional support is needed to ensure that older Australians are empowered to understand their rights and responsibilities.

Policy response

Supporting better choice

For people to be enabled to make choices, they need to be able to access accurate and meaningful information about their options.

Work is being done to improve support for older Australians including:

- My Aged Care [face-to-face support](#)
- a network of [care finders](#) for older Australians who need intensive support and could otherwise fall through the cracks
- a [Trusted Indigenous Facilitator program](#) dedicated to providing culturally appropriate, trauma-aware and healing-informed aged care services for Aboriginal and Torres Strait Islander peoples (commencing in late 2022)
- an expansion of the [National Aged Care Advocacy Program](#)
- [star ratings](#) on the performance of residential aged care providers
- enhancements to My Aged Care, including a [specialisation verification process](#) improving accountability for providers claiming to meet diverse needs
- more transparent accommodation information through a new [Residential Aged Care Accommodation Framework](#), including design standards
- requirements for providers to report on expenditure, improving transparency for residents and those seeking residential aged care.

What else is being done to support choice?

The measures listed above will be evaluated to make sure they are working well and to identify any issues, gaps or opportunities to expand. A way to measure the impact of the reform will include looking at impacts on choice, including whether:

- people are being supported to make informed decisions
- the allocation of places to older Australians increases choice and control, including for people in living in areas with limited services or those from diverse needs groups
- the measures identified are suitable in the context of the new system – with places being allocated to older Australians.

The department will also consult further on options to mitigate the risk that providers might discriminate against residents with certain needs.

Transferring to a new residential care service

Guidelines are being developed to help support residents seeking to move between aged care homes. These will include advice on:

- information sharing between the existing and new provider to ensure service continuity for the resident
- processes for transferring the payment of fees and charges, including [Residential Aged Care Deposits \(RADs\)](#)
- managing the physical transfer of a resident from one home to another
- making sure residents understand their rights and responsibilities when moving to a new aged care home.

The department will undertake further consultation to inform these guidelines.

Section six

Market stewardship and intelligence

People agreed that government should enhance its stewardship role within the new system. There is no ‘one-size-fits-all’ solution, and flexible arrangements are needed in regions where local supply is limited.

Ensuring that there are enough supports for people needing residential aged care

There was support for targeted action in some thin markets, including additional supports to maintain a diverse range of providers and to help people from diverse needs groups to access care.

Thin markets were broadly considered to mean areas (including both regional, rural, remote and in some cases more populated regions) where there is a lack of service options for a group of people, or little to no market within which to make a choice about services.

Consultation participants welcome the establishment of regional offices and support the new regional stewardship model.

There was broad support for the continued investment in existing programs such as the [National Aboriginal and Torres Strait Islander Flexible Aged Care program](#), and the [Multi-Purpose Services \(MPS\) program](#). With further acknowledgement that additional investment is being committed to improve [Aboriginal and Torres Strait Islander people’s](#) experience, uptake, and access to aged care services.

Better information in an improved system for data and intelligence

There was strong consensus around the need for access to timely, accurate information and sector intelligence in a more competitive environment. Providers highlighted the need for market data to help them understand true demand and to inform strategic business decisions. There were differing views on how provider expansion information could be collected and shared with the sector.

Policy response

Regulatory arrangements

A new Aged Care Act is under development as recommended by the Royal Commission. A proposed key feature of this Act will be a [new risk-proportionate regulatory model](#) that will strengthen protections for older Australians as the aged care market changes and broader aged care reforms are implemented. The new model will use data to identify risk across the system, directing additional resources to higher risk providers while limiting excessive regulation on lower risk providers.

Aligned to the proposed rights-based provision in the new Act, this revised approach to regulation will ensure a stronger focus on the delivery of high-quality care. Aged care providers, including key management personnel, will be made accountable for their actions by the regulator.

Broader new system governance arrangements will also increase transparency and ensure effective provider performance remains at the centre of the new aged care regulatory framework. Other mechanisms will be put in place to measure the health of the new regulatory framework and how it achieves its objectives, including:

- the proposed new Inspector of Aged Care arrangements
- enhanced provider reporting to improve [accountability and transparency](#) across the sector.

Ensuring access, including for diverse needs groups

Access for people from diverse backgrounds and experiences will be supported through:

- the introduction of a [star rating](#) system which will help people to make meaningful comparisons between services
- investment in the [Aged Care Capital Assistance Program](#) to support infrastructure projects improving access to aged care services and prioritise needs in regional, rural and remote locations
- improving the experience for [Aboriginal and Torres Strait Islander peoples](#) to access aged care and disability services through a dedicated workforce that will provide face-to-face support, including Aboriginal and Torres Strait Aged Care Assessors and Trusted Indigenous Facilitators
- continued funding for the [National Aboriginal and Torres Strait Islander Flexible Aged Care program](#), and the [Multi-Purpose Services \(MPS\) program](#)
- support for providers through the [Remote and Aboriginal and Torres Strait Islander Aged Care Service Development Assistance Panel](#)
- expanding the [Rural Locum Assistance Program](#) to provide access to a surge locum workforce and an incentive scheme for permanent residential aged care placements to increase staff retention
- new mandatory aged care food standards respecting cultural, religious, and dietary requirements.

