

**Report on the Operation of  
the *Aged Care Act 1997***

**1 July 2007 to 30 June 2008**

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ISBN: 1-74186-763-0

Internet sites

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Online ISBN: 1-74186-764-9

Publications Approval Number: P3-4643

This report is available from <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-reports-acarep.htm>.

# Foreword

**By the Minister for Ageing,  
the Hon Justine Elliot MP**

I am pleased to present the *Report on the Operation of the Aged Care Act 1997* for 2007-08.

The achievements of this past year demonstrate the Australian Government's commitment to high quality, accessible and affordable care for all older Australians who require it - in the form they want and need - and to the long-term viability of Australia's aged and community care sector.



Over the four years to 2011-12, funding for aged and community care will reach record levels of \$41.6 billion, with \$29.5 billion of that in residential aged care. For 2008-09 alone there will be an increase of 10.4 per cent in funding to aged and community care - the largest single increase in a single year seen in Australia. During 2007-08 more than 300,000 people received care through aged care services provided under the *Aged Care Act 1997*.

In 2007-08 the Australian Government introduced important changes to the funding of aged care in Australia. These changes, including the new Aged Care Funding Instrument, commenced on 20 March 2008 and provide a simpler model for allocation of residential care funding. These arrangements are better matched to the complex care needs of aged care residents and will result in more than \$1.13 billion in additional funding to the residential care sector over the first four years of use. The Australian Government is closely monitoring these new arrangements.

The additional aged and community care funding in the 2008 Budget included an increase in the level of the Conditional Adjustment Payment. This provides additional medium-term financial assistance to aged care providers in return for efficiency gains through improved management practices. At a value of more than \$407 million over the four years to 2011-12, this increase brings the 2008-09 payment level to 8.75 per cent of the basic subsidy rate for each resident, and lifts total Conditional Adjustment Payment funding for the sector to \$2 billion over this period.

Support is being provided for the construction and expansion of aged care homes in designated areas of high need. Up to \$300 million in zero real interest loans are being made available to help create 2,500 new residential aged care places in locations where providers might not normally invest. Applications for the first round of funding - up to \$150 million in zero real interest loans for residential aged care places in high need areas - closed in June 2008, and I announced the outcomes on 17 September 2008. A total of 1,348 new aged care beds and 107 community care places will be provided in areas of need as a result of the first round of this initiative.

We recognise that most older Australians prefer to remain living as independently as possible, connected to their families and communities, and we are committed to ensuring that community and residential aged care services respond to people's needs and preferences.

Australian Government funding for community care services will total \$2.2 billion in 2008-09, an increase of \$260 million over 2007-08.

In June 2008 the Australian Government allocated the first of an additional 2,000 transition care places to be available by 2011-12, to assist older people to recover and regain their independence after a hospital stay before making a decision about their longer term care needs. The Australian Government will provide a total of \$293 million over four years for these places.

Recently I announced improved protections for recipients of Australian Government funded aged care services. These measures will strengthen protection in the areas of accreditation of services and police checks for aged care staff, and for residents who go missing without explanation from services.

Since coming to the Ageing portfolio I have focussed on ensuring that where improvements are needed in the safety and quality of Australian Government funded aged care services, these improvements are made. I believe this is critical to safe guarding vulnerable elderly Australians. The majority of aged care facilities are staffed by highly committed and compassionate people who provide world class service.

This year has marked the beginning of a new and brighter future for aged care in Australia. The sector will be better funded, better regulated, and there will be more aged care places where they are needed most. I look forward to building on these strong foundations to provide the best possible aged care system for older Australians into the future.



Justine Elliot

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# Executive Summary

The *Report on the Operation of the Aged Care Act 1997* meets the requirement, of Section 63-2 of the *Aged Care Act 1997* (the Act), that the Minister for Ageing present to Parliament a report on the operation of the Act for each financial year. This report describes the operation of the Act and associated Aged Care Principles during 2007-08, and includes additional information to aid understanding of aged care programs and policies.

## Access to care

The Australian Government aims to ensure that all frail older Australians have timely access to good quality aged and community care that meets their care needs by providing: information, assessment and referral mechanisms; needs-based planning arrangements; a range of service types; support for special needs groups; and support for carers.

In 2007-08, through aged care programs under the Act, a total of 208,079 people received permanent residential care in aged care homes and 39,443 people received short-term respite care in aged care homes, giving their carers a break from usual care arrangements. In addition 61,739 people who would otherwise be eligible for residential care, chose to receive a package of care and support which allowed them to remain living at home in their community, and another 10,351 people, on discharge from hospital, received care through the Transition Care program, giving them and their families more time to consider long term care arrangements.

Many other older people received Australian Government funded aged care in 2007-08 through programs provided outside the Act, such as the joint Australian and state and territory government Home and Community Care (HACC) program. Approximately 831,500 individual clients received HACC services in 2007-08. Some people received care through more than one aged care program.

To ensure that all older Australians have equitable access to aged care services that meet their needs, the Australian Government's national aged care planning arrangements, including the Aged Care Approvals Round process, aim to provide sufficient residential and community care places to accommodate growth as Australia's population ages, and to provide an appropriate mix and distribution of aged care services.

In 2007-08, some 11,304 new places were made available for allocation in the Aged Care Approvals Program, with a total of 10,874 new aged care places being allocated nationwide during this period. The majority of these places (10,518) were allocated following the conduct of the 2007 Aged Care Approvals Round. The 10,518 new places comprised 6,525 residential aged care places, 2,377 Community Aged Care Packages (CACPs), 945 Extended Aged Care at Home (EACH) packages and 671 Extended Aged Care at Home - Dementia (EACH-D) packages.

For the first time in a number of years, in the 2007 Aged Care Approvals Round, it was not possible to allocate all of the residential aged care places made available. In Western Australia, 362 residential places were not allocated and in Tasmania 104 residential places were not allocated.

The shortfall in allocations has been addressed through the Zero Real Interest Loans initiative which provides up to \$300 million in zero real interest loans to residential care providers to build or expand residential and respite facilities in areas of high need, where they were previously less likely to invest. Round 1 of the Zero Real Interest Loans initiative, advertised in April 2008, gave providers the opportunity to apply for \$150 million in zero real interest loans. A total of 1,455 residential and community care places were approved through this round in September 2008 including 375 and 154 places for Western Australia and Tasmania respectively.

The number of places to be made available in the 2008-09 Aged Care Approvals Round has regard to: the indicative figures that were published in the 2007 Aged Care Approvals Round; revised ABS population projections; the current level of service provision; and the allocations made as a result of the Zero Real Interest Loans Round.

The total number of operational aged care places at 30 June 2008 was 223,107, an increase of 4.5 per cent over the previous year. This included 174,669 residential places, 46,475 community care places and 1,963 Transition Care places. The resulting national aged care provision ratio at 30 June 2008 was 111.5 operational places per 1,000 people aged 70 years or older.

At 30 June 2008 there were 2,830 aged care homes delivering residential care across Australia. On average, 93.86 per cent of all residential places were occupied during 2007-08.

The Australian Government recognises that most older Australians want to remain independent and living at home for as long as possible and then have the option of going to an aged care home if they need.

As at 30 June 2008, some 39,636 CACPs were allocated to service providers across Australia to support frail older people who prefer to live at home, would otherwise be assessed as eligible to receive at least a low level of residential care, and are able to remain living at home with support. In addition there were 6,297 EACH and EACH-D packages provided to support frail older people who are assessed as requiring high level care by an Aged Care Assessment Team, and have expressed a preference to live at home and are able to do so with some assistance.

The Transition Care program provides time-limited, goal-oriented and therapy-focused care for older people after a hospital stay. Since 2005 the Australian Government has distributed 2,000 transition care places across all states and territories broadly based on the proportion of non-Indigenous people aged 70 or more and Indigenous people aged 50 and over. In the 2008 Budget the Australian Government provided an additional 2,000 transition care places to be available by 2011-12. In June 2008, some 228 of these additional transition care places were allocated to states and territories and 164 were already operational by the end of October 2008.

Respite care is one of the key supports for carers funded by the Australian Government. The Australian Government provides for residential respite care in aged care homes under the Act as well as through a range of programs outside the Act. In 2007-08 there were around 53,074 admissions to residential respite care, and care recipients used an estimated 1.18 million resident days. Respite services funded outside the Act, under the National Respite for Carers Program (NRCP), provided approximately 4.3 million hours of respite through over 600 respite services in a variety of settings in 2007-08. The 2007-08 Budget provided funding for an additional 100,000 days of NRCP respite care over four years. Twenty-eight services across Australia have been funded under this initiative.

The Australian Government continued to support care recipients with special needs, providing targeted care places for people from Aboriginal and Torres Strait Islander communities, people from diverse cultural and linguistic backgrounds, veterans (including spouses, widows and widowers of veterans), people who are socially or financially disadvantaged, and people living in rural or remote areas. In the 2007 Aged Care Approvals Round, 875 residential aged care places and 945 community aged care places were allocated to aged care providers seeking to provide care with a focus on people from these four special needs groups. A further 2,546 residential and 1,466 community aged care places were allocated to regional, rural and remote areas.

Of the 160,380 people receiving care in residential homes as at 30 June 2008, financial support was being provided for some 55,168 supported residents (34.4 per cent), 49,040 (30.6 per cent) concessional residents and 5,746 (3.6 per cent) assisted residents. In addition, there were a further 382 residents who were in receipt of financial hardship assistance at 30 June 2008.

Good information and support services are important to help people to make informed decisions and achieve timely and appropriate access to care. The Australian Government provides a range of information products and services, including information lines, brochures and fact sheets, Internet websites, and the Commonwealth Respite and Carelink Centres network. Fifty-four Commonwealth Carelink Centres provided approximately 193,000 clients with information about community, residential and other aged care services during the year.

## **Funding for care**

The Australian Government is committed to the long-term viability of Australia's aged care sector and the protection of the nation's frail and elderly. During 2007-08 Australian Government total expenditure for ageing and aged care increased to \$8.3 billion, including \$6.0 billion for residential aged care subsidies and supplements, \$448 million for the community care CACPs and \$188 million for the flexible care EACH and EACH-D packages. Australian Government expenditure outside the Act included an increase to \$1.006 billion for the joint Australian, state and territory government HACC program.

During 2007-08 there were a number of changes made to the way residential aged care is funded. The system used to assess the amount of basic subsidy the Australian Government pays for each resident changed on 20 March 2008 with the introduction of the new Aged Care Funding Instrument (ACFI). From that date all new permanent

residents are given a classification under the new ACFI. All existing permanent residents who entered before 20 March 2008 retain their basic subsidy at the level determined under the former Resident Classification Scale but will gradually be assessed under the new ACFI.

Other changes introduced on 20 March 2008 simplify and improve the fairness of fees and charges in aged care. The Australian Government set the maximum daily fee that can be paid by all permanent residents who enter an aged care home at 85 per cent of the annual single basic age pension from 20 March 2008. Previously a higher rate applied to self funded retirees. The changes also mean that the maximum level of a resident's income tested fee, where applicable, is also based on the resident's total assessable income rather than the level of their non-pension income, and therefore no longer depends on whether the resident is a pensioner or a self-funded retiree.

A new Accommodation Supplement is also paid to residential care providers by the Australian Government on behalf of residents who cannot meet their own accommodation costs, from 20 March 2008. These new arrangements, providing a maximum of \$26.88 per day for eligible residents, replace the interim Accommodation Supplement payable between 1 July 2007 and 19 March 2008, and mean that self-funded retiree residents with few assets will also become eligible for accommodation assistance from the Australian Government.

For 2007-08 the Conditional Adjustment Payment (CAP) increased to 7.0 per cent of the basic subsidy amount. This amount is paid to residential care providers, on top of the basic subsidy, to assist them to become more efficient and more able to continue to provide high quality care to residents. In the 2008-09 Budget the Australian Government announced an additional \$407.6 million to further increase the level of the CAP for 2008-09 to 8.75 per cent of the basic subsidy amount. At the same time the Australian Government announced a review of CAP arrangements to examine the effectiveness of the payment, as well as the future need for, and level of, this type of assistance.

In 2007-08 an estimated 68.3 per cent of aged care homes received income from accommodation charges, and about 82.1 per cent held accommodation bonds at 30 June 2008. The average accommodation charge for new residents was an estimated \$17.19 per day. The average accommodation bond agreed with a new resident in 2007-08 was an estimated \$188,798 and the median new bond amount was an estimated \$155,000.

Australian Government financial assistance for community care and flexible care is paid to service providers as a contribution to the cost of providing care. The Minister for Ageing determines the rates for subsidies and supplements, usually on 1 July of each year.

In addition, service providers may ask for a contribution from care recipients. The Australian Government does not set the level of fees that CACP and EACH recipients are asked to pay, but it does set the maximum level of the daily care fees that Approved Providers may ask care recipients to pay. For older people on the maximum basic rate of pension, fees must not exceed 17.5 per cent of the pension (\$6.41 a day at 30 June 2008). Additional fees are limited to 50 per cent of any income above the maximum pension rates. No one may be denied a service because they cannot afford to pay.

## Quality of care

The Aged Care Standards and Accreditation Agency (the Agency) accredits all Australian Government funded aged care homes, with 92.3 per cent of homes accredited for at least three years. At 30 June 2008, 1.6 per cent of homes (46 homes) were identified as having some non-compliance in respect to the 44 Accreditation Standard expected outcomes.

The quality framework is reinforced by a program of unannounced visits, audits and follow-up action. Where providers are found not to be meeting their responsibilities under the Act, and failing to remedy the situation, there is the possibility of regulatory action by the Department of Health and Ageing such as the imposition of sanctions. In 2007-08, the Agency conducted 5,244 visits to homes which represented an average of 1.84 visits per home. All homes received at least one unannounced visit from the Agency during the year. In addition to the Agency visits, the Department conducted 3,127 visits, including 1,145 unannounced visits.

In March 2008, the Minister announced that the Department would begin reviewing the aged care accreditation processes and activities of the Agency. This review will seek to strengthen current accreditation monitoring processes and standards in order to improve the standards of care. The work will be undertaken in a phased way in consultation with key stakeholders, including the Agency and industry experts.

During 2007-08, the Department took sanctions action against 14 Approved Providers, issuing 15 Notices of Decision to Impose Sanctions. The Department also issued 75 Notices of Non-Compliance.

Building quality and amenity continued to improve and the average number of residents per room continued to fall over this period.

An estimated total of \$1.45 billion of new building, refurbishment and upgrading work was completed during 2007-08, involving around 13.4 per cent of all homes. An estimated further \$1.93 billion of work was in progress at 30 June 2008, involving around 9.8 per cent of all homes. At June 2008, an estimated 11.6 per cent of homes were planning building work.

The Quality Reporting Program in Community Care completed its first three-year cycle on 30 June 2008. A review of the effectiveness of this program identified that it is performing well overall and the Department and service providers have made significant quality improvements in the delivery of CACP and EACH packages and the NRCP. From 1 July 2008 the Quality Reporting Program in Community Care will also include the EACH-D program.

Prudential arrangements provide protection for residents who pay bonds and include a guarantee of repayment. In March 2006, Parliament passed legislation to strengthen the prudential arrangements and introduce a scheme to guarantee repayment of bond balances should an aged care provider become bankrupt or insolvent. There was one instance where the Accommodation Bond Guarantee Scheme was required in 2007-08. In this case the Department has refunded the outstanding accommodation bond balances, including interest, to affected residents.

During 2007-08, the Australian Government continued to expand investment in the education and training of aged care staff, including the Bringing the Nurses Back Program, the provision of nursing scholarships and training opportunities for other care staff.

## **Complaints Investigation Scheme**

The Aged Care Complaints Investigation Scheme (CIS), which commenced operation on 1 May 2007, covers both residential and community aged care services subsidised under the Act. Anyone can contact the CIS with a concern, including care recipients, family members, care providers, staff members and health professionals. Complaints can be made openly, anonymously or on a confidential basis and can be about anything that affects the quality of care for aged care recipients.

The CIS received 11,323 contacts between 1 July 2007 and 30 June 2008. Approximately 66 per cent (or 7,496) of these contacts were considered 'in-scope' cases - that is, relating to an Approved Provider's responsibilities under the Act - and subsequently investigated. Breaches of an Approved Provider's responsibilities were identified in 930 cases.

Between 1 July 2007 and 30 June 2008 the CIS: made 2,000 referrals of issues to external agencies more appropriately placed to deal with the matters raised; conducted 3,127 site visits during the course of investigating a case; and issued 214 Notices of Required Action where service providers were found to be in breach of their responsibilities under the Act and had not already taken action to address the breach.



# Glossary

<b>ACAT</b>	Aged Care Assessment Team
<b>Act, the</b>	The <i>Aged Care Act 1997</i>
<b>Agency, the</b>	The Aged Care Standards and Accreditation Agency
<b>Approved Provider</b>	A person or organisation approved under Part 2.1 of the Act to be a provider of care for the purpose of payment of subsidy (A provider approved since the commencement of the Act must be a corporation.)
<b>ACFI</b>	Aged Care Funding Instrument
<b>ACPAC</b>	Aged Care Planning Advisory Committee
<b>ACPR</b>	Aged Care Planning Region
<b>AIHW</b>	Australian Institute of Health and Welfare
<b>CACP</b>	Community Aged Care Package
<b>CAP</b>	Conditional Adjustment Payment
<b>CIS</b>	Complaints Investigation Scheme
<b>COAG</b>	Council of Australian Governments
<b>Department, the</b>	Department of Health and Ageing
<b>EACH</b>	Extended Aged Care at Home
<b>EACH-D</b>	Extended Aged Care at Home - Dementia
<b>Extra service</b>	Extra service status allows aged care homes to offer a 'significantly higher' than average standard of accommodation, services and food in return for additional payment under certain conditions.
<b>HACC</b>	Home and Community Care
<b>High care</b>	High care includes: <ul style="list-style-type: none"><li>• personal care services - for example, assistance with the activities of daily living, such as bathing, toileting, eating, dressing, mobility, maintaining continence or managing incontinence, and communication; rehabilitation support; assistance in obtaining health and therapy services; and support for people with cognitive impairments; and</li></ul>

- nursing services and equipment - for example, equipment to assist with mobility, incontinence aids, basic pharmaceuticals, provision of nursing services and procedures, administration of medications, provision of therapy services and provision of oxygen.