These measures will be complemented by the [AN-ACC funding model](#) which aims to deliver more equitable funding outcomes, particularly for remote, Aboriginal and Torres Strait Islander and homeless services.

Separately, the department has recently implemented a [Specialisation Verification Framework](#) whereby providers need to submit evidence to demonstrate their ability to meet the care needs of people from diverse backgrounds and experiences.

Market intelligence

The department is developing a new approach to ensure that providers, older Australians, their families and carers, and government have access to timely, accurate information about the new residential aged care system.

Regional stewardship

Departmental staff located in state and territories are being established to improve older Australians' experience of local aged care services. Roles will include:

- analysing local needs
- supporting workforce planning
- building the capacity and capability of providers
- monitoring the effectiveness of the new care finders and single assessment workforces
- supporting best-practice and innovation.

Further work will be undertaken to define the roles and responsibilities of regional teams, particularly as the network relates to the other regulatory and stewardship structures of government.

Section seven

Provider viability

Most stakeholders agreed that the removal of the ACAR will increase flexibility for providers to develop and grow their businesses, and that increased competition will allow for higher quality, innovative and viable homes.

“The removal of bed licences will give providers much more scope to expand, including some potential to flex capacity up and down. In the absence of the need to apply for places providers may be able to increase capacity much more quickly. These are positive changes that will facilitate improvements in the quality of services for residents.” – Peak body

Market adjustment

Overall, there was a view that the sector would undergo market adjustment, possibly resulting in a consolidation of the sector and improvements to overall standards and quality of service offerings to support greater choice.

Consultation participants welcomed the additional structural adjustment supports outlined in the discussion paper and agreed that these would be needed to ensure ongoing sector viability and to maintain a diverse range of providers to give people greater choice in care options.

Occupancy

Providers acknowledged that the removal of allocated places through an ACAR will create more uncertainty of occupancy. Many expected providers to increase their focus on marketing and brand reputation to maintain occupancy rates for profitability and viability.

How will providers be affected when bed licences are removed from balance sheets?

It was accepted that discontinuing the ACAR will impact the value of bed licences. The overall view was that this will not impact solvency or liquidity, and that the benefits of removing the ACAR would outweigh any short-term impact on provider balance sheets.

Thirty-five respondents answered the survey question on the impact of removing bed licences. Responses were varied, with 26 per cent indicating minimal or minor, 17 per cent moderate, and 29 per cent major impact.

Aged care financial reporting data from June 2021 was analysed to understand the impact of the ACAR removal on balance sheets. Overall, 257 providers (31 per cent) recognised bed licences as intangible assets, including 156 for-profit providers (56 per cent) and 101 not-for-profit providers (22 per cent).

There were varying views on the accounting treatment of bed licences. Some providers expressed a preference to immediately impair the value of bed licences (to zero) to concentrate the financial statements impacts to a single year. Whereas other providers would prefer to amortise the recognised value of bed licences over a longer period to spread the financial statement impacts. An option to 'grandfather' existing bed licences to retain their value on balance sheets indefinitely was also suggested.

Will this change affect lending behaviour?

There were diverse stakeholder views regarding the impact of the reform on lending behaviour across the sector. Some stated that there were unlikely to be any impacts on investment decisions, as financiers do not generally take bed licences into account. Others felt that banks and lenders may be more risk averse towards lending to smaller providers that are deemed to be higher risk and more susceptible to occupancy fluctuations, in comparison to larger providers with several services and ample cash flow.

The department commissioned targeted consultation with lenders and auditors, which indicated there would be limited impact on lending decisions due to the accounting treatments.

Workshop participants asked that financiers be provided with information to understand the changes and adjust financial and security measures accordingly.

Policy response

Market adjustment

Government is committed to a financially viable aged care sector. The department is developing an Aged Care Market Strategy to better understand the impact of the broader aged care reform agenda on the market and provide a principled framework for government intervention when needed.

It is acknowledged that the broader aged care agenda will impact the viability of aged care providers in different ways. The degree to which the removal of the ACAR and bed licences may affect viability will be considered in this context.

A range of business support and transition initiatives are available to ensure continuity of care, manage risk and enhance long-term sector sustainability. They are designed to mitigate provider failure as early as possible, including:

- introducing the [Financial and Prudential Monitoring, Compliance and Intervention Framework](#) to increase oversight of providers' financial performance, build the financial resilience of the sector and introduce stronger intervention and enforcement powers for government to address risk
- providing grant support to assist providers to improve, or where more appropriate, to sell or exit the market through the [Structural Adjustment Program](#)
- support for independent business advice to improve provider capacity and capability to deliver quality care through the existing [Business Advisory Services](#) and the [Remote and Aboriginal Torres Strait Islander Aged Care Service Development Assistance Panel](#).

The department's [Financial Monitoring and Business Assistance](#) teams also work with approved providers that are experiencing financial difficulties.

Removal of bed licences from balance sheets

Discontinuing the ACAR will impact the value of bed licences and this will need to be managed by providers that include and report their value on financial statements.

The department is of the view that the removal of bed licences will not impact the solvency or liquidity of providers. The department expects that accounting treatments will be a matter for providers and their auditors, and that providers will have different preferences depending on their current balance situation and strategy.

The department will provide clear, accessible information on the ACAR removal and impacts associated with removing bed licences from balance sheets. Clear information for investors will ensure that changes are understood and adjustments to financial and security measures are done accordingly.

Section eight

Transitional arrangements

Transitional arrangements are now in place to ensure the ongoing supply of residential aged care places in the lead up to reform implementation.

What does the sector need in the lead-up to the change?

Most stakeholders (65 per cent) agreed that transitional arrangements are required. Consultation participants discussed which specific arrangements are required to support the sector in moving to the new system from 1 July 2024.

It was proposed that providers who are ready to deliver care, but do not currently hold an allocation of residential care places, be offered an opportunity to apply for an allocation of operational residential care places through a non-competitive process.

There was overall support for the above process, however providers advised that Company Boards are often reluctant to commit to future developments without provisional places or a similar level of comfort from the government.

Extra service and additional services

There was a lack of consensus about whether [extra service status](#) arrangements should be discontinued from 1 July 2024, with about half disagreeing. Providers noted that it's difficult to navigate this policy without also reviewing [additional services](#) and suggested that the department consult further on this topic.

Policy response

Transitional arrangements

To ensure the ongoing supply of residential places and continued investment and construction in the residential aged care sector, a Transition Strategy is now in place until 30 June 2024.

This includes a 'bed-ready' process that will support approved providers who are positioned to deliver additional residential care but do not currently hold a sufficient allocation of places. This will support some providers to expand their service footprint immediately and will also support providers wishing to bring new developments online during the transitional period.

This process will lead to more choice for older Australians and will start to embed elements of market competition before the new system is implemented in July 2024.

In recognition of the need for assurance that places will be made available through the bed-ready process, the Transition Strategy also includes an 'intention to develop' process that gives approved providers confidence to progress residential aged care developments in the absence of an ACAR. It acknowledges that the 'bed-ready' process will only allocate operational places that can be used immediately.

Under this process, providers are required to outline their future development plans. The department will consider applications and, if suitable, will provide a letter of assurance that residential aged care places will be made available to projects at a later date.

These transitional arrangements have already commenced, more information is available on the department's webpage.

Extra service and additional services

Work is underway to strengthen the [additional services fee framework](#) and improve clarity and transparency for both aged care residents and providers. A range of changes are being considered, including:

- mandatory disclosure on both My Aged Care and the provider's website
- restrictions on mandating fees for residents with lower means
- requiring additional service fee agreements to be time limited.

[Extra service status](#) will be reviewed in conjunction with these considerations of additional services fees arrangements.

Section nine

Next steps

These changes are a part of extensive aged care reforms that are currently underway. Synergy across all measures is needed to ensure that all Australians feel confident about accessing high quality and safe aged care, where and when they need it.

How will the outcomes of this consultation be used?

The findings and issues discussed in this report will guide the design and implementation of this reform, as well as other related reforms and activities.

Feedback will inform opportunities for future areas of focus in the government's agenda to improve security, dignity, and humanity across the aged care system.

Work is being undertaken to make sure that the reform will be done well, including:

- finding a way to measure the impact of the reform and related reforms into the future
- engaging with key areas to make sure that there is a good system for data and intelligence, so that information is collected and available to support individual, provider and government decisions
- developing a way to allocate residential aged care places and make sure that people can access care when they need it
- developing transfer guidelines for when people move between homes, to make sure that transitions are easy for older Australians and providers
- ongoing engagement and activities to make sure things work well in the transition to the new system, and that there are enough places and efforts to grow and improve residential aged care in the lead up to when this reform is active (1 July 2024)
- planning to communicate with older Australians, their families and carers, the aged care sector including providers, workers, peak and advocacy groups and other interested audiences about the changes.