**Low care**

Low care includes:

- personal care services - for example, assistance with the activities of daily living, such as bathing, toileting, eating, dressing, mobility, maintaining continence or managing incontinence, and communication; rehabilitation support; assistance in obtaining health and therapy services; and support for people with cognitive impairments.

**Minister, the**

*from 3 December 2007, the Hon. Justine Elliot MP, Minister for Ageing; to 23 November 2007, the Hon. Christopher Pyne MP, Minister for Ageing*

**MPS**

Multi-purpose Service

**NRA**

Notice of Required Action

**Office, the**

Office of Aged Care Quality and Compliance

**Principles, the**

the Aged Care Principles, which are regulations made by the Minister under subsection 96-1(1) of the *Aged Care Act 1997*

**RCS**

Resident Classification Scale

**Residential high care**

Residential high care provides a level of care designated as 'high care' and includes accommodation related services - for example, furnishings, bedding, general laundry, toiletry goods, cleaning services, meals, maintenance of buildings and grounds, and the provision of staff continuously on call to provide emergency assistance

**Residential low care**

Residential low care provides a level of care designated as 'low care' and includes accommodation related services - for example, furnishings, bedding, general laundry, toiletry goods, cleaning services, meals, maintenance of buildings and grounds, and the provision of staff continuously on call to provide emergency assistance

**Secretary**

Secretary to the Department of Health and Ageing

# I Introduction

This *Report on the Operation of the Aged Care Act 1997* is the ninth in the series and covers the period 1 July 2007 to 30 June 2008. It meets the requirement of Section 63-2 of the *Aged Care Act 1997* (the Act) that the Minister for Ageing present to Parliament a report on the operation of the Act for each financial year.

The Act requires the report to include information on:

- the extent of unmet demand for places;
- the adequacy of the Australian Government subsidies provided to meet the care needs of residents;
- the extent to which providers are complying with their responsibilities under the Act;
- the amounts of accommodation bonds and accommodation charges charged;
- the duration of waiting periods for entry to residential care;
- the extent of building, upgrading and refurbishment of aged care facilities; and
- the imposition of any sanctions for non-compliance under Part 4.4 of the Act, including details of the nature of non-compliance and the sanctions imposed.

The Act does not limit the report to these matters.

## I.1 Legislative context

The Act provides the national framework for the way the Australian Government funds the delivery of aged care for frail and disabled older Australians. The types of aged care covered by the Act are residential care, community care through Community Aged Care Packages and flexible care, which includes Extended Aged Care at Home and Extended Aged Care at Home - Dementia packages, Multi-purpose Services, innovative care and transition care.

The Act is accompanied by up to 25 sets of Principles that are made by the Minister to expand on, and/or support, a number of the aspects covered by the Act. The 22 sets of Principles currently in operation are listed at Appendix A.

As well as dealing with funding arrangements the Act and associated Aged Care Principles set out matters relating to the way the aged care system operates. These include the planning and distribution of funded services, approval and responsibilities of service providers, user rights, eligibility for care, quality assurance and accountability.

## I.2 Structure and scope of this Report

This report is organised around four themes.

- Chapter 2 deals with access to care. It includes information about aged care availability, including the provision of information to clients and potential care recipients, the planning framework for the distribution of new places, current

provision of aged care places and types of aged care provided, as well as the support provided for people with special needs and for carers and assessment of care needs.

- Chapter 3 outlines the funding of aged care services, focusing particularly on funding in 2007-08 through mechanisms such as accommodation payments, other user contributions, and Australian Government payments.
- Chapter 4 gives information on quality of care and accommodation. It describes the quality assurance framework, measures to ensure that Approved Providers of aged care meet their responsibilities, the role of the Aged Care Commissioner, action to enhance the quality of care and equip the aged care workforce, and action to support consumers in the aged care system.
- Chapter 5 explains the operational arrangements for the Aged Care Complaints Investigation Scheme (CIS). It reports on the complaint activities under the CIS from 1 July 2007 to 30 June 2008.

Appendices contain information about:

- Aged Care Principles in operation in 2007-08;
- amendments to the Act and the Aged Care Principles in 2007-08;
- responsibilities of Approved Providers under the Act; and
- sanctions imposed in 2007-08.

While the report focuses primarily on activities under the Act, those activities occur within the wider context of programs and policy for older Australians. The report therefore includes information on matters outside the strict scope of the Act, when this is useful for a more complete picture of activities under the Act. Important services provided outside the Act, and therefore not discussed in detail in this report, include the Home and Community Care program, the National Respite for Carers program, and some aspects of dementia care and support.

### **1.3 Sources**

Information for this report was collected primarily from Departmental information systems and records. Information has also been obtained from the Aged Care Standards and Accreditation Agency, the Aged Care Commissioner and the Aged Care Assessment Teams.

This report must include information on the amounts of accommodation bonds and charges charged (paragraph 63-2(2)(d) of the Act) and the extent of building, upgrading and refurbishment of aged care facilities (paragraph 63-2(2)(e)). This information is not available to the Department in the ordinary course of business. Therefore a survey of aged care providers is conducted each year in August and September to obtain the required information for the preceding financial year. Taverner Research Company was contracted to undertake the survey for this report. In 2008, some 89.5 per cent of aged care homes responded to the survey, compared with 85.2 per cent in the previous year.

## 2 Access to care

The Australian Government aims to ensure that all frail older Australians have timely access to good quality aged and community care that meets their care needs by providing:

- information, assessment, and referral mechanisms;
- needs-based planning arrangements;
- a range of service types;
- support for special needs groups; and
- support for carers.

In 2007-08, through aged care programs administered by the Australian Government under the *Aged Care Act 1997* (the Act):

- 208,079 people received permanent residential care - equivalent to 10.4 per cent of people aged 70 years or over (estimated population as at 30 June 2007 based on 2006 Census);
- 39,443 people received residential respite care - equivalent to 1.97 per cent of people aged 70 years or over (estimated population as at 30 June 2007 based on 2006 Census) - of whom 18,415 were later admitted to permanent care;
- 61,739 people received care through a community care or flexible care package (either a Community Aged Care Package (CACP), an Extended Aged Care at Home (EACH) package or Extended Aged Care at Home - Dementia (EACH-D) package) - equivalent to 3.09 per cent of people aged 70 years or over (estimated population as at 30 June 2007 based on 2006 Census); and
- 10,351 people received care under the Transition Care Program - an increase of almost 60% over the previous year.

Some people received care through more than one of these aged care programs during 2007-08.

In addition, many older Australians receive assistance through the joint Australian and state and territory government Home and Community Care (HACC) program. In 2007-08 approximately 831,500 individual clients received HACC services; of these around 70 per cent were aged 70 years and over<sup>1</sup>. Some of those who received care under the HACC program may also have received residential and/or community care during the same year from Australian Government aged care programs administered under the Act.

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1 Preliminary estimate for 2007-08.

The Australian Government is committed to ensuring that older Australians can live independent lives and age in their own homes, but also have the option to enter aged care homes if they need to. In December 2007 the Australian Government and the Council of Australian Governments (COAG) identified key reform directions in relation to ageing, including the need for greater levels of community-based care, opportunities for more seamless delivery, delivery of aged care places and the intersection between aged care funding, HACC and disability funding. COAG work to develop these reform areas is continuing into 2008-09.

## 2.1 Information, assessment and referral

### 2.1.1 Information

Good information and support services are important to achieving timely and appropriate access to care.

#### Information line

The Department has provided an Aged Care Information Line (Freecall 1800 500 853), open to the public, since 1997. The total number of calls received since that time is 767,500. There were 99,039 calls to the information line in 2007-08, compared to 94,634 calls in 2006-07.

*Table 1: Calls to the information line by main category of caller and main reason for call during 2007-08*

Caller Type	Number of calls	Percentage of all calls (*)
<b>Main category of caller:</b>		
Friend or family member	60,782	61.4%
Providers of residential care	12,140	12.3%
Self or general public	8,823	8.9%
Spouse	2,931	3.0%
<b>Main issue or reason for call:</b>		
Accommodation bonds and charges	26,918	27.2%
Income tested or means tested fees	24,961	25.2%
Daily care fees	24,417	24.7%
Health and Ageing publications	22,202	22.4%

(\*) Totals do not add to 100 per cent as this table shows only the major categories of caller and reason for call.

#### Fact sheets, newsletters and updates

The Department disseminates a wide range of information products on ageing and aged care to consumers, care providers, health professionals and the general community.

Over 8.6 million individual information products were distributed to consumers during 2007-08, including:

- 4.2 million items from stable stock such as the *5 Steps Entry into Residential Care* brochure (available in 16 different languages);
- more than 1.2 million items of carer information such as fact sheets on *Legal Arrangements, Managing Money, Services for You*;
- more than 1.4 million items on continence such as *Continence Aids Assistance Scheme Application Guidelines* and *Dementia and Incontinence* information resources; and
- more than 710,442 items on Carelink and almost 920,000 items on dementia.

There were also 83 emails, 82 faxes and 22 mail-outs of information circulars sent to service providers and major stakeholders during 2007-08 advising of amendments to policy and procedures.

Through the National Continence Management Strategy, more than 350 information resources are available, including fact sheets and brochures on incontinence and bladder and bowel management. New targeted resources include the *Daily Living - Self Management of Persistent Urinary Incontinence* - Health Professional and Client Booklets, and a revised *Speakers Kit* - a comprehensive resource aimed at the health and allied professional workforce who disseminate continence information through ongoing seminars and presentations. Information is available for people caring for others affected by incontinence. There is also a range of resources for Aboriginal and Torres Strait Islander peoples affected by incontinence.

### Internet

The Department's website ([www.health.gov.au](http://www.health.gov.au)) offers information on aged care services provided by the Australian Government and access to a range of publications and fact sheets. Amendments and updates distributed throughout the year to aged care service providers are also published on the website. Major reports and publications from and by the Department are easily accessed through the publications listing.

To assist people to make informed decisions for themselves or for family members the Aged Care Australia website ([www.agedcareaustralia.gov.au](http://www.agedcareaustralia.gov.au)) includes an aged care home finder and community care service finder function for locating services. This site has been active since 30 November 2006 and averaged 15,300 unique visits per month in 2007-08. The Seniors Portal ([www.seniors.gov.au](http://www.seniors.gov.au)) brings together information from more than 290 government and non-government sources for people over 50. In 2007-08 the Seniors Portal averaged 22,300 unique visits per month.

### Commonwealth Respite and Carelink Centres

Fifty-four Commonwealth Respite and Carelink Centres ([www.commcarelink.health.gov.au](http://www.commcarelink.health.gov.au)) provided approximately 193,000 clients with information about community, residential and other aged care services during 2007-08. Clients include general practitioners, other health professionals, service providers, individuals and their carers. Commonwealth Respite and Carelink Centres may be contacted through a national freecall number, 1800 052 222. For emergency respite support outside standard business hours these Centres can be contacted on the freecall number 1800 059 059.

## Dementia information and support

The level of information and support provided to carers of people with dementia continued to increase in 2007-08.

## Carer Information and Support Program

The Carer Information and Support Program funds the development and distribution of carer information products, including education programs for carers and information about government programs that support carers. The Carer Information and Support Program distributed an estimated 590,000 items in 2007-08.

### 2.1.2 Assessment and referral

To access Australian Government subsidised care a person must be approved to receive residential care or community care under the Act. Before a person can be approved to receive care these arrangements require that the person's care needs be assessed, unless there are exceptional circumstances that justify making the decision without an assessment. In some cases approval is also required to receive flexible care services, such as the EACH and EACH-D packages. Requirements for the approval of care recipients are outlined in Part 2.3 of the Act and in the *Approval of Care Recipients Principles 1997*.

The Aged Care Assessment Program (ACAP) is jointly funded by the Australian Government and state and territory governments to undertake assessments and determine eligibility for subsidised aged care provided under the Act.

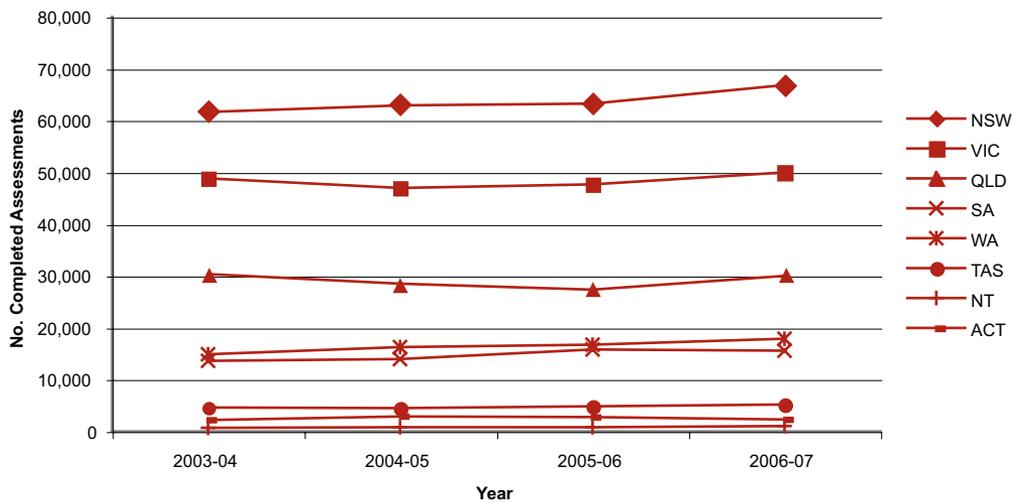
Under the ACAP, the Australian Government provides grants to fund state and territory governments to operate 115 Aged Care Assessment Teams (ACATs) nationally.

The ACATs comprehensively assess the care needs of frail older people and assist them to gain access to the types of available services most appropriate to meet their care needs. This may involve simply referring clients to community care services such as those available under the HACC program. Alternatively, they could approve the client's eligibility for Australian Government subsidised aged care services, including residential, community and flexible care services.

To ensure their services are accessible for all older people, ACATs have been established to work across all regions in each state and territory and can be based in hospitals or in the local community. Assessments are conducted in accordance with the aged care legislation and Commonwealth Guidelines for the ACAP. Aged care assessment teams should comprise or have access to a range of disciplines, skills and expertise including geriatricians, physicians, registered nurses, social workers, physiotherapists, occupational therapists and psychologists who can provide a thorough assessment of older peoples' care needs and offer advice on suitable and available care options.

A total of 188,967 completed assessments were recorded in 2006-07, compared with 179,354 for 2005-06. The past four years has shown an overall increase in the number of complete assessments across all states except for the ACT (see Figure 1 below).

Figure 1: Number of completed ACAT assessments from 2003-04 to 2006-07, by state and territory



In February 2006 COAG<sup>2</sup> agreed to improve access to care services for the elderly, people with disabilities and people leaving hospital, through:

- more timely and consistent assessments by ACATs; and
- simplified entry and assessment processes for the HACC program.

ACAP Officials identified national priority areas to improve and strengthen the ACAP. Activities that have been implemented are:

- ACAP Officials Response Paper to the recommendations from the National ACAT Review was publicly released on 17 March 2008;
- progress towards the engagement of a consultant to develop a Continuous Quality Improvement Strategy for the ACAP;
- a consultant produced a report for the Department in May 2008 on the total funding of the ACAP by the Commonwealth and state/territory governments;
- as part of the National ACAP Training Strategy, in 2007-08:
  - a national network of 50 ACAT Education Officers has been established. These Officers are tasked with undertaking training for all new and existing ACAT staff,
  - a *National Introduction to the Aged Care Assessment Program Learning Package* has been developed to ensure a consistent approach is taken to training ACAT staff, and

2 See COAG Meeting, 10 February 2006. Communiqué. Attachment D—Better health for all Australians: action plan.

- a National ACAP Conference was held in May 2008. This was attended by over 550 ACAT staff. The Conference provided an opportunity to explore innovative best practice approaches.

In 2007-08 state and territory governments were also funded to undertake specific projects that the Department agreed contributed to the strengthening and improvement of the ACAP. Activities being progressed at the state and territory level include: improvements to throughput and timeliness of assessments; innovative approaches to workforce development and support; best practice and continuous quality improvements for ACATs; service model proposals; and data management and information technology infrastructure improvements.

## 2.2 Needs-based planning arrangements

### 2.2.1 Planning framework

The allocation process outlined in the Act is intended to provide for open and clear planning, to identify community needs and to allocate places in a way that best meets the identified needs of the community. Under this process the Australian Government determines the type/s and regional distribution of aged care places to be made available and may specify a proportion of places that must be provided to certain groups of people specified in the Act, such as people with special needs, needing a particular level of care or in need of respite.

The planning framework ensures that the growth in the number of aged care places matches growth in the aged population. It also ensures balance in the provision of services between metropolitan, regional, rural and remote areas, as well as between people needing differing levels of care. Each year, the Australian Government makes available new residential and community care places for allocation in each state and territory. The number of new places relates to a comparison of the planning benchmarks with the number of people aged 70 years or over in the general population, and current levels of service provision, including newly allocated places that have not yet become operational.

Overall this process seeks to achieve and maintain a specified national provision level of Australian Government subsidised operational aged care places for every 1,000 people aged 70 years or over, known as the aged care provision ratio. The provision level (initially set at 100 places in 1985) was first increased from 100 places to 108 places in 2004-05 and further increased in February 2007 to 113 operational places per 1,000 people aged 70 years or over (to be achieved by June 2011). The proportion of different types of care places offered has also been adjusted from 40 to 44 places for high level residential care, from 48 to 44 places for low level residential care and from 20 to 25 places for community care, for every 1,000 people aged 70 years or over. The Department is currently planning to commence a review of the aged care provision ratio.

The allocation of places to Aged Care Planning Regions within each state and territory is determined by the Secretary, acting on the advice of Aged Care Planning Advisory Committees (ACPACs). The ACPACs are established, under the Act, to provide advice on comparative aged care needs in the Aged Care Planning Regions, including consideration of people from the prescribed special needs groups.

ACPAC members in each state and territory are appointed by the Secretary and comprise people from government and the community with experience and/or interest in aged care. Members are not appointed to represent a particular body or group. They are chosen because of their ability to contribute to the planning of aged care and to give effective advice to the Secretary.

Following the Secretary's distribution of places across each state and territory, the annual Aged Care Approvals Round is conducted as an open competitive process. This process invites applications for an allocation of aged care places and/or Capital Grants and allocates places to applicants that demonstrate that they can best meet the aged care needs within a particular planning region. Successful applicants who receive an allocation of aged care places may deliver the specified type/s of care to the community through one or more aged care services.

Particularly because of the time required for building approval and construction, providers have two years to make aged care places operational. This may be extended in certain circumstances. Once providers have been allocated new residential places they must make quarterly progress reports on when the places are expected to become operational. The capacity of applicants to bring places into operation as quickly as practicable is a consideration in the Aged Care Approvals Round's assessment process. CACP and EACH packages generally become operational soon after allocation.

Where delays in bringing residential places into operation occur this is often due to planning difficulties at the state, territory or local level. The Australian Government is currently looking at ways to ensure the time between the allocation of new places and when they become operational is reduced to a minimum.

### **2.2.2 Current Provision**

The total number of operational aged care places increased over the year from 213,504 at 30 June 2007 to 223,107 at 30 June 2008 - an increase of 9,603 places, or 4.5 per cent, on the previous year. This included 174,669 residential places, 46,475 community care places and 1,963 transition care places. The resulting national aged care provision ratio at 30 June 2008 was 111.5 operational places per 1,000 people aged 70 years or older.

The number of allocated and operational aged care places as at 30 June 2008 is detailed in Table 2.

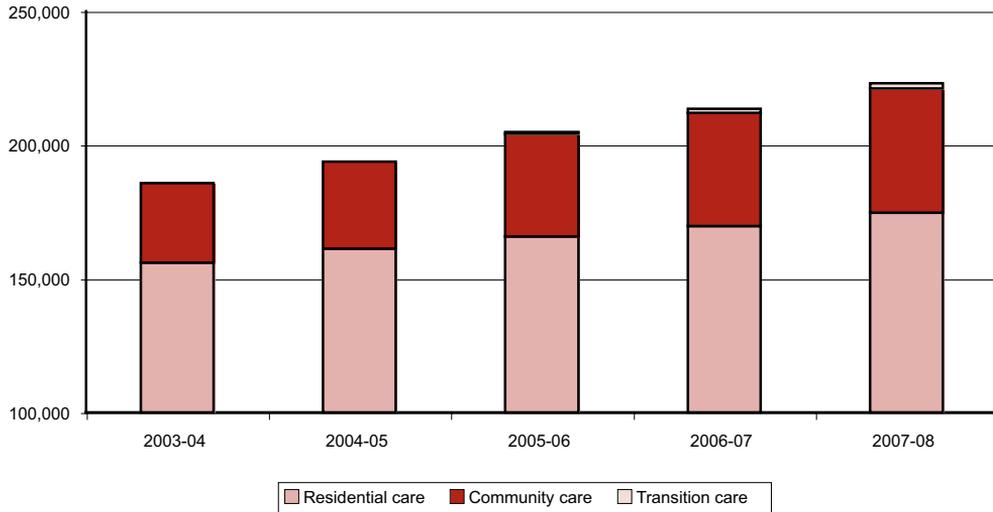
Table 2: Allocated and operational residential, community and transition care places per 1,000 people, aged 70 years or older, at 30 June 2008, by state and territory

	Residential care - high	Residential care - low	Total residential	Community care	Transition care	Total places
<b>Allocated Places</b>						
NSW	50.4	49.5	99.9	22.9	1.1	124.0
VIC	47.3	52.1	99.5	23.1	1.1	123.6
QLD	46.5	51.6	98.0	22.3	1.1	121.4
SA	52.2	48.7	100.9	23.1	1.1	125.1
WA	45.6	51.4	97.0	23.5	1.0	121.5
TAS	46.5	46.5	93.1	24.0	1.3	118.4
NT	62.2	49.2	111.4	127.4	3.6	242.4
ACT	47.4	58.4	105.9	28.7	1.6	136.2
<b>Aust.</b>	<b>48.5</b>	<b>50.7</b>	<b>99.2</b>	<b>23.3</b>	<b>1.1</b>	<b>123.6</b>
<b>Operational Places</b>						
NSW	45.0	42.1	87.2	22.8	1.0	111.0
VIC	40.9	47.1	88.0	23.0	1.0	112.0
QLD	40.2	45.2	85.4	22.2	0.9	108.5
SA	49.2	46.0	95.2	22.9	1.0	119.1
WA	38.4	45.0	83.4	23.4	0.9	107.7
TAS	44.4	41.5	85.9	23.7	1.1	110.7
NT	53.5	41.5	95.0	127.4	2.6	225.0
ACT	34.4	42.4	76.8	28.6	1.5	106.9
<b>Aust.</b>	<b>42.8</b>	<b>44.5</b>	<b>87.3</b>	<b>23.2</b>	<b>1.0</b>	<b>111.5</b>

Note: The ratios in this table are based on population projections derived from the 2006 Census available from the Australian Bureau of Statistics. The table includes flexible care places, such as EACH packages, EACH-D packages, Multi-purpose Services places and places under the National Aboriginal and Torres Strait Islander Flexible Program attributed to residential or community care as appropriate.

Over the five years from 1 July 2003 to 30 June 2008 there was a steady increase in the total number of operational aged care places nationally (see Figure 2). Over this period there was a total increase of 37,272 places, or 20 per cent.

Figure 2: Operational aged care places from 2003-04 to 2007-08



### 2.2.3 Recent provision of new places

In the 2007 Aged Care Approvals Round a total of 10,518 new aged care places were allocated comprising 6,525 residential aged care places, 2,377 CACPs, 945 EACH packages and 671 EACH-D packages. When allocated these new places have an estimated annual recurrent funding value of more than \$320 million in Australian Government subsidies.

Table 3: New residential places, community care (CACP) packages and flexible care (EACH) packages allocated in the 2007 Aged Care Approvals Round, by state and territory

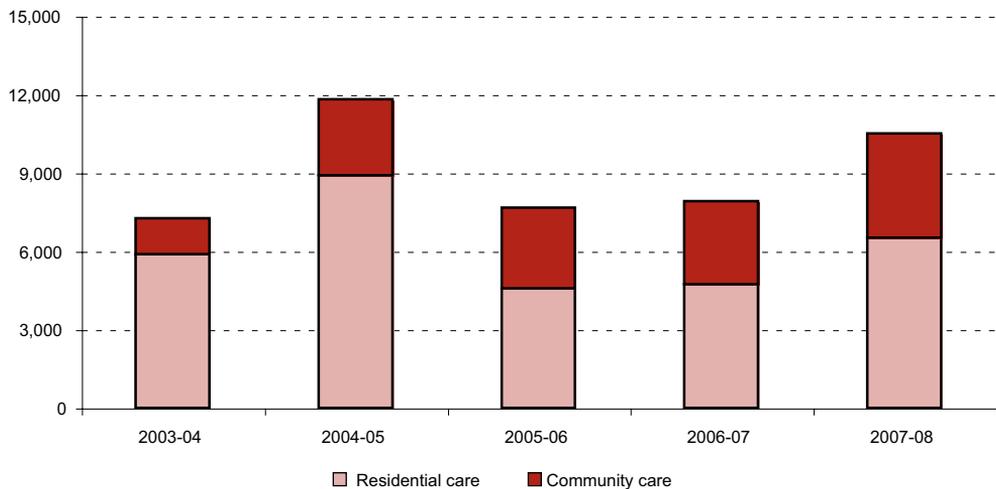
	Residential aged care places	CACP places	EACH packages *	Total places
NSW	2,091	862	557	3,510
VIC	1,490	574	388	2,452
QLD	1,622	449	279	2,350
SA	375	172	127	674
WA	644	226	154	1,024
TAS	63	51	49	163
NT	65	18	23	106
ACT	175	25	39	239
<b>Aust.</b>	<b>6,525</b>	<b>2,377</b>	<b>1,616</b>	<b>10,518</b>

\* Includes EACH-D packages

The number of places to be made available in the 2008-09 Aged Care Approvals Round has regard to the indicative figures that were published in the 2007 Aged Care Approvals Round, revised ABS population projections, the current level of service provision and the allocations made as a result of the Zero Real Interest Loans Round.

Figure 3 (below) shows allocations of new places over the five years to 30 June 2008. The number of places allocated per year peaked in 2004-05 when the Australian Government increased the target ratio from 100 to 108 places per 1,000 people aged 70 or over. Following subsequent Aged Care Approvals Rounds, the allocation of places returned to more usual growth levels until 2007-08 which shows the effect of a further increase in the target ratio. This effect is likely to continue over the next few years as allocations are increased to achieve the new target ratio of 113 places per 1,000 people aged 70 years or over by 2010-11.

*Figure 3: New places allocated in annual rounds from 2003-04 to 2007-08*



**2.2.4 Gaps in Service Provision**

As noted above (Section 2.2.1) ACPACs in every state and territory provide advice on the distribution of aged care places. This advice is incorporated in the Regional Distribution of Aged Care Places which is published in conjunction with the Invitation to Apply for Places in the Aged Care Approvals Round.

The Regional Distribution of Aged Care Places may list, by Aged Care Planning Region, geographic location(s), special needs group(s) and/or key issue(s) identified by the respective state and territory ACPACs as having a particular focus in the relevant Approvals Round.

While the published number of places and/or identified issues represents the Department's intentions in relation to the places for the region, the Department cannot guarantee that the exact number of places with the exact same focus will be allocated to the region. The final allocation of places is dependent upon the quantity and quality of the applications received and will reflect the best use of all the available places having regard to the need to obtain, as far as possible, a balanced outcome for each region.

The previous year's results are taken into account in planning for subsequent Aged Care Approvals Rounds. A particular issue may be re-identified in a subsequent Aged Care Approvals Round or is addressed through other means, such as transferring places between providers or across regions.

For the first time in a number of years, in the 2007 Aged Care Approvals Round it was not possible to allocate all of the residential aged care places made available. In Western Australia, 362 residential places were not allocated and in Tasmania 104 residential places were not allocated.

The shortfall in allocations has been addressed through the Zero Real Interest Loans initiative, (2008 Loans Round), an election commitment detailed in the *New Directions for Older Australians: Improving the transition between hospital and aged care* package. The package provides up to \$300 million in zero real interest loans to residential aged care providers to build or expand residential and respite facilities in areas of high need. The objective is to get proven providers of residential aged care, through the provision of low cost finance, to establish residential aged care services in areas where they were previously less likely to invest.

The results of the 2008 Loans Round - providing up to \$150 million in zero real interest loans for residential aged care places in high need areas - were announced on 17 September 2008. A total of 1,348 new aged care home beds and 107 community care places will be provided in areas of need as a result of the first round of this initiative. These places included 375 and 154 places for Western Australia and Tasmania respectively.

## **2.3 Who provides care?**

### **2.3.1 Aged care providers**

Aged care is delivered to older Australians by service providers who have been approved under the Act. Approval may be granted for all types of aged care, or may be limited to specified service type/s and/or specified aged care services. Regardless of what type of aged care is to be provided, the service provider must be approved before they can be paid for providing aged care.

Matters considered in approving service providers include applicants' suitability to provide aged care, which encompasses aspects such as suitability and experience of key personnel, previous experience in providing aged care, record of financial management and ability to meet standards for the provision of aged care.

At 30 June 2007 there were 1,592 Approved Providers either with an operational service or with an allocation of places but not providing care. At 30 June 2008 there were 1,547 Approved Providers either with an operational service or with an allocation of places but not providing care. During this 12 month period 53 new Approved Providers came into the Australian Government funded aged care industry while 98 providers left the industry.

Approved Providers are also required to comply, on an ongoing basis, with a range of responsibilities under the Act relating to factors such as quality of care, user rights, accountability requirements and conditions relating to allocation of aged care places (see Section 4.3.1 and Appendix C).

The amount of aged care that an aged care provider can deliver depends on the number of aged care places allocated to them under Part 2.2 of the Act. Under these arrangements an Approved Provider can only receive payment for care (subsidies) for the specified number and type of aged care places allocated through the Australian Government's allocation process.

### 2.3.2 Provider analysis

In general aged care in Australia is delivered by providers from the religious and charitable, community, private for profit and government sectors. In 2007-08 the 'not-for-profit' group (comprising religious, charitable and community-based providers) were responsible for around 60 per cent of residential care places and more than 80 per cent of community care places. Private-for-profit providers increased their share of residential care places to 33 per cent while state and local governments are the primary providers of Multi-purpose Services and sole providers of transition care under the flexible care arrangements.

Table 4: *Operational residential places, other than flexible care places, by provider type at 30 June 2008, by state and territory*

	Religious	Charitable	Community Based	For Profit	State Government	Local Government	Totals
NSW	17,582	12,345	9,200	18,343	804	760	59,034
VIC	7,381	2,918	6,635	21,000	5,949	887	44,770
QLD	12,505	4,672	3,595	8,154	1,552	202	30,680
SA	4,509	4,676	2,095	3,817	925	429	16,451
WA	4,688	2,393	1,679	5,026	66	400	14,252
TAS	1,847	930	1,005	518	91	16	4,407
NT	249	130	66	0	0	0	445
ACT	771	543	125	354	0	0	1,793
<b>Aust.</b>	<b>49,532</b>	<b>28,607</b>	<b>24,400</b>	<b>57,212</b>	<b>9,387</b>	<b>2,694</b>	<b>171,832</b>
%	28.83%	16.65%	14.20%	33.30%	5.46%	1.57%	

For residential care the proportion of places operated by the 'not-for-profit' sector has remained relatively constant since 1996-97, while the proportion of places operated by government has decreased and the proportion operated by the private sector has increased.

Table 5: Operational community care (CACP) places, other than flexible care places, by provider type at 30 June 2008, by state and territory

	Religious	Charitable	Community Based	For Profit	State Government	Local Government	Totals
NSW	4,912	3,879	3,139	576	367	589	13,477*
VIC	3,716	2,434	1,408	230	1,251	1,081	10,120
QLD	3,286	1,342	1,545	415	121	233	6,942
SA	1,025	1,529	400	114	305	91	3,464
WA	891	1,704	136	394	92	219	3,436
TAS	373	183	325	53	51	27	1,012
NT	142	60	158	45	0	182	587
ACT	122	298	49	45	0	0	514
<b>Aust.</b>	<b>14,467</b>	<b>11,429</b>	<b>7,160</b>	<b>1,872</b>	<b>2,187</b>	<b>2,422</b>	<b>39,552</b>
%	36.58%	28.90%	18.10%	4.73%	5.53%	6.12%	

\* includes 15 places without allocated provider type

Community care is primarily provided by religious, charitable and community-based providers (84 per cent of providers) with the remaining 16 per cent of places provided by private-for-profit, state and local governments. The flexible care sector (below) shows a similar pattern for the EACH and EACH-D components. In contrast the flexible care Multi-purpose Services and Transition care places are primarily provided by state and local governments.

Table 6: Operational flexible care places by provider type at 30 June 2008, by state and territory

	Religious	Charitable	Community Based	For Profit	State Government	Local Government	Totals
NSW	664	958	277	194	1,499	32	3,624
VIC	1,022	220	220	5	1,025	40	2,532
QLD	639	292	149	56	718	0	1,854
SA	74	390	216	16	554	12	1,262
WA	265	258	10	61	935	15	1,544
TAS	64	74	48	36	126	34	382
NT	45	61	115	58	22	34	335
ACT	22	105	28	0	35	0	190
<b>Aust.</b>	<b>2,795</b>	<b>2,358</b>	<b>1,063</b>	<b>426</b>	<b>4,914</b>	<b>167</b>	<b>11,723</b>
%	23.84%	20.11%	9.07%	3.63%	41.92%	1.42%	

Flexible care places include EACH and EACH-D packages and Innovative Care, Multi-purpose Services and Transition Care places.

## 2.4 Residential care

Under the Act the Australian Government subsidises aged care homes to provide residential aged care to older people whose care needs are such that they can no longer remain in their own homes. At 30 June 2008 there were 2,830 aged care homes delivering residential care under these arrangements, with an occupancy rate of 93.86 per cent over 2007-08. This compares to 94.5 per cent in 2006-07 and 95.2 per cent in 2005-06.

### 2.4.1 Utilisation

Residents receive either low level care or high level care. As their care needs change, residents often need to move between care levels. Low level care includes the provision of suitable accommodation and related services (such as laundry, meals and cleaning) and personal care services (such as assistance with the activities of daily living). High level care includes accommodation and related services, personal care services and nursing care and equipment.

For the continuing benefit of care recipients, the Act allows places allocated to an aged care home for low level care to be used for high level care. This allows care recipients to remain in the same aged care home while receiving a higher level of care, enabling residents to age in place. Table 7 gives information on the utilisation of residential places for low level care and high level care as at the end of 2007-08.

*Table 7: Utilisation of operational residential aged care places at 30 June 2008, by state and territory*

	<b>Proportion of all operational residential places utilised for high care</b>	<b>Proportion of operational places allocated as low care and utilised for high care</b>
NSW	68.9%	42.3%
VIC	65.8%	43.1%
QLD	67.7%	46.7%
SA	76.8%	57.7%
WA	67.3%	44.6%
TAS	72.7%	51.7%
NT	72.6%	41.4%
ACT	64.6%	42.3%
<b>Aust.</b>	<b>68.6%</b>	<b>45.1%</b>

### 2.4.2 Entry into residential care

To enter into Australian Government subsidised residential care a person is first approved as a care recipient under Part 2.3 of the Act. Under these arrangements, comprehensive assessments are conducted to take account of the restorative, physical, medical, psychological, cultural and social dimensions of the person's care needs. This assessment is undertaken by an ACAT (see Section 2.1.2).

Unless otherwise specified ACAT approval for entry into residential care lapses after one year (if the person is not in the care for which they were approved). This allows time for people who have been approved for care to visit different aged care homes, consider their options, settle their affairs and make arrangements with the home of their choice before entering care. In emergency situations, a person in need of care may be placed in an aged care home before an ACAT assessment.