Further consultation

The department will be consulting with older Australians and the sector throughout the rest of 2022. This second round of consultation will focus specifically on the work, activities and issues outlined throughout this report.

Thank you for your participation

The department would like to thank the organisations and individuals that took time to participate in this consultation process. Your feedback has been invaluable, and we look forward to engaging over the coming years as we design and implement these important changes to residential aged care.

Appendix A – Survey results (tables and figures)

Table 1 – Interest in aged care

What is your interest in aged care?	Number of responses	Proportion of responses
I work in aged care	45	30%
I work for a peak body	31	21%
I run an aged care business or other enterprise	30	20%
I am a carer or family member of a senior Australian	19	13%
I manage an aged care service	19	13%
I am an academic or researcher	14	9%
I am a senior Australian	12	8%
I am a health practitioner	11	7%
I work for government	5	3%
I am an aged care assessor	3	2%
Other	18	12%
Total responses	149	100%

**respondents could select multiple categories*

Table 2 – Location of survey respondents

Location	Number of responses	Proportion of responses
VIC	48	33%
NSW	41	28%
ACT	16	11%
QLD	16	11%
SA	14	10%
TAS	7	5%
WA	3	2%
NT	1	1%
Total	146	100%

**respondents could select multiple categories*

Table 3 – Modified Monash Model (MMM) locations of provider respondents

MMM categories	Number of responses	Proportion of responses
MM1	25	69%
MM2	19	53%
MM3	14	39%
MM4	12	33%
MM5	10	28%
MM6	3	8%
MM7	3	8%
Not sure	10	28%
Total	96	100%

Table 4 – Number of selections of MMM models

Number of selections	Number of responses	Proportion of responses
1	16	44%
2	9	25%
3	1	3%
4	6	17%
5	1	3%
6	1	3%
7	2	6%
Total	36	100%

Table 5 – Provider size (bed numbers) – provider responses

Provider size	Number of responses	Proportion of responses
1-50 beds	10	16%
51-200	19	30%
201-500	4	6%
501-2,000	13	21%
2,000+ beds	17	27%
Total	63	100%

Table 6 – Organisation type

Organisation type	Number of responses	Proportion of responses
Not for profit	55	65%
For profit	29	35%
Total	84	100%

Figure 1: Proportion of provider respondents by the number of beds in their organisation

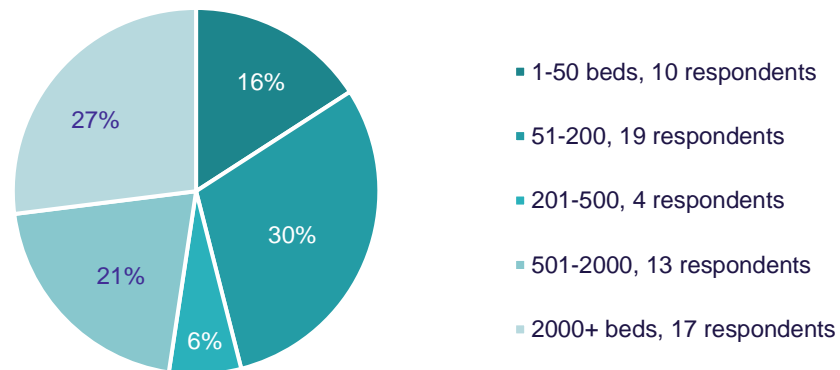


Figure 2: Proportion of provider respondents by type of their organisation

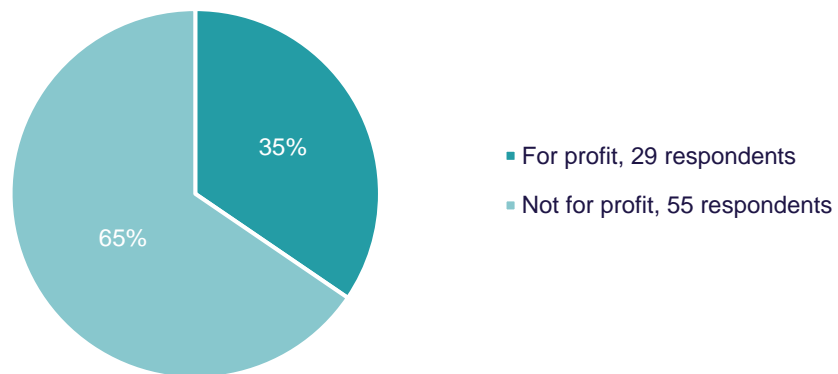


Table 7 – Views around assessment and allocation issues

Statement	Nett disagree	Strongly disagree	Disagree	Neither	Agree	Strongly agree	Nett agree	Not sure	Total responses
Aged care assessments should consider a person's urgency for care	3%	3%	0%	8%	16%	72%	88%	1%	88
Assessments should consider whether a person is from a special needs group	3%	2%	1%	12%	24%	59%	84%	1%	86
Time restrictions for taking up a residential aged care place should be introduced	40%	20%	20%	13%	29%	9%	38%	9%	86
Location restrictions for taking up a residential aged care place should be introduced	60%	26%	35%	19%	7%	1%	8%	13%	86
Places should be assigned according to priority within regions with limited supply	21%	8%	13%	15%	38%	19%	57%	7%	86