Table 8 (below) shows the proportion of residents placed in permanent residential care within a specified time period after assessment (and recommendation for residential care) by an ACAT, by level of care.

This entry period measure is not regarded as a proxy for waiting time for admission to an aged care home as the ACAT recommendation is simply an option for that person. The Australian Institute of Health and Welfare (AIHW) discussion of this question notes that many people who receive a recommendation for residential care may also receive and take up a recommendation for a CACP place instead, or simply choose not to take up residential care at that time. The AIHW report also noted that increased availability of community care and respite care has a significant effect in delaying entry into permanent care.<sup>3</sup>

**Table 8: Proportion of new entrants to permanent residential care entering within a specified period after ACAT assessment, by level of care at entry, during 2007-08**

	<b>2 days or less</b>	<b>7 days or less</b>	<b>1 month or less</b>	<b>3 months or less</b>	<b>6 months or less</b>
High care	10.6%	26.7%	57.8%	82.3%	92.4%
Low care	3.9%	10.2%	30.2%	60.0%	79.9%
<b>All residents</b>	<b>7.5%</b>	<b>19.1%</b>	<b>45.1%</b>	<b>72.0%</b>	<b>86.6%</b>

### 2.4.3 Extra Service

Some aged care homes may be approved under the Act to offer Extra Service to recipients of residential care. This involves a significantly higher than average standard of accommodation, services and food. Approval may be for the whole of a residential home or for a distinct part. Extra Service does not affect the care provided to care recipients, as all residential care providers are required to meet designated care standards for all care recipients. Aged care homes approved for Extra Service may charge care recipients an additional Extra Service daily amount. They may also charge accommodation bonds for recipients of both high care and low care. Extra Service places attract a reduced residential care subsidy from the Australian Government.

3 Australian Institute of Health and Welfare. *Entry period for Residential Aged Care*. Canberra, AIHW, 2002. (Aged Care Series, no. 7) The analysis showed that the supply of services in any particular region has a negligible effect on the entry period. The strongest determinants of entry period for residential aged care are whether or not the resident has used a community aged care package or residential respite prior to admission (these were associated with a longer entry period), and whether the resident was assessed by an ACAT while he or she was in hospital (this was associated with a shorter entry period).

Extra Service increases diversity in the aged care sector by allowing care recipients to choose whether to pay the additional amounts for these additional services. When considering an application from an Approved Provider for Extra Service status the delegate must be satisfied that there will be significant benefits to current and future care recipients in the region if the application is approved - including increased diversity of choice and better access to continuity of care. However, approval of Extra Service status must not be granted if it would result in an unreasonable reduction of access for supported, concessional or assisted care recipients or persons aged at least 70 years who would have difficulty affording an Extra Service amount. Not more than 15 per cent of places in each state or territory may be approved to be offered as Extra Service.

At 30 June 2008, there were 12,684 residential care places approved for Extra Service status, of which 9,566 were operational for Extra Service. The total number of places approved for Extra Service represented 6.5 per cent of all allocated residential mainstream places and comprised 10,052 high care places and 2,632 low care places. In 2007-08, new Extra Service approvals were granted for 786 places, comprising 752 high care and 34 low care.

## 2.5 Community care

The Australian Government recognises that most older Australians want to remain independent and living at home for as long as possible and then have the option of going to an aged care home if they need to. Community care gives older Australians that choice, providing home-based care that can improve their quality of life and help them to remain active and connected to their own communities.

The Australian Government provides community care support both under and outside the Act.

### 2.5.1 Community Aged Care Packages

The Act provides for packages of personal care services and other personal assistance, known as Community Aged Care Packages or CACPs. These are individually tailored packages of low level care designed to support frail older people, with complex care needs, in their own homes. CACPs are suitable for older people who prefer to live at home, would otherwise be assessed as eligible to receive at least a low level of residential care, and are able to remain living at home with support.

The CACPs provided under the Act's community care arrangements are complemented by EACH and EACH-D packages, for high level care, provided under the Act's flexible care arrangements (see Section 2.6).

Table 9 shows the number of CACPs allocated each year over the five years between 1 July 2003 and 30 June 2008, and the percentage increase in available packages, by state and territory.

Table 9: Number of allocated CACPs at 30 June each year from 2003-04 to 2007-08, by state and territory

	2003-04	2004-05	2005-06	2006-07	2007-08	Increase: 2006-07 to 2007-08
NSW	9,972	10,579	12,021	12,613	13,487	6.9%
VIC	7,456	7,893	9,113	9,562	10,135	6.0%
QLD	4,653	4,957	6,000	6,525	6,972	6.9%
SA	2,746	2,786	3,184	3,292	3,464	5.2%
WA	2,453	2,518	3,192	3,230	3,456	7.0%
TAS	856	849	983	970	1,021	5.3%
NT	381	539	625	569	587	3.2%
ACT	598	416	456	489	514	5.1%
<b>Aust.</b>	<b>29,115</b>	<b>30,537</b>	<b>35,574</b>	<b>37,250</b>	<b>39,636</b>	<b>6.4%</b>

The number of CACPs being allocated through the Aged Care Approvals Round is being increased over the four years to 2010-11 to achieve the higher target ratio of 25 community care places for every 1,000 people aged 70 years or over (see Section 2.2).

### Audit of the CACP Program

The Australian National Audit Office (ANAO) undertook an audit of the administration of the CACP program commencing in January 2007. Since the tabling of the audit report on 23 May 2007, the Department has undertaken significant work to address the recommendations made by the ANAO. Progress against the recommendations is monitored through the Department's Audit Committee every 6 months.

This work has resulted in the response to four of the eight recommendations being fully implemented. These include:

- the development of guidelines, in consultation with Department of Veterans Affairs, on the relationship between the CACP and Veterans' Home Care programs (recommendation 2);
- improved arrangements for the allocation of new CACP places in the Aged Care Approvals Round (recommendation 3);
- improved arrangements for the assessment and referral of people to CACP care (recommendation 4); and
- improved aged care assessment procedures (recommendation 6).

Implementation of the remaining four recommendations is continuing to progress steadily. This includes work on the development of best practice guidelines in the delivery of case management, and improved administrative procedures to enable Community Care Grants to be deployed with greater consistency.

### 2.5.2 Home and Community Care

The largest part of the Australian Government's support for community care is provided outside of the Act, through the HACC program. The HACC program is a joint Australian Government, state and territory government initiative administered under the *Home and Community Care Act 1985*. While the Australian Government provides 60 per cent of funding and maintains a broad strategic policy role, the HACC program is managed on a day-to-day basis by the state and territory governments. In 2007-08, around 831,500 people received services through the HACC program, of whom around 70 per cent were older Australians and around 30 per cent were younger people with a disability<sup>4</sup>.

The HACC program delivers high-quality, affordable and accessible services in the community that are essential to the well being of older Australians, younger people with a disability and their carers. The program provides services such as domestic assistance, personal care, professional allied health care and nursing services, in order to support these people to be more independent at home and in the community and to reduce the potential or inappropriate need for admission to residential care.

The HACC Review Agreement is a bilateral funding agreement between the Australian Government and state and territory governments, and took effect from 1 July 2007 (replacing the 1999 HACC Amending Agreement). It is the legal basis on which funds are provided by the Australian Government and state and territory governments for the operation of the HACC program.

The new arrangements in the HACC Review Agreement are intended to provide substantial benefits in the following areas:

- Earlier allocation of funds: Simplifying administrative arrangements and business processes will significantly improve the timeliness of allocating funds to service providers. This will result in additional services on the ground for people in the target group each year.
- Better planning: The move to triennial planning will support an improved focus on planning for longer term strategic objectives to improve the operation of the program. It will also give greater certainty to communities and service providers.
- Improved relationships between governments: The interdependency of governments in achieving the objectives of the program has been recognised and the specific roles of the Australian Government and state and territory governments have been clarified to better support a collaborative approach to decision making and implementation of improvements in the program.

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<sup>4</sup> Preliminary estimate for 2007-08.

### 2.5.3 Community care reform

Throughout 2007-08 the Australian Government continued to progress community aged care reforms arising from *A New Strategy for Community Care - The Way Forward*<sup>5</sup>. The Strategy outlined actions aimed at strengthening and improving the community care system, including the HACC, CACP, EACH and EACH-D programs. It built on the current strengths of the community care system and outlined a number of ways to improve the system to reduce complexity and achieve greater consistency, as well as simplifying and creating a fairer system for people requiring care to stay at home.

In consultation with state and territory governments, good progress was made in a number of areas during 2007-08, including:

- Development of nationally consistent approaches to intake assessment of clients and carers (known as the Australian Community Care Needs Assessment and the Carer Eligibility and Needs Assessment).
- The Australian Government and each state or territory government have established Access Point Demonstration Projects nationally. These Access Points can be easily identified by people seeking services and provide a consistent approach in assessment and eligibility for services in community care.
- A set of draft principles and framework for a national fees policy.
- A set of seven draft common standards for quality reporting and related expected outcomes, together with a self assessment reporting tool and guidelines for service providers and assessors.
- Ongoing communication of key messages to the sector, keeping them up to date with progress and highlighting opportunities for involvement.

Community care reform work was also informed by the associated *Review of Subsidies and Services in Australian Government Community Aged Care Programs*, established in September 2006 to examine the levels and types of care required by older people in the community, how well current services meet these requirements, and how arrangements could be improved to ensure equity, choice and value for money. Ending in 2007-08, the review examined a range of information on the operation of community care programs as well as seeking the views of consumers, community care providers and state and territory governments.

Work undertaken through these activities is informing the key reform directions being developed by COAG for the future of community and residential care for the aged.

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5 *A New Strategy for Community Care. - The Way Forward*, Department of Health and Ageing, 2004.

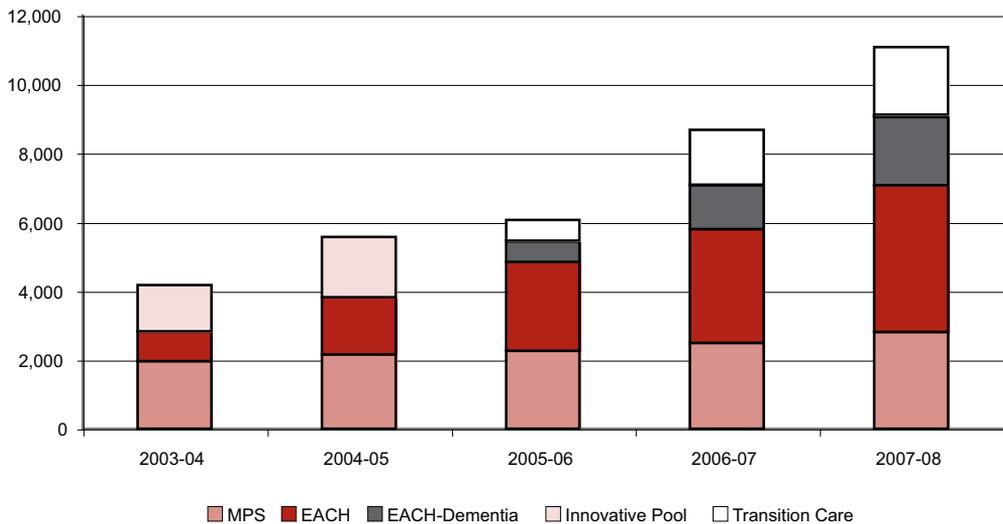
## 2.6 Flexible care

Flexible care addresses the needs of care recipients, in either a residential or community care setting, in ways other than the care provided through mainstream residential and community care. Five types of flexible care are now provided for under the Act - EACH and EACH-D packages, Innovative Care, Multi-purpose Service places and Transition Care places. Arrangements for the various types of flexible care are set out in the *Flexible Care Subsidy Principles 1997*.

In addition, flexible models of care are provided under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. The services funded under this program provide culturally appropriate aged care, close to community and country of older Indigenous people, and mainly in rural and remote areas. Services delivered under this program are outside the Act.

Figure 4 shows the total number of operational flexible care places funded under the Act, as at 30 June each year, over the five year period to 30 June 2008.

Figure 4: Operational flexible care places from 2003-04 to 2007-08



### 2.6.1 Extended Aged Care at Home

The EACH and EACH-D programs provide high level aged care to people in their own homes, complementing the availability of CACPs which provide low level care (see Section 2.5.1).

The EACH program provides care to frail older people who are assessed as requiring high level residential care by an ACAT, have expressed a preference to live at home and are able to do so with some assistance. The EACH program provides coordinated and managed packages of care, tailored to meet the needs of the individual.

An EACH package typically provides about 18 to 22 hours of assistance each week. Packages are flexible in content but generally include qualified nursing input, particularly in the design and ongoing management of the package. Services available through an EACH package may include clinical care, personal assistance, meal preparation, continence management, assistance to access leisure activities, emotional support, therapy services, home safety and modification.

In the 2007 Aged Care Approvals Round, 945 new EACH packages and 671 EACH-D packages were allocated, bringing the total to 6,297 packages allocated nationally at 30 June 2008.

By 30 June 2008 there were 4,244 operational EACH packages and 1,996 operational EACH-D packages. This was an increase in the number of packages on the previous year of 28.5 and 57.5 per cent respectively.

*Table 10: Operational and allocated EACH and EACH-D packages at 30 June 2008, by state and territory*

	Operational packages 30 June 2008			Allocated packages 30 June 2008		
	EACH	EACH-D	Total operational	EACH	EACH-D	Total allocated
NSW	1,415	675	2,090	1,415	675	2,090
VIC	1,106	497	1,603	1,106	497	1,603
QLD	667	346	1,013	691	351	1,042
SA	345	169	514	355	179	534
WA	406	174	580	406	174	580
TAS	112	60	172	119	60	179
NT	83	30	113	83	30	113
ACT	110	45	155	111	45	156
<b>Aust.</b>	<b>4,244</b>	<b>1,996</b>	<b>6,240</b>	<b>4,286</b>	<b>2,011</b>	<b>6,297</b>

### 2.6.2 Extended Aged Care at Home - Dementia

The EACH-D packages are individually tailored packages of care for approved care recipients who have complex care needs because of behaviours of concern and psychological symptoms, associated with dementia, that impact on their ability to live independently in the community. The care packages provide services necessary to maintain the person at home, including nursing care or personal assistance (or both). The care recipients have been assessed by an ACAT as requiring high level care, wish to remain living at home, and are able to do so with the assistance of an EACH-D package.

The Australian Government also provides a range of services under the Dementia Initiative that directly benefit people with dementia and their carers, and operate outside the scope of the Act.

## Dementia Initiative

The Dementia Initiative provides more than \$30 million per annum for dementia research, early intervention and improved care initiatives and training for aged and community care workers.

As part of the Dementia Initiative, a Dementia Behaviour Management Advisory Service (DBMAS) has been established in each state and territory to promote and enable appropriate clinical interventions to help aged care staff and carers improve their care of people with dementia where the behaviour of the person with dementia impacts on their care.

DBMAS is available to care-workers, services and family carers providing care to people with dementia who are seeking or accessing Australian Government funded aged care services.

### 2.6.3 Multi-purpose Services

Multi-purpose Services are a joint initiative between the Australian Government and those states and territories that need such services. They operate under the Act and deliver a mix of aged care, health and community services in rural and remote communities, many of which cannot sustain separate services. Some health, aged and community care services may not be viable in a small community if provided separately. By bringing the services together, economies of scale are achieved to support the services. Each Multi-purpose Service is financed by a flexible funding pool to which the Australian Government and state and territory governments contribute. This is reviewed regularly. A Multi-purpose Service can use the money to provide a mix of services, including aged care, best suited to its community's needs.

At 30 June 2008, there were 117 operational Multi-purpose Services, with a total of 2,817 flexible aged care places (with some of the Multi-purpose Services serving more than one location). This represents an increase of sixteen services over the past financial year and an increase of nearly 13 per cent in the number of such operational, flexible aged care places on the previous year.

*Table 11: Multi-purpose Services and operational places at 30 June 2008, by state and territory*

	<b>Number of Multi-purpose Services with operational aged care places</b>	<b>Operational aged care places</b>
NSW	45	825
VIC	7	333
QLD	22	410
SA	9	368
WA	30	775
TAS	3	100
NT	1	6
ACT	-	-
<b>Aust.</b>	<b>117</b>	<b>2,817</b>

#### **2.6.4 Innovative Care Services**

Innovative care arrangements established under the Act support the development and testing of flexible models of service delivery in areas where mainstream aged care services may not appropriately meet the needs of a location or target group. These arrangements can cover alternative, emergency and short term care options, including care provided by a pilot service or project.

As an example of the latter, the Transition Care program (below) is built on the lessons learned from two pilot programs developed through the Innovative Pool - the Innovative Care Rehabilitation Services and the Intermittent Care Services pilots - both of which addressed the interface between aged care and hospital care.

More than 60 innovative care places were operational nationally at 30 June 2008.

#### **2.6.5 Transition Care**

The Transition Care program, also operating under the Act's flexible care arrangements, provides time-limited, goal-oriented and therapy-focused care for older people after a hospital stay. Transition Care provides older people with a package of services that includes low intensity therapy (such as physiotherapy, occupational therapy and social work), case management, and nursing support and/or personal care.

Transition care can be provided for up to 12 weeks (with a possible extension of another 6 weeks) in either a home-like residential setting or in the community. A person may only enter transition care directly after discharge from hospital. The Transition Care program targets older people who would otherwise be eligible for residential care. It also optimizes the functional capacity of those older people who are discharged from transition care to residential care. Importantly, Transition Care gives older people and their families and carers time to consider long-term care arrangements.

The Transition Care program was established in 2004-05 as a jointly funded initiative between the Australian Government and state and territory governments. Since 2005, the Australian Government has provided 2,000 transition care places to all states and territories, broadly based on the proportion of non-Indigenous people aged 70 and over and Indigenous people aged 50 and over. In 2007-08 the Australian Government announced that an additional 2,000 transition care places would be provided by 2011-12. The recurrent costs of these places are fully funded by the Australian Government. In June 2008, some 228 of these additional transition care places were allocated to states and territories.

As at 30 June 2008, the Australian Government has allocated a total of 2,228 flexible care places to states and territories as the Approved Providers for transition care under the Act. This allows state and territory governments to develop their own service delivery models for transition care that best respond to local circumstances. All states and territories have established transition care services, and 1,963 of the 2,228 places allocated were operational by 30 June 2008. With an average period of care of seven weeks, this means that, when fully established, with 4,000 places, the Program will assist up to 30,000 older Australians each year.

An evaluation of the Transition Care program to assess the impact of the program on clients and systems, and its cost effectiveness was completed in June 2008.

## 2.7 Support for people with special needs

The Act aims to provide aged care services in a way that best meets the identified needs of the community. It facilitates access to care irrespective of gender, race, culture, language, economic circumstance or geographic location. In accordance with these aims, the Secretary may decide, under Section 12-5 of the Act, that a number of aged care places will be made available to focus on the care of particular groups of people. People with special needs are identified under the Act and Principles as people from Aboriginal and Torres Strait Islander communities, people from non-English speaking (culturally and linguistically diverse) backgrounds, people who live in rural or remote areas, people who are financially or socially disadvantaged, and veterans (including spouses, widows and widowers of veterans). Younger people with disabilities and people with psychiatric disorders also require careful consideration.

The Act requires Approved Providers to demonstrate their understanding of the particular care needs of people from the special needs groups when applying for new places or the transfer of places.

In the 2007 Aged Care Approvals Round, 875 residential aged care places and 945 community aged care places were allocated to aged care providers seeking to provide care with a focus on people from four of the special needs groups - that is, people from Aboriginal and Torres Strait Islander communities, people from diverse cultural and linguistic backgrounds, people who are financially or socially disadvantaged and people who are veterans, including a spouse, widow or widower of a veteran. A further 2,546 residential and 1,466 community aged care places were allocated to regional, rural and remote areas.

People from special needs groups also have access to places allocated to serve the needs of the general population.

### 2.7.1 Aboriginal and Torres Strait Islander people

Conditions associated with ageing generally affect Aboriginal and Torres Strait Islander people substantially earlier than other Australians. Planning for aged care services is therefore based on the Aboriginal and Torres Strait Islander population aged 50 years or older, compared with 70 years or older for other Australians.

Aboriginal and Torres Strait Islander people access mainstream services under the Act including those managed by Aboriginal and Torres Strait Islander organisations, and also services funded outside the Act under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. In many areas, services under the Act that are managed by non-Indigenous Approved Providers have a significant number of Aboriginal and Torres Strait Islander clients.

All aged care services that are funded under the Act are required to provide culturally appropriate care. Also, whether they are located in a community or residential setting, services may be subject to specific conditions of allocation in relation to the proportion of care to be provided to particular groups of people, including Aboriginal and Torres Strait Islander people.

There are 30 services funded under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program providing aged care services to approximately 600 older Aboriginal and Torres Strait Islander people. In 2006-07, an additional 150 places and funding of \$15.1 million over 4 years was provided for the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. Of these 150 places, 108 places have been allocated with the remainder to be allocated in 2009-10. The additional places will bring the total number of places under this program to approximately 750 places. These flexible care places assist older Aboriginal and Torres Strait Islander people access culturally appropriate care services as close as possible to their communities, which are mainly in rural and remote locations.

Also in 2006-07, \$42.6m was made available over five years to establish the Remote and Indigenous Support Services Program. This program is targeted to aged care services provided by Aboriginal and Torres Strait Islander owned or operated organisations anywhere in Australia and by services located in remote and very remote locations providing community, flexible and/or residential care. The additional assistance provided under this program includes peer and professional support services, emergency support services and capital funding.

### **2.7.2 People from culturally and linguistically diverse backgrounds**

Partners in Culturally Appropriate Care is a program that was developed in 1997 to support aged care service providers in the provision of culturally appropriate care to people from non-English speaking (culturally and linguistically diverse) backgrounds. In the 2007-08 Budget the Australian Government provided \$3.9 million over three years to continue the Partners in Culturally Appropriate Care initiative.

The Community Partners Program, which commenced on 1 January 2005, assists older people from culturally and linguistically diverse communities to gain access to aged care services. In the 2007-08 Budget, the Australian Government announced additional funding of \$13.2 million over 5 years for this program. This funding effectively doubled the size of the Community Partners Program.

### **2.7.3 Veterans**

Veterans, including spouses, widows and widowers of veterans, are designated as 'people with special needs' under the Act.<sup>6</sup> The care needs of 'people with special needs' are taken into account in the planning and allocation of aged care places.

### **2.7.4 People who live in rural or remote areas**

The aged care planning system outlined in the Act ensures that aged care places are provided in rural and remote areas in proportion to the number of older people who live there.

In addition, the Multi-purpose Services program supports improvement in the integration and provision of health and aged care services for small rural and remote communities. The flexibility inherent in the program can be used to respond to the specific needs of each community and to allow change, as the community's needs

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<sup>6</sup> *Allocation Principles 1997*, section 4.4B, made under section 11-3 of the *Aged Care Act 1997*.

change. Nationally, the number of Multi-purpose Services increased from 101 services in June 2007 to 117 services in June 2008. Some Multi-purpose Services provide services at more than one location. (For further information see Section 2.6.3.)

Aged Care providers delivering aged care services to remote and very remote locations will also receive support under the Remote and Indigenous Service Support Program (see Section 2.7.1 above).

### **2.7.5 People who are financially or socially disadvantaged**

Frail older people who are financially or socially vulnerable are protected from disadvantage in accessing aged care services. There are special arrangements under the Act for supported residents, assisted residents and concessional residents in residential care and hardship provisions for care recipients in residential and community care. Support is also provided for people in insecure housing arrangements.

#### **Supported, concessional and assisted residents**

The concessional resident arrangements established under the Act mean that older people have access to care, irrespective of their capacity to make accommodation payments. Concessional residents and some supported residents do not pay accommodation bonds or charges. Assisted residents and some supported residents pay a reduced amount of accommodation bond or charge. The amount of bond or charge for these residents depends on the amount of their assets. The Australian Government gives additional supplements to aged care providers on behalf of supported, assisted and concessional residents.

Supported residents are those who:

- entered care for the first time on or after 20 March 2008, or who re-entered care on or after 20 March 2008 after a break of more than 28 days (referred to as post-20 March 2008 residents); and
- have assets equal to or less than an amount determined by the Secretary to be the maximum asset threshold for supported resident status. As at 20 September 2008, the maximum asset threshold is \$91,410.40.

Concessional residents are those who:

- entered care before 20 March 2008 and who have not re-entered care on or after 20 March 2008 after a break of more than 28 days; and
- receive an income support payment; and
- have not owned a home for the last two or more years (or whose home is occupied by a 'protected' person, for example, the care recipient's spouse or long term carer); and
- have assets of less than 2.5 times the annual single basic age pension.

Aged care homes also receive an additional supplement for assisted residents, who are a subset of the concessional resident group. The criteria for determining assisted resident status are the same as for concessional resident status, except that an assisted resident has assets of between 2.5 and 4.0 times the annual single basic age pension

amount. Assisted residents have sufficient assets to make a small contribution to their accommodation costs and they are subsidised at a lower rate than concessional residents.

For each aged care planning region, there is a minimum target ratio for supported and concessional residents, based on regional socio-economic indices. The lowest regional target ratio is 16 per cent and the highest is 40 per cent. The supported resident ratio includes supported, concessional and assisted residents, and certain residents approved under the hardship provisions.

The accommodation supplement (paid for supported residents), and the concessional resident supplement, are paid at two levels. An aged care home receives a higher rate of supplement for eligible supported and concessional residents if more than 40 per cent of its residents are supported, concessional or assisted residents. An aged care home will receive the higher rate of accommodation supplement for all eligible supported residents if more than 40 per cent of its post-20 March 2008 residents are supported residents, even if the home does not have more than 40 per cent of all residents as supported, concessional or assisted residents. The lower rate of supplement is paid for eligible supported and concessional residents of homes where 40 per cent or fewer of their residents are supported, concessional or assisted residents. If 40 per cent or fewer of a home's residents are not supported, concessional or assisted residents, and 40 per cent or fewer of a home's post-20 March 2008 residents are not supported, the lower rate of accommodation supplement will be paid for all supported residents.

The supplement paid for eligible assisted residents is calculated separately and is not affected by changes to the proportion of supported, concessional and assisted residents.

Of the 160,380 people receiving care in residential homes as at 30 June 2008, financial support was being provided for some 55,168 supported residents (34.40 per cent), 49,040 (30.6 per cent) concessional residents and 5,746 (3.6 per cent) assisted residents. In addition, there were a further 382 residents who were in receipt of financial hardship assistance at 30 June 2008.

### Hardship provisions

Financial hardship assistance provisions under the Act cater for the minority of residents who have difficulty paying care fees and accommodation payments. Applicants for financial hardship assistance may seek assistance with their daily care fees, the income tested fee, accommodation charge, or accommodation bond. Where assistance is granted, the Australian Government pays an additional supplement so that the aged care provider is not disadvantaged. During 2007-08, the Department processed 947 applications for financial hardship assistance. Of these, 57 per cent were approved and 4 per cent were rejected as ineligible. Following advice from the Department, the remaining 39 per cent of applications were withdrawn when, for example, the Department was able to recommend more appropriate ways to obtain needed support. Approvals of financial hardship assistance are reviewed on a case-by-case basis or when a resident's financial circumstances change. There are some classes of care recipients who are automatically eligible for a hardship supplement. These are described in the Residential Care Subsidy Principles.

## Assistance with Care and Housing for the Aged

The Assistance with Care and Housing for the Aged (ACHA) program supports frail, low income, older people who are renting, in insecure housing arrangements, or who are homeless. The program helps them to remain in the community by facilitating access to housing that is linked to community care. Because their housing arrangements are insecure, some frail older people whose care needs could be met by a community care CACP are at risk of premature admission to residential care. Through the ACHA program, the Australian Government contributes recurrent funds to organisations that provide support through paid workers and volunteers, linking people to mainstream housing and care services. The ACHA program operates outside the Act.

During 2007-08 a total of \$3.426 million was paid to 43 providers to assist older people obtain access to permanent housing and other community support. This included a funding boost of 20% to existing providers. In the 2007-08 Budget, the Government committed \$5.7 million to expand the ACHA program for both new and existing providers over the next four years.

## 2.8 Support for carers

The Australian Government recognises that carers play a vital role in sustaining Australia's current system of community-based person-centred care. An estimated 475,000 Australians are primary carers, helping older Australians, people with chronic illness or younger people with disabilities to live at home. Respite care in residential or community care settings gives carers a break from their usual care arrangements and by doing so, assists people with care needs to remain living in their community of choice.

Respite care is one of the key supports for carers funded by the Australian Government. The Australian Government provides for respite care in aged care homes under the Act as well as through a range of programs outside the Act. The main programs providing respite for older Australians outside the Act are the National Respite for Carers Program (NRCP) and the HACC program. The Australian Government is also providing \$9.3 million in additional funding for Multi-purpose Services to fund more than 122,000 days of respite care in rural areas over the four years from 2005-06.

### 2.8.1 Residential respite

Residential respite provides short term care in aged care homes to people who have been assessed and approved to receive residential respite care. It may be used on a planned or emergency basis. In 2007-08 there were around 53,074 admissions to residential respite care, and the number of residential respite days used increased from an estimated 1.17 million days in 2006-07 to 1.18 million days in 2007-08 - an increase of 1 per cent.

In 2005-06 the Australian Government provided \$41.8 million over four years to increase the provision of high care residential respite by providing incentives to residential aged care providers. The incentive is currently paid as an additional subsidy for high care respite of \$29.13 per day payable to aged care providers who have met at least 70 per cent of their respite conditions of allocation. Approximately \$8.4 million was paid in 2007-08.

*Table 12: Estimated respite care resident days by level of care during 2007-08, by state and territory*

	High care	Low care	Total
NSW	248,368	280,761	529,129
VIC	76,558	192,527	269,085
QLD	59,802	80,423	140,225
SA	56,290	63,334	119,624
WA	23,286	47,346	70,632
TAS	14,634	14,969	29,603
NT	5,056	3,736	8,792
ACT	6,307	9,243	15,550
<b>Aust.</b>	<b>490,301</b>	<b>692,339</b>	<b>1,182,640</b>

### 2.8.2 National Respite for Carers Program

The NRCP provides support for carers of frail older Australians and people with disabilities. In 2007-08, some 118,000 carers were provided with respite assistance through the NRCP. The NRCP also funds Commonwealth Carer Respite Centres to provide carers with information, coordinate respite services, help carers access these services, and arrange individual respite when needed. Approximately 82,881 carers received respite assistance from Commonwealth Respite and Carelink Centres in 2007-08 (see also Section 2.1.1).

Respite services funded under the NRCP provided approximately 4.3 million hours of respite in 2007-08. This was delivered through over 600 respite services in a variety of settings, including 78 overnight community respite services and 96 new or expanded respite services for employed carers funded under the Overnight Community Respite and Employed Carer initiatives.

The 2007-08 Budget provided funding for an additional 100,000 days of NRCP respite care over four years. Twenty-eight services across Australia have been funded under this initiative.

Also through the NRCP, Carer Associations in each state and territory provide carers with specialist advice and resources, professional counselling through the National Carers Counselling Program, and education and training. In 2007-08, there were 6,694 carers who received counselling services.

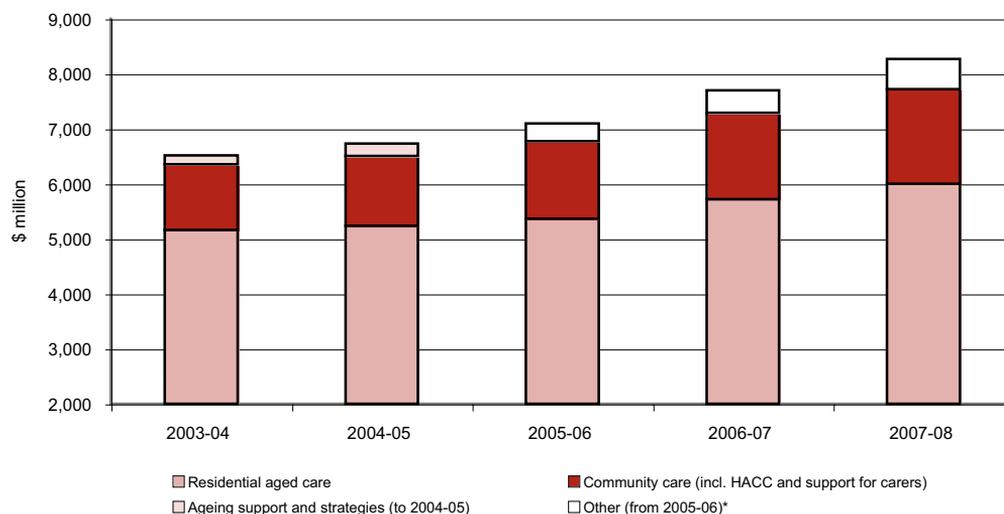


### 3 Funding for care

The Australian Government is committed to the long-term viability of Australia’s aged care sector and the protection of the nation’s frail and elderly. Australian Government expenditure for ageing and aged care during 2007-08 totalled \$8.3 billion, compared with \$7.7 billion in 2006-07.

Total Government aged care expenditure in 2007-08 includes aged care support and assistance provided both under and outside the *Aged Care Act 1997* (Act). The largest single component of expenditure outside the Act was \$1.006 billion for the Home and Community Care (HACC) program, funded jointly by the Australian Government and state and territory governments. This compares with \$928 million in 2006-07 - an increase of 8.4 per cent.

Figure 5: Growth in total Australian Government outlays for aged care from 2003-04 to 2007-08



\* Includes, aged care assessment, aged care workforce, ageing information and support, culturally appropriate aged care, dementia, and flexible aged care.

#### 3.1 Funding mechanisms

The Act provides for a combination of public and private financing of aged care services.

The Australian Government provides the majority of funding for aged care under these arrangements; through care subsidies paid to Approved Providers for aged care that has been provided, and through a range of capital grants provided to contribute to costs associated with the establishment or enhancement of aged care services, with assessments or approvals related to aged care, or with support services related to the provision of aged care.

Aged care recipients who can afford to do so also contribute to the costs of their care and accommodation (where applicable) through mechanisms such as residential care fees, accommodation bonds and charges, and community care user contributions.

Arrangements in the Act also ensure that older people have access to care, irrespective of their capacity to pay. For instance, the Australian Government sets upper limits on the level of daily care fees and accommodation charges that can be requested by aged care homes. The Australian Government also provides additional payments on top of the basic subsidy, such as the new accommodation supplement, to aged care homes on behalf of residents who cannot meet their own costs.

### 3.1.1 Growth in funding for aged care

In 2007-08, for Australian Government programs provided under the Act:

- expenditure on residential aged care subsidies and supplements was \$6.0 billion, compared with \$5.7 billion in 2006-07 - an increase of 5.0 per cent;
- expenditure on Community Aged Care Packages (CACPs) was \$448 million, compared with \$405 million in 2006-07 - an increase of 10.6 per cent; and
- expenditure on flexible care programs, including Extended Aged Care at Home (EACH), Extended Aged Care at Home - Dementia (EACH-D), Multi-purpose Services and Transition Care, was \$335 million, compared with \$239 million in 2006-07 - an increase of 40.2 per cent.

## 3.2 Independent assessment

Age-related growth indexation for the Aged Care Assessment Program was first introduced in the 1998-99 Budget in recognition of the ageing of the population and associated increase in demand for assessment services. In 2006-07 an additional \$20.1 million was provided over four years to assist Aged Care Assessment Teams (ACATs) to keep pace with the demand for assessment services.

In addition, as part of the Australian Government's contribution to the Council of Australian Governments (COAG) *Better Health Initiative*,<sup>7</sup> announced on 10 February 2006, the Government is providing new funding of \$24.2 million over five years. This includes \$13.752 million over four years from 2006-07 to states and territories to help support ACAT participation in activities to strengthen the Aged Care Assessment Program. Funding to states and territories for the COAG reform projects in 2007-08 is \$3.411 million. In addition, \$160,000 from the COAG initiative has been distributed to jurisdictions to support a national network of ACAT Education Officers (see Section 2.1.2 for more details about ACATs).