Table 8 – Importance ratings of informed choice measures

Measure	Not at all important	Slightly important	Moderately important	Very important	Extremely important	Not sure	Total responses
Star ratings	4%	10%	34%	28%	22%	3%	79
Face-to-face support	1%	1%	4%	34%	60%	0%	80
Dedicated support for Aboriginal and Torres Strait Islander people	4%	5%	6%	34%	49%	3%	80
Advocacy	1%	0%	18%	33%	49%	0%	80
My Aged Care Changes	1%	1%	15%	28%	49%	5%	79
More transparent accommodation information	1%	4%	11%	33%	48%	4%	80

Table 9 – Importance ratings - How important is it for people to be supported to move homes if they need to?

	Not at all important	Slightly important	Moderately important	Very important	Extremely important	Not sure	Total responses
Number of responses	1	1	8	16	50	1	77
Proportion of responses	1%	1%	10%	21%	65%	1%	100

Table 10 – Views on the impact of the removal of bed licences on providers’ business and accounting practices

	Minimal impact	Minor short-term impact	Minor long-term impact	Moderate short-term impact	Moderate long-term impact	Major short-term impact	Major long-term impact	Not sure	Total responses
Number of responses	7	1	1	4	2	4	6	10	35
Proportion of responses	20%	3%	3%	11%	6%	11%	17%	29%	100%

Table 11 – Views on whether transitional arrangements are required to allocate places in the absence of an ACAR between now and 30 June 2024

	Nett disagree	Strongly disagree	Disagree	Neither	Agree	Strongly agree	Nett agree	Not sure	Total responses
Number of responses	5	3	2	2	15	11	26	7	40
Proportion of responses	13%	8%	5%	5%	38%	28%	65%	18%	100%

Table 12 – Views on whether Extra Service Status arrangements should be discontinued from 1 July 2024

	Nett disagree	Strongly disagree	Disagree	Neither	Agree	Strongly agree	Nett agree	Not sure	Total responses
Number of responses	7	3	4	6	7	11	18	8	39
Proportion of responses	18%	8%	10%	15%	18%	28%	46%	21%	100%

Table 13 – Views on the overall impact of the changes on the aged care sector (direction)

	Negative	Neutral	Positive	Total responses
Number of responses	8	18	25	51
Proportion of responses	16%	35%	49%	100%

Table 14 – Views on the overall impact of the changes on the aged care sector (scale)

	No impact	Very little	Moderate	Large	Very large	Not sure	Total responses
Number of responses	1	5	16	18	13	5	58
Proportion of responses	2%	9%	28%	31%	22%	9%	100%

Table 15 – Views on the overall impact of the changes on the aged care sector (direction & scale) (number of responses)

	No impact	Very little	Moderate	Large	Very large	Not sure	Total responses
Negative	0	0	0	4	4	0	8
Neutral	0	1	7	2	5	3	18
Positive	0	1	9	10	4	0	24

Table 16 – Views on the overall impact of the changes on the aged care sector (direction & scale) (proportion of responses)

	No impact	Very little	Moderate	Large	Very large	Not sure	Total responses
Negative	0%	0%	0%	50%	50%	0%	8
Neutral	0%	6%	39%	11%	28%	17%	18
Positive	0%	4%	38%	42%	17%	0%	24

Table 17 – Views on the potential impact of the changes

Statement	Nett disagree	Strongly disagree	Disagree	Neither	Agree	Strongly agree	Nett agree	Not sure	Total responses
Improved choice for people	19%	2%	17%	14%	38%	21%	59%	8%	63
Improved access for people	30%	3%	27%	11%	33%	14%	48%	11%	63
Increased quality	30%	3%	27%	11%	33%	14%	48%	11%	63
Increased innovation	23%	3%	20%	23%	28%	15%	43%	11%	61
Ability for providers to expand their services/ grow their market share	21%	5%	16%	19%	34%	13%	47%	13%	62
More sustainable business models	13%	7%	7%	18%	38%	16%	54%	15%	61
Consolidation within the market	26%	8%	18%	20%	21%	11%	33%	21%	61

Table 18 – Views about whether the changes will have a positive impact for people accessing residential aged care