Expenditure in 2007-08 for the Aged Care Assessment Program was \$68.4 million, which included funding ACATs, Evaluation Units, recurrent ACAT Training, EACH-D assessments, the Dementia Support for Assessment Program and the COAG reform initiative.

7 Council of Australian Governments meeting of 10 February 2006. *Communiqué*. Attachment D—Better health for all Australians: action plan.

### 3.3 Residential care – funding for care

Australian Government funding for residential care has risen from \$5.7 billion in 2006-07 to \$6.0 billion in 2007-08. This includes funding appropriated through the Health and Ageing portfolio as well as funding for veterans in residential care through the Veterans' Affairs portfolio. These combined appropriations are paid as subsidies and supplements to aged care homes through the Health and Ageing payment system, managed by Medicare Australia.

*Table 13 Australian Government recurrent residential aged care funding, from 2003-04 to 2007-08, by state and territory*

	2003-04	2004-05	2005-06	2006-07	2007-08	Increase: 2006-07 to 2007-08
	\$m	\$m	\$m	\$m	\$m	
NSW	1,620.7	1,749.3	1,849.8	1,964.5	2,084.2	6.1%
VIC	1,122.9	1,237.2	1,316.8	1,399.7	1,495.3	6.8%
QLD	819.0	903.0	953.7	1,007.4	1,058.8	5.1%
SA	454.4	505.8	550.3	592.2	632.1	6.7%
WA	369.7	414.0	441.1	466.3	495.5	6.3%
TAS	129.8	140.7	147.2	153.7	161.5	5.1%
NT	14.8	15.9	17.7	17.3	17.9	3.4%
ACT	44.1	48.0	51.6	54.4	57.6	6.0%
<b>Aust.</b>	<b>4,592.1</b>	<b>5,021.5</b>	<b>5,333.6</b>	<b>5,655.5</b>	<b>6,002.9</b>	<b>6.1%</b>

Note: Totals may not sum exactly, due to rounding. Table includes funding through the Veterans' Affairs portfolio.

The Department has been pursuing an eBusiness strategy to reduce the paperwork burden on aged care providers, improve data quality and support the electronic lodgement of documentation to the Department.

The Department and Medicare Australia, in consultation with aged care providers, have developed the Online Claiming system. The new system supports the lodgement of the following forms: Resident Entry Record and Departure Events; Aged Care Funding Instrument; Residential Care Claim; and Community Care Claim.

The new Online Claiming system also supports the electronic lodgement of the Aged Care Client Record (eACCR). This enables ACATs and aged care providers to have immediate online access to eACCRs. The Department will continue to work with Medicare Australia, aged care providers, ACATs, state-based Evaluation Units, State Health officials and Aged Care Assessment Program (ACAP) Officials to support the national rollout of the eACCR.

### 3.3.1 Australian Government recurrent funding

The Australian Government subsidises the provision of residential aged care to those approved to receive it. The payment for each resident consists of a basic subsidy plus those supplements that the resident is entitled to. The system used to assess the amount of basic subsidy changed on 20 March 2008 with the introduction of the new Aged Care Funding Instrument (ACFI). From that date all new permanent residents are given a classification under the new ACFI. All existing permanent residents who entered before 20 March 2008 retain their basic subsidy at the level determined under the former Resident Classification Scale but will gradually be assessed under the new ACFI. These pre-20 March residents will only move to the new ACFI basic subsidy if the rate determined under the ACFI exceeds their grand-parented rate under the former scale by more than \$15 for the regular annual assessment or \$30 for an ad hoc 'major change.'

The level of basic subsidy for respite residents will continue to be at set rates determined by the ACAT's assessment of the resident as high or low care.

The total amount of payment for each resident is calculated by determining the basic subsidy and applying relevant supplements and/or deductions as follows:

- a basic subsidy amount determined, for permanent residents, by the resident's classification under the Resident Classification Scale or under the provisions of the ACFI introduced from 20 March 2008, and, for respite residents, by the ACAT's assessment of the resident;
- plus any primary supplements for new supported residents or former concessional residents, transitional residents, respite residents, oxygen, enteral feeding and payroll tax;
- less any reductions in subsidy resulting from the provision of Extra Services, adjusted subsidies for government (or formerly government) owned aged care homes or the receipt of a compensation payment;<sup>8</sup>
- less any reduction resulting from the income-testing of residents who entered residential care on or after 1 March 1998;
- plus any other supplements, including the pensioner supplement, the viability supplement and the hardship supplement (which reduces charges for residents who would otherwise experience financial hardship);
- plus, since 2004-05, an additional Conditional Adjustment Payment which is an additional percentage of the basic subsidies paid to eligible providers of residential aged care. (For more information see Section 3.3.6.)

The Minister for Ageing determines the rates for subsidies and supplements, usually on 1 July of each year. The current rates of payment can be found on the Department's Internet site.<sup>9</sup>

8 The adjusted subsidy reduction was removed from former government owned homes effective 1 July 2007. Transfers of places from Government to a non-Government owned service have the adjusted subsidy reduction removed from the date of transfer

9 See <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-finance-subsidies.htm>

Table 14: Average Australian Government payments (subsidy plus supplements) for each residential aged care recipient, from 2003-04 to 2007-08

	2003-04	2004-05	2005-06	2006-07	2007-08	Increase: 2006-07 to 2007-08
	\$	\$	\$	\$	\$	
High care resident	41,518	42,879	44,070	45,200	45,476	1%
Low care resident	14,217	15,563	15,690	16,200	18,311	13%
<b>All residents</b>	<b>31,352</b>	<b>33,440</b>	<b>34,600</b>	<b>36,000</b>	<b>37,914</b>	<b>5.3%</b>

### 3.3.2 Accommodation supplement

The Act provides for a special Accommodation Supplement to be paid by the Australian Government on behalf of residents who cannot meet their own accommodation costs. The new Accommodation Supplement combines the earlier Concessional Resident Supplement and Pensioner Supplement into a single asset-tested supplement available for new residents, including self funded retiree residents with few assets, from 20 March 2008.

These new arrangements, which provide a maximum of \$26.88 per day for eligible residents, replace the interim Accommodation Supplement that was available from 1 July 2007 to 19 March 2008 (see Sections 2.7.5 and 3.4.1 for more information).

### 3.3.3 Viability supplement

The viability supplement for residential aged care is a special payment made available under the Act to assist aged care services in rural and remote areas with the extra cost of delivering services in those areas.

Residential viability supplement is payable for care recipients in residential aged care homes which meet specific criteria. The amount of viability supplement paid to an aged care home depends on where the service is located, the number of places in the service, and the proportion of care recipients with special needs. Eligible services are generally those with fewer than 45 places and in less accessible locations.

The Australian Government also provides a viability supplement to provide additional practical support to eligible Multi-purpose Services, services funded under the National Aboriginal and Torres Strait Islander Aged Care program and community aged care services in rural and remote areas (see Section 3.5.4).

Table 15: Australian Government expenditure for residential viability supplement, and the number of aged care homes receiving residential viability supplement, during 2007-08, by state and territory

	Mainstream residential		Flexible care services funded under the National Aboriginal and Torres Strait Islander Aged Care Strategy		Multi-purpose Services	
	Services	\$'000	Services	\$'000	Services	\$'000
NSW	123	3,461.0	2	83.0	45	1,681.0
VIC	102	2,270.0	0	0.0	7	311.0
QLD	107	4,135.0	3	233.0	22	1,429.0
SA	59	1,694.6	4	383.0	9	1,112.0
WA	34	1,844.3	1	117.0	30	1,806.0
TAS	29	762.3	0	0.0	3	142.0
NT	13	905.1	8	920.0	1	27.0
ACT	0	0.0	0	0.0	-	-
<b>Aust.</b>	<b>467</b>	<b>15,072.3</b>	<b>18</b>	<b>1,738.0</b>	<b>117</b>	<b>6,508.0</b>

Notes: Includes all services receiving a payment, including positive adjustments based on a previous year's entitlement. At 30 June 2008, there were 117 operational MPS all of which received the viability supplement.

### 3.3.4 Resident Classification Scale

The Resident Classification Scale (RCS) was used to appraise the care needs of residents for funding purposes until 20 March 2008. RCS appraisals were conducted by aged care homes and classify residents into one of eight funding categories. Around 149,788 appraisals were conducted in 2007-08. Appraisals are completed when residents are admitted into residential aged care and when classifications expire. Classifications expire after one year, after a resident has been on extended hospital leave, or when there is a significant change in care needs. RCS appraisals are subject to review (see Section 4.3.4).

In 2007-08 the RCS was replaced by a new funding instrument - the ACFI - introduced on 20 March 2008. Existing residents may continue to receive funding within the RCS funding categories in the following circumstances. If a resident's RCS classification has expired, but the ACFI appraisal would result in a rate of subsidy that is less than \$15 above the existing RCS rate for that resident, the subsidy for that resident will continue to be paid at the existing RCS rate.

### 3.3.5 Aged Care Funding Instrument

A new funding system has been developed in response to recommendations from the *Review of Pricing Arrangements in Residential Aged Care* (the Hogan Review) and the principal recommendation of the Resident Classification Scale Review.

Introduced on 20 March 2008, the new funding instrument (the ACFI) allocates residential care funding for aged care homes and will gradually replace the RCS completely by April 2009. The new arrangements will reduce the number of funding

levels for basic care and introduce two new payments intended to better target funding towards residents with dementia and challenging behaviours and residents who have complex health care needs, including palliative care.

The ACFI classification is based on 12 questions each having four ratings (A, B, C or D). A care recipient's classification will comprise of one of three funded levels or a nil funded level within the three domains: Activities of Daily Living, Behaviour; and Complex Health Care.

The ACFI measures the resident's need for care, not care provided. The ACFI uses standardised assessments to measure care needs which is a better and more objective process. The ACFI has also been designed to reduce the amount of documentation aged care providers complete to claim care funding.

From 20 March 2008 to 30 June 2008 some 50,679 ACFI appraisals were conducted by residential aged care homes.

### **3.3.6 Conditional Adjustment Payment**

The Conditional Adjustment Payment (CAP) was introduced in 2004-05 to provide medium term financial assistance to residential care providers to assist them to become more efficient, and more able to continue to provide high quality care to residents, by improving corporate governance and financial management practices.

Receipt of CAP funding by individual Approved Providers is voluntary and conditional on compliance with requirements set out in the *Residential Care Subsidy Principles 1997*.<sup>10</sup> In essence, the participating Approved Provider must encourage and offer opportunities for staff training, prepare audited general purpose financial reports, and participate in Departmental workforce surveys.

Only four Approved Providers have chosen not to participate in the CAP. All participating Approved Providers have met (or are working to meet) the CAP requirements and have:

- participated in the 2007 aged care workforce census;
- satisfied the requirements of the CAP staff training condition for calendar year 2007; and
- satisfied the CAP audited financial reporting requirements, by lodging a written notice during 2007-08.

The CAP payment is calculated as a percentage of the basic subsidy payable in respect of each resident and has increased each year from the initial rate of 1.75% in 2004-05, to reach a level of 7.0% of the basic subsidy in 2007-08. The CAP is also applied to the basic subsidy amounts in calculating the rates of payment for the Multi-purpose Services program and the flexible services funded under the Aboriginal and Torres Strait Islander Aged Care Strategy.

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10 Division 4, Part 10 Residential Subsidy Principles

The Australian Government has provided a further \$407.6 million in the 2008-09 Budget to increase the level of the CAP for 2008-09 to 8.75% of the basic subsidy amount. This increase will result in \$2 billion in total CAP payments to the residential aged care sector over the four years to 2011-12.

The Australian Government also announced in the 2008-09 Budget a review of the CAP arrangements to examine the CAP's effectiveness in encouraging efficiency through improved management practices and the future need for, and level of, this type of assistance. The results of the review will be submitted for consideration in the preparation of the 2009-10 Budget.

### **3.3.7 Resident contributions - care fees**

The Australian Government does not set the level of care fees that residents in aged care homes are asked to pay. But it does set the maximum level of the care fees that providers of care may ask residents to pay.

All residents in aged care homes pay a basic daily fee. This fee is used by the facility to cover costs such as cleaning, maintenance and laundry. The basic daily fee is subject to changes in March and September each year in line with the aged pension. These aged pension changes are based on the Consumer Price Index. Residents other than respite residents may also be asked to pay an income tested fee, depending on their income and level of care. This fee is paid directly to the aged care home as part of the resident's care fee.

Changes were introduced on 20 March 2008 to make aged care fees and charges fairer for all residents. The maximum daily fee for all permanent residents who enter an aged care home after 20 March 2008 is 85 per cent of the annual single basic age pension. Permanent residents in an aged care home on 19 March 2008, including residents on leave, will continue to be subject to the pre 20 March 2008 rules governing the basic daily fee. However, if a resident is discharged from permanent aged care for more than 28 days, and they re-enter aged care they will be considered as a post 20 March resident and subject to the new rules.

Residents other than respite residents may also be asked to pay an income tested fee, depending on their income and level of care. This fee is paid directly to the aged care home as part of the resident's care fee. Prior to 20 March 2008, self-funded retirees paid higher income tested fees because nearly all of their income was counted under the income test. This was unfair and disadvantaged self-funded retirees compared to part-pensioners.

From 20 March 2008, the maximum level of a resident's income tested fee will be based on their total assessable income rather than the level of their non-pension income. The maximum level of a resident's income tested fee will therefore no longer depend on whether the resident is a pensioner or a self-funded retiree.

Further information on residential aged care fees and charges can be found on the Department of Health and Ageing web site [www.health.gov.au](http://www.health.gov.au) or by calling the aged care information line on Freecall 1800 500 853.

## 3.4 Residential care – accommodation funding

Capital income to assist with the costs of maintaining and upgrading aged care homes is available to service providers through resident accommodation payments (accommodation bonds and accommodation charges), the capital component of Australian Government recurrent funding, and through targeted capital assistance.

### 3.4.1 Government capital and other assistance

Accommodation bonds and charges provide aged care homes with a capital stream to upgrade and maintain buildings. The Australian Government acknowledges, however, that some homes may not be in a position to attract sufficient residents who can pay accommodation payments because, for example, of their rural or remote location or because the homes target financially disadvantaged people. An ongoing program of targeted capital assistance helps providers who, as a result of such circumstances, are unable to meet the cost of necessary capital works.

Forty-five million dollars in capital assistance was allocated during 2007-08, to assist providers of residential care to improve and upgrade 30 aged care homes, with almost 80 per cent of this funding allocated to services in rural and remote areas. Of this, \$12.5 million was allocated as Residential Care Grants, to support fire and safety related improvements and other works required for accreditation and certification, as well as the construction of new accommodation. The remaining \$32.5 million was provided through the Regional and Rural Building Fund to assist rural and regional aged care homes to upgrade the quality of their buildings or to expand, thereby increasing access to aged care places for rural communities.

During 2007-08 an extra capital funding boost was paid, in three instalments, to providers of high level residential care. This took the form of an 'Interim Accommodation Supplement' of \$3.50 per day, for the period 1 July 2007 to 19 March 2008, for all eligible high care residents, except those occupying Extra Service places.

From 20 March 2008 this interim payment was replaced by new ongoing arrangements which combine the previous Concessional Resident Supplement and Pensioner Supplement into a single asset-tested Accommodation Supplement. The new Accommodation Supplement pays up to \$26.88 per day for all new residents, including self funded retirees, with assets worth less than 2.5 times the maximum annual single basic aged pension, and will increase in stages from 20 March 2008 to 20 September 2011 (see also Section 2.7.5).

In addition, the Zero Real Interest Loans initiative, introduced by the Australian Government in the 2008 Budget, provides up to \$300 million in zero real interest loans to residential aged care providers to build or expand residential and respite facilities in areas of high need. The objective is to get proven providers of residential aged care, through the provision of low cost finance, to establish residential aged care services in areas where they were previously less likely to invest.

The first stage of the initiative (2008 Loans Round) was launched in April 2008 and providers were given the opportunity to apply for a share of \$150 million in zero real interest loans for residential aged care places in high need areas. Applications closed in June 2008 and results were announced on 17 September 2008. A total of 1,348 new residential care beds and 107 community care places will be provided in areas of need as a result of the first round of this initiative.

### 3.4.2 Resident contributions – accommodation bonds

An estimated 82.1 per cent of aged care homes held accommodation bonds at 30 June 2008, compared with 78.6 per cent at 30 June 2007. The average accommodation bond agreed with a new resident in 2007-08 was \$188,798 compared with \$167,454 in 2006-07. The median bond amount in 2007-08 was \$155,000 compared with \$132,000 in 2006-07.<sup>11</sup>

In about 18 per cent of the aged care homes that received new bonds in 2007-08, the average new bond amount agreed for the home was \$100,000 or less. In an estimated further 33.6 per cent of such homes, the average amount for new bonds was in the range \$100,001 to \$150,000.

As shown in Table 16, the method of payment of bonds most frequently used was payment by lump sum.

*Table 16: Method of payment of accommodation bonds, as percentage of all bond-paying new residents, from 2003-04 to 2007-08*

Method of payment	2003-04	2004-05	2005-06	2006-07	2007-08
Lump sum	90.9%	91.8%	91.2%	91.1%	91.0%
Periodic payments	5.0%	4.5%	3.8%	3.6%	3.0%
Combination of lump sum and periodic payments	3.0%	3.7%	5.0%	5.3%	6.0%
Not stated	1.1%	0.0%	0.0%	0.0%	0.0%

The size of individual bonds has increased substantially over recent years. As a bond can represent a significant proportion of a resident's life savings, the Australian Government has taken measures to strengthen the protection of residents' bonds. (See Sections 4.3.5 to 4.3.7 for more information.)

### 3.4.3 Resident contributions – accommodation charge

In 2007-08, an estimated 68.3 per cent of homes collected accommodation charges, compared with 65.5 per cent in 2006-07. The average daily charge to new residents was \$17.19, compared with \$16.02 in 2006-07. From 1 July 2007 to 19 March 2008, the maximum daily accommodation charge was \$17.55. Of accommodation charges agreed with new residents during this period an estimated 83 per cent were at the maximum allowable amount.