	Nett disagree	Strongly disagree	Disagree	Neither	Agree	Strongly agree	Nett agree	Not sure	Total responses
Number of responses	8	1	7	12	22	10	32	10	62
Proportion of responses	13%	2%	11%	19%	35%	16%	52%	16%	100%

Appendix B – Glossary

Term	Description
Accessibility	When aged care services are available at the right place and time, taking account of different population needs and the affordability of care
Additional services	Aged care homes are required to provide certain services by law. Some homes may make additional services available at no additional cost.
Admission	An entry into aged care services. People who enter residential aged care or home care are counted as an admission on each entry to that care type. There are two types of admission to residential care: <i>permanent</i> admission and <i>respite</i> admission.
Advocate	A person who represents and works with a someone who may need support and encouragement to exercise their rights, to ensure that their rights are upheld.
Aged Care Act	The overarching legislation which outlines the obligations and responsibilities that aged care providers must follow to received subsidies from the Australian Government.
Aged Care Approvals Round (ACAR)	Previously, could apply for Australian Government-subsidised places through an ACAR. Residential aged care providers can also apply for capital grants to build or upgrade facilities.
Additional service fee	Additional hotel-type services offered by an aged care provider and paid for by the resident. These services may include things like a preferred brand of toiletries, access to paid TV services, or arranging a hairdresser.
Allocation	The Department of Health is responsible for allocating aged care places. Previously, providers were given a number of places if they were successful in the ACAR. From 1 July 2024, places will be given directly to older Australians.

Term	Description
Assessment	<p>Can refer to either:</p> <ul style="list-style-type: none"> • Assessment of eligibility for subsidised aged care • Assessment of care needs in permanent residential aged care
<p>Australian National Aged Care Classification (AN-ACC) system</p>	<p>The AN-ACC provides more equitable care funding to providers that better matches resident needs with the costs of delivering care and will involve:</p> <ul style="list-style-type: none"> • independent assessments to determine classification levels for care funding. • new AN-ACC Assessment Tool and method for classifying and funding permanent residents. • independent analysis each year to inform changes in funding. <p>Care planning is not conducted as part of AN-ACC and will remain the provider's responsibility.</p>
Department (the)	<p>The Australian Government Department of Health and Aged Care.</p>

Term	Description
Diverse needs groups	<p>The groups of people defined in the Aged Care Act 1997 for whom there is additional consideration in the planning and delivery of appropriate aged care services. These are:</p> <ul style="list-style-type: none"> • people from Aboriginal and/or Torres Strait Islander communities • people from culturally and linguistically diverse backgrounds • people who live in rural or remote areas • people who are financially or socially disadvantaged • people who are veterans of the Australian Defence Force or an allied defence force including the spouse, widow or widower of a veteran • people who are homeless, or at risk of becoming homeless • people who are care leavers (which includes Forgotten Australians, Former Child Migrants and Stolen Generations) • parents separated from their children by forced adoption or removal • people from lesbian, gay, bisexual, trans/transgender and intersex communities • people of a kind specified in the Allocation Principles 2014.
Extra services	<p>Some residential aged care rooms have extra service status. This means that they can charge residents a regular extra service fee to provide residents with a bundle of higher standard hotel-type services. Examples include specialised menus, higher quality linen or particular room furnishings.</p>
Flexible care	<p>An aged care stream that addresses people's needs, in either a residential or home care setting, in ways other than the care provided through the <i>mainstream</i> residential and home care programs. Flexible care programs include <i>Multi-Purpose Services</i>, the <i>National Aboriginal and Torres Strait Islander Flexible Aged Care Program</i>, and <i>Innovative Pool</i>. GEN contains information on the places available in these flexible care programs but does not currently report on the people using these services. Some publications also include <i>transition care</i> and <i>short-term restorative care</i> under the term 'flexible care.'</p>

Term	Description
Government	An organisation type that manages aged care services. This includes federal government, state government, territory government, and local government organisations.
Informed decision-making	People are supported and have access to information so they can make, communicate, and participate in decisions that affect their lives.
Innovation	Efforts to improve services in new ways, drawing from evidence, to more sustainably provide high quality care for older Australians.
Market stewardship	Efforts made to address market deficiencies, gaps and failures. These often take the form of policy and market interventions. It is typically approached through a design and production focus targeting inputs such as funds, resources and time while measuring outputs such as profits, losses and service or product availability.
Modified Monash Model (MMM)	A geographical classification system that categorises metropolitan, regional, rural and remote locations into seven levels according to geographical remoteness and population size.
Multipurpose service (MPS)	The MPS program provides integrated health and aged care services to regional and remote communities in areas that cannot support both a separate aged care home and hospital.
My Aged Care	A program that provides information for people considering using aged care services, made up of the My Aged Care website and My Aged Care Contact Centre.
National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP)	The NATSIFACP provides Commonwealth Government funding for aged care services to deliver culturally appropriate care to older Aboriginal and Torres Strait Islander peoples and allow them to remain close to home and community. Most of these services are in rural and remote areas.
Occupancy rate	Total number of days that all people spent in a type of aged care over a year, divided by the total number of <i>places</i> that were available in that type of care over the year.

Term	Description
Outcomes	Describes the effect or result of a service or support, such as an improvement in an individual’s well-being. Outcomes can be short term (such as a person being involved in their service planning) through to long-term (such as a person being able to manage daily activities on their own after support and reablement).
Priority	A rating generated by decision support – or set by an assessor – that identifies a client’s level of priority to access assessment and/or services. The priority rating has associated timeframes attached that identifies the urgency in which a client should be assessed and/or provided with services.
Program	The program under which a place in aged care is funded (<i>home support, home care, residential care, transition care, short-term restorative care, Multi-Purpose Service, the National Aboriginal and Torres Strait Islander Aged Care Program, and Innovative pool</i>).
Provider	A provider (or organisation) manages an aged care service. Providers may operate a number of different services, sometimes across different aged care programs. A service is a care facility that provides aged care, such as residential care or home care. A service can also be an outlet that provides home support. The Australian government provides funding for those services that it has approved.
Provider governance	There will be new governance responsibilities for approved providers. These include requirements regarding: membership of governing bodies the establishment of new consumer and clinical advisory bodies measures to improve leadership and culture.
Quality	Broadly, the extent to which an aged care program or service produces a desired outcome. More specifically, how well the aged care system is performing in its mission to improve the health and wellbeing of older Australians
Refundable accommodation deposit (RAD)	Residents can pay a lump-sum for their accommodation in the form a RAD, which provides a significant source of funding for capital investment and acts as an interest-free loan to providers. The RAD is fully refundable to the resident when they leave the provider or is returned to the estate if they pass away.

Term	Description
Regulatory arrangements	<p>The Australian Government is introducing a range of practical measures to improve accountability and transparency in the aged care sector. The new Aged Care and Other Legislation Amendment establishes new requirements for aged care providers through 9 measures that respond to the Royal Commission into Aged Care Quality and Safety. Four of these measures directly relate to the regulation of aged care:</p> <ul style="list-style-type: none"> • expanding the Serious Incident Response Scheme (SIRS) into home services • introducing a Code of Conduct for aged care providers, workers and governing persons • • strengthening provider governance • ensuring consent to the use of restrictive practices.
Residential aged care	<p>Personal and/or nursing care that is provided to a person in a residential aged care service in, which the person is also provided with accommodation that includes meals, cleaning services, furniture and equipment. The residential aged care service must meet certain building standards and appropriate staffing in supplying that care and accommodation.</p>
Residential aged care homes	<p>Organisations approved by the Secretary of the Department of Health and Aged Care to provide residential aged care under the Aged Care Act, 1997</p>
Residential aged care places	<p>Residential and flexible care services are allocated a set number of government-funded places (or ‘beds’). When they are counted, they can be either occupied by an approved care recipient, or available to be occupied.</p>
Rights-based	<p>An approach that prioritises active decision-making, informed choice, individual values and preferences, and person-centred practice.</p>
Staff	<p>People working in an organisation who are responsible for the care, administration and support of, or involvement with people accessing aged care.</p>

Term	Description
Thin markets	<p>Where there is lack of service availability resulting in peoples' needs not being met. Thin markets may include:</p> <ul style="list-style-type: none"> • Geographically rural/remote areas • Support type (e.g. specialised supports with insufficient supply or low demand) • Supports for people with complex needs such living with dementia • Support for Aboriginal and Torres Strait Island peoples • Support for Culturally and Linguistically Diverse (CALD) people.
Transitional arrangements	<p>Arrangements to ensure the ongoing supply of residential places and continued investment and construction in the residential aged care sector in the lead up to reform implementation from 1 July 2024,</p>
Viability	<p>The extent to which a provider, organisation, or residential aged care sector broadly is profitable (in both accounting and operating cash flow terms), liquidity, ability to raise debt or equity capital, and ability to maintain profitability by liquidating some non-current assets.</p>