<sup>11</sup> Accommodation bond and charge data for 2007-08 are based on preliminary results of the 2008 Survey of Aged Care Homes and subject to further refinement following detailed analysis of the survey results

Under new arrangements that commenced on 20 March 2008, the daily accommodation payment increased for new residents entering care, and for residents re-entering care after a break of more than 28 days, from 20 March 2008. Residents with sufficient means pay all of the new payments themselves. For those residents without sufficient means to make any of the new payments themselves, the Government pays the increased amount in full. Those without the means to make all of the payment, pay part of it and the Government pays the remainder.

From 20 March 2008, the maximum daily accommodation charge increased to \$19.56 for pensioners and \$26.88 for non-pensioners. Of the new residents between 20 March and 30 June 2008 that paid an accommodation charge, 61.3 per cent paid the maximum amount for pensioners and 13.6 per cent paid the maximum amount for non-pensioners.

### 3.5 Funding community care and flexible care

Australian Government financial assistance for community care and flexible care is generally paid to service providers as a contribution to the cost of providing care. The Minister for Ageing determines the rates for subsidies and supplements, usually on 1 July of each year. The current rates of payment can be found on the Department's Internet site.<sup>12</sup>

#### 3.5.1 Community Aged Care Programs

The Australian Government's recurrent expenditure on community care under the Act, for CACPs, increased from \$404.9 million in 2006-07 to \$471 million in 2007-08 - an increase of more than 10 per cent nationally.

Table 17: Australian Government expenditure for Community Aged Care Packages, from 2003-04 to 2007-08, by state and territory

	2003-04	2004-05	2005-06	2006-07	2007-08	%
	\$m	\$m	\$m	\$m	\$m	
NSW	106.9	113.1	124.1	140.1	153.1	9.3%
VIC	79.6	83.5	94.3	106.5	118.0	10.8%
QLD	47.9	49.9	54.7	63.3	71.9	13.6%
SA	29.5	30.7	33.1	37.2	41.1	10.5%
WA	25.8	26.8	29.0	34.4	37.9	10.2%
TAS	8.8	9.4	10.1	11.1	12.1	9.0%
NT	5.1	5.4	6.3	6.6	7.7	16.7%
ACT	4.2	4.5	5.0	5.7	5.9	3.5%
<b>Aust.</b>	<b>307.9</b>	<b>323.3</b>	<b>356.6</b>	<b>404.9</b>	<b>447.8</b>	<b>10.6%</b>

12 See <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-finance-subsidies.htm>

### 3.5.2 Extended Aged Care at Home

Australian Government recurrent expenditure on the flexible care EACH and EACH-D packages increased from \$129 million in 2006-07 to a combined total of \$188 million in 2007-08. Over this period expenditure on EACH packages increased by 35.8 per cent nationally (see Table 18). Expenditure on EACH-D packages has grown significantly since the program's introduction in 2005 to reach a total of \$57.8 million in 2007-08 - an increase of 130 per cent over 2006-07.

Table 18: Australian Government expenditure for Extended Aged Care at Home packages, from 2003-04 to 2007-08, by state and territory

	2003-04 \$m	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	Increase 2006-07 to 2007-08
NSW	3.5	9.7	19.9	31.8	45.4	42.8%
VIC	3.8	9.7	19.5	29.7	39.9	34.3%
QLD	1.5	5.1	9.9	17.1	21.7	26.9%
SA	1.6	2.9	5.9	9.6	12.6	31.3%
WA	2.8	3.0	4.8	8.1	11.6	43.2%
TAS	0.6	1.1	1.9	2.7	3.5	29.6%
NT	0.6	0.8	1.5	2.1	2.6	23.8%
ACT	1.1	1.2	1.9	2.8	3.8	35.7%
<b>Aust.</b>	<b>15.5</b>	<b>33.3</b>	<b>65.3</b>	<b>103.9</b>	<b>141.1</b>	<b>35.8%</b>

### 3.5.3 Multi-purpose services

There was continued growth in expenditure for the Multi-purpose Services program, from \$69.2 million in 2006-07 to \$78.2 million in 2007-08. The 2006-07 Budget provided Multi-purpose Services with an additional \$9.3 million over four years for respite care in rural areas.

Table 19: Australian Government expenditure for Multi-purpose Services, from 2003-04 to 2007-08, by state and territory

	2003-04 \$m	2004-05 \$m	2005-06 \$m	2006-07 \$m	2007-08 \$m	Increase: 2006-07 to 2007-08 \$m
NSW	13.6	16	18.9	20.9	24.2	15.8%
VIC	7.3	7.9	8.3	8.6	9.2	7.0%
QLD	5.9	7.1	8.8	10.1	12	18.8%
SA	5.2	5.9	6.6	7.1	8.9	25.4%
WA	12	13.2	16.6	19.9	20.7	4.0%
TAS	2.2	2.3	3.1	2.7	3	11.1%
NT	0	0	0	0	0.2	-
ACT	-	-	-	-	-	-
<b>Aust.</b>	<b>46.3</b>	<b>52.4</b>	<b>62.3</b>	<b>69.2</b>	<b>78.2</b>	<b>13.0%</b>

### **3.5.4 Community Aged Care Viability supplement**

The 2006-07 Budget provided \$19.4 million over four years for a new viability supplement to assist providers of community care and flexible care programs in rural and remote areas. This is available to eligible providers of CACPs, EACH and EACH-D packages, Multi-purpose Services providing community care and services funded under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. The supplement recognises the higher costs and recruitment difficulties faced by these services. To ensure that all eligible service providers were aware of the supplement, a project was undertaken in 2008 to identify providers who may be eligible to receive the supplement, but had not yet submitted a claim form. Any providers identified as potentially eligible but not yet claiming were contacted to ensure that they were aware of the supplement.

The Australian Government already provides a viability supplement to residential aged care services in rural and remote areas of Australia (see Section 3.3.3).

### **3.5.5 Care recipients' contribution**

The Australian Government does not set the level of fees that CACP and EACH recipients are asked to pay, but it does set the maximum level of the daily care fees that Approved Providers may ask care recipients to pay. For older people on the maximum basic rate of pension, fees must not exceed 17.5 per cent of the pension (\$6.41 a day at 30 June 2008). Additional fees are limited to 50 per cent of any income above the maximum pension rates. However, no one may be denied a service because they cannot afford to pay. CACP and EACH packages are GST exempt.

### **3.5.6 Community care and flexible care grants**

In February 2008 the Australian Government agreed to the expansion of the current community care grants program to make it more accessible to providers, especially those delivering services to special needs groups. The Australian Government also agreed to the introduction of a flexible care grant that will be made available to providers of the EACH and EACH-D packages.

Community care and flexible care grants (also known as 'establishment grants') assist organisations that may be disadvantaged in meeting the cost of establishing viable services. Those receiving grants include organisations without an established service infrastructure, those servicing remote or isolated communities where there are limited resources, and services with only small numbers of CACP, EACH or EACH-D places. Individual grants may be up to \$65,000 (GST exclusive) for community care grants and \$100,000 (GST exclusive) for flexible care grants depending on the circumstances of the organisation. Fifty-six community care grants were made in 2007-08, totalling \$2.1 million in value, compared to forty-two community care grants with a total value of \$1.6 million in 2006-07.

Table 20: Value of community care establishment grants allocated during 2007-08, by state and territory

	Number of grants made	Total value (\$'000)
NSW	16	601
VIC	10	385
QLD	16	595
SA	2	76
WA	6	237
TAS	6	251
NT	0	386
ACT	0	0
<b>Aust.</b>	<b>56</b>	<b>2,144</b>

### 3.5.7 Home and Community Care

The Australian Government contributes approximately 60 per cent of HACC program funding nationally and maintains a broad strategic role. State and territory governments contribute approximately 40 per cent of program funding and manage the program on a day-to-day basis. Australian Government funding available for HACC in 2007-08 was \$1.006 billion, an increase of 8.4 per cent over that provided in 2006-07. Total combined Australian Government and state and territory government funding for 2007-08 was \$1.652 billion, an increase of \$127.9 million over the previous year.

In addition, \$6 million in extra, one-off, unmatched funding was made available by the Australian Government in 2007-08 to build on and extend the work previously agreed by COAG for improved, nationally consistent arrangements for access, assessment and referral for HACC. The extra funding recognises costs associated with implementing the reforms and will be available only to those states and territories that implement the reforms outlined in *A New Strategy for Community Care - The Way Forward*.

## 3.6 Support for carers

### 3.6.1 Residential respite

The Australian Government continues to increase spending on respite care. Expenditure on residential respite care was \$127.3 million in 2007-08, compared with \$122.5 million in 2006-07, as shown in Table 21.

Table 21: Australian Government expenditure for residential respite care, from 2003-04 to 2007-08, by state and territory

	2003-04	2004-05	2005-06	2006-07	2007-08	Increase: 2006-07 to 2007-08
NSW	30.5	42.9	49.1	57.3	59.5	3.8%
VIC	24.0	18.5	20.9	23.8	25.3	6.3%
QLD	18.3	12.5	12.9	15.0	15.3	2.0%
SA	9.4	9.6	11.4	13.5	13.9	3.0%
WA	801.0	5.1	5.9	6.5	7.0	7.7%
TAS	4.0	2.7	3.0	3.3	3.4	3.0%
NT	3.1	0.1	1.1	1.5	1.2	-20.0%
ACT	2.4	1.5	1.5	1.6	1.7	6.2%
<b>Aust.</b>	<b>99.7</b>	<b>93.5</b>	<b>105.8</b>	<b>122.5</b>	<b>127.3</b>	<b>3.9%</b>

### 3.6.2 National Respite for Carers program

Expenditure on the National Respite for Carers Program was \$179.5 million in 2007-08. This includes funding for day respite in aged care homes. The outlay in 2008-09 is projected to be \$195 million. Australian Government support for the National Respite for Carers program complements support provided to carers through residential respite care.



## 4 Quality of care and accommodation

The Australian Government is committed to continual improvement in the delivery of aged care and ensuring the best possible aged care for frail older Australians.

Strategies that support the provision of quality services include:

- accreditation and continuous quality improvement process;
- legislated responsibilities for aged care providers;
- the appointment of the Aged Care Commissioner;
- assistance to develop and maintain a sufficient and skilled aged care workforce;
- support for consumers of aged care services; and
- the Complaints process (see Chapter 5).

A standards framework underpins the quality of care received by older Australians in aged care and the *Aged Care Act 1997* (the Act) provides for sanctions to be applied against the small number of providers that do not meet their responsibilities.

### ACCREDITATION AND CONTINUOUS QUALITY IMPROVEMENT PROCESS

#### 4.1 Residential care

##### 4.1.1 Quality of accommodation - Building standards and certification

Certification focuses on the building quality of aged care homes. A home must be certified to be able to receive accommodation payments and Extra Service charges. Residents expect high quality and safe accommodation in return for their direct and indirect contributions, therefore all aged care homes are required to meet fire safety and privacy and space targets to be eligible to receive the maximum level of the new accommodation supplement available from March 2008.

While certification is not time limited, it is based on the principle of continuous improvement and an agreed 10-year plan, introduced in 1999, provides homes with a clear framework for improving safety, privacy and space standards. Every aged care home that was constructed prior to July 1999 is required to have no more than four residents accommodated in any room, no more than six residents sharing each toilet and no more than seven residents sharing each shower or bath.

Under the privacy and space requirements, all new buildings constructed since July 1999, are required to have an average, for the whole aged care home, of no more than 1.5 residents per room. No room may accommodate more than two residents. There is also a mandatory standard of no more than three residents per toilet, including those off common areas, and no more than four residents per shower or bath. Table 22 shows the summary of services that have met the privacy and space requirements as at 30 June 2008.

Table 22 Services that have met the privacy and space requirements as at 30 June 2008, by state and territory

	Total Services	Total Compliant Services	Percentage of Compliant Services
NSW	890	806	91%
VIC	783	769	98%
QLD	478	438	92%
SA	279	270	97%
WA	248	241	97%
TAS	87	86	99%
NT	15	10	67%
ACT	24	22	92%
<b>Aust.</b>	<b>2,804</b>	<b>2,642</b>	<b>94%</b>

The requirements of the 1999 Certification Assessment Instrument do not override the building and fire safety regulations within each state and territory. Through the Building Code of Australia, the state and territory building regulations set the minimum community standard for safety, health and amenity of buildings.

Ninety-nine per cent of aged care homes met the fire and safety requirements of the 1999 Certification Instrument at 30 June 2008. The remaining homes had not met the increased quality measure for fire safety by 30 June 2008 but have major building works underway and are expected to achieve the targets in the near future.

Approved Providers of residential aged care are required to complete a fire safety declaration for each calendar year. The declaration seeks assurance that Australian Government funded aged care homes have complied with all applicable state, territory and local government fire safety laws throughout the year and as at 31 December each year. In 2007, all fire safety declaration forms were received. Of these, one indicated non-compliance and this home is currently under the supervision of the local council.

The Department may take action if an Approved Provider fails to meet its responsibility to complete the fire safety declaration. The responsibility for monitoring compliance with fire safety laws rests with the appropriate state, territory or local government authorities.

#### 4.1.2 Quality of accommodation - Building activity

Through accommodation payments, residential aged care providers have access to funding for continued improvement to accommodation and care. The sector is continuing to invest significant funds in new buildings, rebuilding, and upgrading of homes. Table 23 sets out details.<sup>13</sup>

An estimated total of \$1,451 million of new building, refurbishment and upgrading work was completed during 2007-08, involving about 13.4 per cent of all homes. An estimated further \$1,930 million of work was in progress at 30 June 2008, involving about 9.8 per cent of all homes. At June 2008, an estimated 11.6 per cent of homes were planning building work.

<sup>13</sup> Building activity data for 2007-08 are preliminary and subject to further refinement following detailed analysis of the survey results.

Table 23: Estimated building work expenditure by residential aged care services from 2003-04 to 2007-08<sup>14</sup>

	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Completed Building Work</b>					
Estimated total building work completed during the year or in progress at 30 June	\$2,046m	\$2,084m	\$2,241m	\$2,988m	\$3,381m
Proportion of homes that completed any building work during the year	18.6%	16.8%	16.7%	15.2%	13.4%
Proportion of homes with any building work in progress at the end of the year	12.4%	12.1%	11.3%	12.3%	9.8%
<b>New Building Work<sup>1</sup></b>					
Proportion of homes that completed new building work in the year	2.9%	3.7%	3.1%	2.7%	3.1%
Proportion of homes with new building work in progress at the end of the year	3.7%	2.8%	2.9%	3.2%	2.7%
Estimated new building work completed in the year	\$362m	\$573m	\$756m	\$729m	\$873m
Estimated new building work in progress at the end of the year	\$610m	\$482m	\$542m	\$801m	\$854m
Proportion of homes that were planning new building work	7.9%	7.7%	6.9%	4.6%	3.4%
<b>Rebuilding Work<sup>2</sup></b>					
Proportion of homes that completed rebuilding work in the year	0.7%	0.8%	0.4%	0.7%	0.8%
Proportion of homes with rebuilding work in progress at the end of the year	1.2%	1.1%	1.1%	1.7%	1.3%
Estimated rebuilding work completed in the year	\$59m	\$85m	\$60m	\$97m	\$184m
Estimated rebuilding work in progress at the end of the year	\$180m	\$256m	\$256m	\$556m	\$546m
Proportion of homes that were planning rebuilding work	3.5%	3.0%	2.5%	2.7%	1.5%
<b>Upgrading work<sup>3</sup></b>					
Proportion of homes that completed upgrading work in the year	14.9%	12.6%	13.2%	11.8%	9.9%
Proportion of homes with upgrading work in progress at the end of the year	7.7%	8.8%	7.4%	7.4%	6.0%
Estimated upgrading work completed in the year	\$420m	\$292m	\$300m	\$307m	\$394m
Estimated upgrading work in progress at the end of the year	\$414m	\$396m	\$328m	\$497m	\$530m
Proportion of homes that were planning upgrading work	13.1%	11.0%	9.6%	7.9%	7.2%

- (1) New building is defined as work relating to a new building to accommodate new or transferred aged care places.
- (2) Rebuilding work is defined as the complete demolition and reconstruction of an approved service on the same site.
- (3) Upgrading work is defined as renovation or refurbishment of an existing service including extensions.

14 Source: Surveys of Aged Care Homes, 2005, 2006, 2007 and 2008. Building data for 2007-08 are preliminary and subject to further refinement following detailed analysis of the 2008 survey results.

### 4.1.3 Quality of care – Accreditation process

The Act provides for an accreditation-based quality assurance system. Aged care homes must be accredited in order to receive Australian Government subsidies.

"There is broad industry support for accreditation and a general acknowledgment that it has substantially improved standards of care across the industry."<sup>15</sup> The accreditation process assesses the performance of homes against the 44 expected outcomes of the four Accreditation Standards:

- management systems, staffing and organisational development;
- health and personal care;
- resident lifestyle; and
- physical environment and safe systems.

The Aged Care Standards and Accreditation Agency Ltd (the Agency) manages the accreditation of aged care homes in accordance with the *Accreditation Grant Principles 1999*. It is a wholly owned Australian Government company limited by guarantee, and subject to Corporations Law and the *Commonwealth Authorities and Companies Act 1997*. The Agency's functions include:

- managing the accreditation process using the Accreditation Standards;
- promoting high quality care and helping the sector to improve service quality, by identifying best practices and providing information, education and training;
- assessing, and strategically managing, services working towards accreditation; and
- liaising with the Department about aged care services that do not comply with the Accreditation Standards.

During 2007-08, the Agency conducted education and information sharing activities including:

- Better Practice events attended by a total of 1,511 delegates;
- a series of one-day seminars attended by 1,311 participants and covering Continuous improvement, Evidence-based practice and Managing risk;
- courses in assessing for accreditation including the aged care quality assessment course attended by 443 participants; and
- Quality Education on the Standards (*QUEST*) sessions delivered to 7,893 staff of residential aged care homes.

The Agency publishes an annual report, which gives details about the operation of accreditation. Further information is at the Agency's website at <http://www.accreditation.org.au>.