Appendix C – Stakeholders consulted

Survey respondents¹

AdventCare	Dementia Australia	LGBTI health
Arcare	Dietitians Australia	Respect
Australian Association of Gerontology	Estia Health	Resthaven Incorporated
Australian Community Industry Alliance	Feros Care	Rockpool Residential Aged Care
Australian Unity	Flinders University	Royal Freemasons Benevolent Institution
BaptistCare	Homestyle Aged Care	The Aged Care Industry Association (ACIA)
Bedsearch Australia Pty Ltd	IRT Group	The Aged Care Workforce Remote Accord
Bluecare	Japara	University of South Australia (UniSA)
BlueCross	Knuppel Enterprises Pty Ltd	Uniting
Bupa Aged Care	LGBTIQ+ Health Australia	University of Tasmania
Carers Australia	Luson Aged Care	The University of New South Wales (UNSW)
Catholic Healthcare Ltd.	Menarock Life	Vision 2020 Australia
Cobden health	Mission Australia	Western Sydney University
Continence Foundation of Australia	Occupational Therapy Australia	Wheatfields Incorporated
Cora Physiotherapy	Older Persons Advocacy Network (OPAN)	
Council on The Ageing (COTA) Australia	Opal HealthCare	
Council on the Ageing Victoria	Palliative Care Australia	
	Person Centred Software	
	Queensland Council for	

¹ Stakeholders listed are those who provided the name of their organisation. Survey responses were completed by individuals and may not represent the views of organisations

Written submissions²

ACSA	Estia	Mark Cooper-Stanbury – the University of Melbourne
Aged Care Industry Association (ACIA)	Leading Age Service Australia (LASA)	Occupational Therapy Australia (OTA)
Anglicare	Mission Australia	Queensland Nurses and Midwives Union (QNMU)
Carers NSW Australia (CNSW)	National Aboriginal Community Controlled Health Organisation (NACCHO)	The Public Advocate
Catholic Health Australia (CHA)	Services Society	Glengollan Village
Workshop participants	Brightwater Care Group	Glenview Community Serevices
ACH Group	Bupa	Hall & Prior
ACSA	Cadorna House	Havilah Hostel Inc
Aegis Aged Care Group Pty Ltd	Calvary Retirement Communities Limited	Helping Hand Aged Care Inc.
Aged Care Deloraine Inc	Castalia Group	Homestyle Leopold Pty Ltd
Alwyndor	Castlemaine Health	Homestyle Point Cook Pty Ltd
Anglicare Australia	Catholic Health Australia	Huon Regional Care
Aurum Pty Limited	Catholic Homes Inc	Ibis Care
Australian Nursing & Midwifery Association	Central Gippsland Health Service	Illawarra Retirement Trust
Australian Nursing Home Foundation Limited	Christian Homes Tasmania	Infinite Care
Australian Regional and Remote Community Services Ltd	Coburg Home for the Aged Inc	Java Dale Pty Ltd
Australian Unity	Council on the Ageing	Sunnymeade Park
Autumn Care Pty Ltd	Department of Health (Victoria)	Juniper
Bairnsdale Regional Health Service	Doutta Galla Aged Services Ltd	Kalyra
Ballarat Health Services	Edenfield Family Care	Karingal St Laurence Limited
Barossa Village Inc	Eldercare	LASA
Beaufort & Skipton Health Service	Emmerton Park	Lerwin Nursing Home
Bene Aged Care	Estia	LGBTIQ+ Health Australia
Boort District Health	Fullarton Lutheran Homes	Longridge Aged Care
Boroondara Aged	GenBridge Pty Ltd	Luson Aged Care Pty Ltd
		Manly Vale Nursing Home

² Written responses may not reflect the views of organisations

Pty Ltd/Hardi Group	Sale Elderly Citizens Village Inc
Manor Court Werribee Aged Care Ltd	Seasons Living
Mayflower Brighton	Seventh-Day Adventist Aged Care (Victoria) Ltd
Mayflower Reservoir	Shepparton Retirement Villages Inc
MayShaw Health Centre Inc	Signature Care
Melbourne Health	South West Healthcare
Mercy Aged and Community Care Ltd	Southern Cross Care (SA, NT & VIC) Inc
MiCare Ltd	Southern Cross Care QLD Ltd
Mission Australia	Southern Cross Care Tasmania
Moonta Health & Aged Care Services Inc	St Basil's Homes (SA)
Moyne Health Service	Stirling Ethnic Aged Homes Association Inc
Moyola Aged Care Incorporated	Tanunda Lutheran Home
Mt View Homes	Thompson Health Care Pty Ltd
Older Persons Advocacy Network	United Protestant Association of NSW Limited
OneCare Ltd	Uniting Church in Australia Property Trust NSW
Orolo Pty Ltd	Uniting Communities
Para Hills Residential Care	Vacenti
Premier Health Care	Vasey RSL Care Ltd
Primary Caring Pty Ltd	West Wimmera Health Service
Prom Country Aged Care Inc	Wickro Pty Ltd
Quambie Park Waroona (Inc)	Yarram & District Health Servic
Regis Tiwi	
Restvale Aged Care (Lobethal)	
Rockpool	
Royal Freemasons' Benevolent Institution	
RSL Lifecare	
SA Health	

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