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15 Review of Pricing Arrangements in Residential Aged Care. *Summary of the Report*. Canberra, 2004, pp. 38-39.

#### **4.1.4 Quality of care – Accreditation outcomes and awareness**

Aged care homes must be accredited to continue receiving Australian Government funding. At 30 June 2008, some 92.3 per cent (2,628 homes) were accredited for at least three years. At 30 June 2008, some 1.6 per cent (46 homes) were identified as having some non-compliance in respect to the 44 Accreditation Standards expected outcomes.

During 2007-08, some 87 review audits were conducted and 86 decisions were made:

- 25 homes were the subject of a decision not to revoke or vary the period of accreditation;
- 55 homes were the subject of a decision to vary accreditation;
- six homes were subject to a decision to revoke accreditation and one home was awaiting a decision from the previous financial year. Two homes were granted the same period of accreditation and five homes obtained a further period of accreditation. One home has since closed.

#### **4.1.5 Unannounced visits, site audits and visits**

The Agency conducts support visits and regularly monitors the progress homes are making towards continuous improvement. In addition, the Department conducts visits to monitor Australian Government funded aged care homes for compliance with their responsibilities under the Act.

During 2007-08, the Agency conducted the following visits to assess and monitor Australian Government funded aged care homes against the Accreditation Standards:

- 426 accreditation site audits;
- 87 review audits, of which 49 were unannounced; and
- 4,731 support contacts, of which 3,056 were unannounced.

This means that the Agency conducted a total of 5,244 visits to homes during 2007-08. The Agency undertook an average of 1.84 visits per home in 2007-08.

In addition, the Department conducted 3,127 visits in 2007-08, which included 1,145 unannounced visits.

All homes received at least one unannounced visit during the year

In March 2008, the Minister announced that in 2008-09 the Agency will undertake 7,000 visits to Australian Government funded aged care homes.

## 4.2 Community care

Quality Reporting is the Australian Government's process for encouraging community care service providers to improve the quality of their service delivery. It is a Government requirement that applies to providers funded for the Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) and National Respite for Carers (NRCP) programs (and the Extended Aged Care at Home - Dementia (EACH-D) program as of 1 July 2008).

Quality Reporting in community care concluded its first three year cycle on 30 June 2008. All providers of CACPs, EACH and the NRCP were required to appraise their performance over the three year cycle. As at 30 June 2008, the Quality Reporting process had exceeded the proposed assessment of 1,422 service provider outlets over the three year cycle.

In March 2008, Alt Beatty Consulting completed a review of the Quality Reporting program on behalf of the Department. The review found that the program is performing well overall and there have been significant achievements by the Department and service providers in continuous quality improvement. The review has also identified some areas where the Quality Reporting program could be further developed and improved. The longer term considerations from this evaluation have been included, where relevant in the new quality arrangements being progressed as part of the 2007-08 aged care Budget package (below).

Short term considerations from the Alt Beatty Consulting's review have been included in the second rollout of the Quality Reporting process which commenced on 1 July 2008. The enhancements, including police checks and review of improvement plans, will capture and report on information that was not required by the first cycle.

A total of \$26.8m was provided over four years in the 2007-08 Budget to strengthen the quality assurance framework for community care packages and the NRCP. Strategies include:

- increased program monitoring and accountability including enhanced standards, improved data collection, risk assessment and unannounced visits;
- supporting the sector to improve quality service provision through identification and promotion of best practice models in key areas including care planning, falls prevention, wound management and safe medication management; and
- increasing consumer awareness of services and advocacy and complaints options.

Work under the initiative relating to enhanced standards will also be part of more consistent quality reporting processes currently being developed, including common community care standards.

## 4.3 Compliance with legislative requirements

Approved Providers of Australian Government funded aged care must comply with responsibilities specified in the Act and in the Aged Care Principles. These responsibilities encompass quality of care, user rights and accountability for Government funding. The responsibilities of Approved Providers are outlined in Appendix C.

### **4.3.1 Legislated Responsibilities for Aged Care Providers**

Australians expect high standards of care in aged care homes. The quality and accreditation framework emphasises homes accepting responsibility for providing, maintaining and improving service. Sanctions may be used to encourage compliance when other measures have failed. The regulatory processes give providers every opportunity to reach compliance. Measures to ensure Approved Providers meet their responsibilities include:

- protecting resident safety;
- targeted and unannounced visits to services [refer to 4.1.5 and 5.2.4];
- compliance notices to encourage improvement;
- sanctions for continued or serious non-compliance with responsibilities;
- reviews of resident classifications; and
- prudential arrangements to protect residents who pay bonds.

Both the Agency and the Department have a role in monitoring aged care homes. In broad terms, the Agency manages the accreditation process and monitors compliance with the Accreditation Standards. The Department monitors compliance by Approved Providers with all their responsibilities under the Act. The Department is responsible for taking sanctions action when Approved Providers breach their responsibilities, including failing to implement improvements required by the Agency.

Information about the standards achieved by homes is published on the Agency's website. All accreditation and review audit reports are also published on the site at [www.accreditation.org.au](http://www.accreditation.org.au).

### **4.3.2 Protecting Resident Safety - compulsory reporting of assaults, and police checks**

All Australian Government subsidised aged care homes must report incidents or allegations of sexual assault or serious physical assault. In this context, 'reportable assault' is defined in legislation and means unlawful sexual contact or unreasonable use of force that is inflicted on a person receiving residential aged care. Under these arrangements, aged care providers are required to:

- report to the police and to the Department within 24 hours incidents involving alleged or suspected reportable assaults;
- take reasonable measures to ensure staff members report any suspicions or allegations of reportable assaults to the Approved Provider;
- take steps to protect the security of residents in the facility;
- take reasonable steps to protect the identity of any person who lodges a report; and
- keep consolidated records of all incidents involving allegations or suspicions of reportable assaults.

The Department may receive information about alleged or suspected assaults on a resident through varied means, for example, from an Approved Provider, from a staff member, from residents and their families and from other health professionals.

In 2007-08 the Department received notification of 925 alleged reportable assaults. Of those, 725 were recorded as alleged unreasonable use of force, and 200 as alleged unlawful sexual contact.

There are provisions in the legislation for the protection of people who make compulsory reports of assault to their employer, the Department or the Police.

Services are required to undertake a police check for staff and certain volunteers every three years to determine their suitability to provide aged care. People with convictions for murder, sexual assault, and serious physical assault where a term of imprisonment has been imposed, are not permitted to provide care or services in an unsupervised capacity.

The Minister for Ageing announced on 21 February 2008 that police check provisions will be extended to be mandatory for all staff, regardless of whether they have supervised or unsupervised access to residents.

#### **4.3.3 Sanctions**

In 2007-08, the Department took sanction action against 14 Approved Providers, including the issuing of 15 Notices of Decision to Impose Sanctions. The Department also issued 75 Notices of Non-Compliance. At 30 June 2008, two of the sanctions remained in place. Details of sanctions imposed in 2007-08 are included at Appendix D.

#### **4.3.4 Resident Classification Scale reviews**

Aged care providers are accountable for the subsidies they receive to give care to residents of aged care homes. As it is the staff of the home that use the Resident Classification Scale (RCS) to assess each resident for funding purposes, the Department checks the accuracy of classifications to protect taxpayer funding and ensure that the funding for each resident reflects his or her care needs. These RCS classification reviews are a primary accountability measure to safeguard public expenditure on residential aged care.

During 2007-08, approximately 17,132 reviews of RCS appraisals were completed. Of those reviews, 6,098 or 35 per cent, resulted in reductions of funding, of which 344, or 5.6 per cent, were appealed. On appeal to the Department, approximately 42 per cent of the 344 appealed decisions were confirmed. In approximately 39 per cent of cases, the original classification by the home was reinstated. In the remaining cases, 10 per cent of the review decisions were set aside and a new decision substituted and the remaining 19 per cent are yet to be finalised.

During 2007-08 there were no applications made by Approved Providers to appeal the review of the RCS appraisal through the Administrative Appeals Tribunal.

### 4.3.5 Security of accommodation bonds

At 30 June 2007, Approved Providers reported through their Annual Prudential Compliance Statements that they held nearly 55,000 bonds with a total value of around \$6.3 billion. The average holding per Approved Provider was \$6.5 million and the 10 largest bond holders held approximately 19 per cent, or around \$1.2 billion, of all accommodation bond monies.

### 4.3.6 Prudential arrangements

All Approved Providers of residential care and Multi-purpose Service flexible care services that hold accommodation bonds and entry contributions are required to comply with the prudential requirements set out in the Act and the *User Rights Principles 1997*. The principal objective of the prudential requirements is to protect accommodation bonds and entry contributions paid to Approved Providers by residents of aged care homes.

The prudential requirements are supplemented by the Accommodation Bond Guarantee Scheme (Guarantee Scheme) established under the *Aged Care (Bond Security) Act 2006*. This scheme guarantees that residents' accommodation bond and entry contribution balances will be repaid in the event that their Approved Provider becomes bankrupt or insolvent and defaults on its refund obligations to residents.

Approved Providers holding accommodation bonds or entry contributions must comply with three Prudential Standards: the Liquidity Standard, the Records Standard and the Disclosure Standard. The Prudential Standards collectively seek to enhance management of accommodation bond and entry contribution funds by Approved Providers through:

- requiring Approved Providers to systematically assess their future accommodation bond and entry contribution refund obligations and the associated funding implications to ensure that they are able to meet their refund obligations as they fall due; and
- promoting the transparency of Approved Providers' management of accommodation bond and entry contribution funds by requiring disclosure, to residents, prospective residents and the Department, of information on the Approved Provider's prudential compliance and their financial position.

During 2007-08, the Department undertook a range of activities to promote industry's understanding of the prudential arrangements and encourage compliance. These activities included engaging with industry stakeholders on key issues related to the security of accommodation bonds and financial viability of Approved Providers.

The Department also conducted monitoring and compliance activity during the year to promote compliance with the prudential requirements, including assessing the Annual Prudential Compliance Statements lodged by Approved Providers and investigating cases of possible non-compliance with the prudential requirements. The Annual Prudential Compliance Statement is a key mechanism through which the Department monitors the compliance of Approved Providers with the prudential requirements. The Prudential Standards require an Annual Prudential Compliance Statement to be completed by each Approved Provider, indicating compliance during

2006-07 with the prudential requirements. In total, during the 2007-08 financial year, the Department issued 62 'warning letters' and one Notice of Non-Compliance to Approved Providers for prudential non-compliance.

#### 4.3.7 Accommodation Bond Guarantee Scheme

The Guarantee Scheme enables the Australian Government to refund all accommodation bond and entry contribution balances owed to residents by their Approved Provider. In return for the payment, the rights that the resident had to recover the amount from their Approved Provider are transferred to the Commonwealth so it can pursue the Approved Provider for the funds. The Guarantee Scheme requires that the Approved Provider has been placed into bankruptcy or liquidation and there is at least one outstanding accommodation bond or entry contribution balance.

The Guarantee Scheme was triggered in early 2008, and the Government has refunded the outstanding accommodation bond balances, including interest, to affected residents. The Department is currently pursuing recovery of the refunded amounts from the company.

### 4.4 The Aged Care Commissioner

The Aged Care Commissioner is a statutory office created under the Act. The functions of the Commissioner are outlined in the Act and include:

- examining, in response to a complaint or on their own initiative, the Secretary's processes for handling matters under the *Investigation Principles 2007*;
- examining decisions made by the Secretary under the *Investigation Principles 2007* which are identified, by those Principles, as being examinable by the Commissioner;
- examining complaints about the Agency with regard to the accreditation of Australian Government subsidised aged care services. This includes the power to examine complaints about the conduct of a person carrying out an accreditation audit or support contact, but does not include the power to examine complaints about accreditation decisions; and
- making recommendations arising from these examinations.

Ms Rhonda Parker was appointed Aged Care Commissioner from 1 May 2007 to 30 April 2010. The Aged Care Commissioner is required to produce an annual report, for presentation to the Minister for Ageing and to Parliament, on the operations of her office.

The Aged Care Commissioner's annual report will be made available on the Commissioner's website at: <http://www.agedcarecommissioner.net.au>

## 4.5 Aged care workforce

An adequate and well-qualified workforce is fundamental to the delivery of quality aged care. The Australian Government supports a range of workforce initiatives designed to increase overall staff supply, to provide additional training opportunities for existing staff and to create better career paths for all care workers. These initiatives assist providers to meet their responsibilities under the Act and to develop a well trained aged care workforce.

### 4.5.1 Bringing nurses back into the workforce

In the 2008-09 Budget, the Australian Government committed \$138.9 million over five years across the Health and Ageing and Education portfolios in support of the recruitment and training of up to a total of 8,750 nurses across public and private hospitals and aged care, as well as funding up to an additional 1,170 university nursing places per year.

In relation to aged care, \$6.9 million is being provided over five years to bring 1,000 registered nurses and enrolled nurses, who have been out of the health workforce for more than 12 months, back into employment in residential aged care.

Eligible nurses who re-enter residential aged care on or after 15 January 2008 will receive cash bonuses of up to \$6,000 and their employers will be paid up to \$1,000 towards the costs of re-training and re-skilling each re-entry nurse.

Funding is also being provided for an additional 1,500 new nurse graduates over the next five years.

### 4.5.2 More Aged Care Nurses

The Aged Care Nursing Scholarships Scheme encourages more nurses to enter or re-enter aged care and to increase the skills of nurses working in the aged care sector, particularly in rural and regional areas.

The scholarship scheme is administered by the Royal College of Nursing Australia.

Both undergraduate and postgraduate scholarships are available. Scholarship applicants are ranked according to their demonstrated commitment to aged care, and the recency and longevity of their regional, rural and remote experience.

Undergraduate scholarships are valued at \$10,000 per year, to a maximum of \$30,000. Two hundred and fifty of these scholarships are awarded each year. Postgraduate scholarships are valued at \$10,000. Since the Scheme commenced in 2003, 1,384 undergraduate scholarships and 630 postgraduate scholarships have been awarded.

### 4.5.3 Support for Aged Care Workers

The Support for Aged Care Training Program provides training opportunities to personal care staff employed in aged care in rural and remote locations.

During 2007-08 funds were invested in training to:

- upgrade the skills of personal care staff;
- increase the availability of skilled personal staff in aged care homes; and
- free registered nurses to concentrate on clinical care.

Since its establishment, this program has provided over 25,600 certificate-level and short course training places for staff in aged care homes throughout Australia. Under Round 5 of the Program 74 organisations were allocated \$10.49 million over 4 years to provide 11,584 training places for 437 smaller, less viable aged care homes. Training under Round 5 will continue until 2012.

### 4.5.4 Better Skills Better Care

The Better Skills for Better Care Program aims to increase overall staff supply, provide additional training opportunities for existing staff and to create better career paths for all care workers.

In 2007-08 the Better Skills for Better Care Program has provided over 2,900 training opportunities to personal care workers to gain certificate-level qualifications relevant to aged care, including around 580 enrolled nursing courses. In total, about 15,000 personal care workers have been offered training as a result of the first four rounds of funding.

### 4.5.5 Dementia Care Skills for Aged Care Workers

The Dementia Care Essentials Program aims to provide accredited training in vital aspects of good dementia care, including care planning, communication, and managing challenging behaviour. The Dementia Care Essentials Program aims to train 17,000 aged care workers across Australia at a total cost of \$13.8 million. By the end of June 2008 some 11,605 workers had received training.

### 4.5.6 Community Care Workforce - Additional training

The Community Aged Care Workforce Development Program aims to enhance the skills and knowledge of aged care workers who provide home based care to frail older Australians with complex care needs.

This will provide up to 8,700 certificate level training places over four years to aged care workers who deliver Australian Government funded 'packaged care' services such as those provided under the EACH, EACH-D and CACP programs. Up to 2,000 of these training places will be allocated to aged care workers from culturally and linguistically diverse or Aboriginal and Torres Strait Islander backgrounds. Three thousand mainstream training places were allocated in 2007-08.

## **4.6 Supporting consumers**

### **4.6.1 Community Visitors Scheme**

The Community Visitors Scheme provides one-on-one volunteer visitors to residents of Australian Government subsidised aged care homes who are socially or culturally isolated and whose quality of life would be improved by friendship and companionship. The Community Visitors Scheme is available to any resident of an Australian Government subsidised aged care home who is identified by their aged care home as at risk of isolation or loneliness, whether for social or cultural reasons or because of disability. The scheme has wide acceptance in the community and the aged care sector.

In 2007-08, funding for the Community Visitors Scheme was approximately \$8.85 million, with 7,500 funded visitors.

### **4.6.2 Advocacy Services**

The Department funds aged care advocacy services in each state and territory under the National Aged Care Advocacy Program. Advocacy services provide independent advocacy and information to recipients or potential recipients of aged care (or their representatives). The services also perform an educative role for aged care recipients and providers on the rights of care recipients.

The National Aged Care Advocacy Program recently developed an enhanced performance framework including new program guidelines, performance targets and a Strategic Plan for 2007 - 2010. The Strategic Plan is responsive to a range of factors such as aged care reforms, demographic changes and changes in consumer expectations. Total expenditure for the program in 2007-08 was \$2.6 million.

In 2007-08, services under the National Aged Care Advocacy Program undertook 3,227 advocacy cases, handled 5,603 general enquiries and provided 1,299 face-to-face education sessions.



# 5 COMPLAINTS INVESTIGATION SCHEME

## 5.1 Aged Care Complaints Investigation Scheme

The Aged Care Complaints Investigation Scheme (CIS) commenced operation on 1 May 2007 and was established through changes to the *Aged Care Act 1997* (the Act) and the introduction of regulations under the Act - the *Investigation Principles 2007*. The CIS covers both residential and community aged care services subsidised under the Act.

Anyone can contact the CIS with a concern, including care recipients, family members, care providers, staff members and health professionals. Complaints can be made openly, anonymously or on a confidential basis and can be about anything that affects the quality of care for aged care recipients.

The CIS has the power to conduct investigations on their own initiative and issue Notices of Required Action, where an Approved Provider is found to be in breach of their responsibilities under the Act.

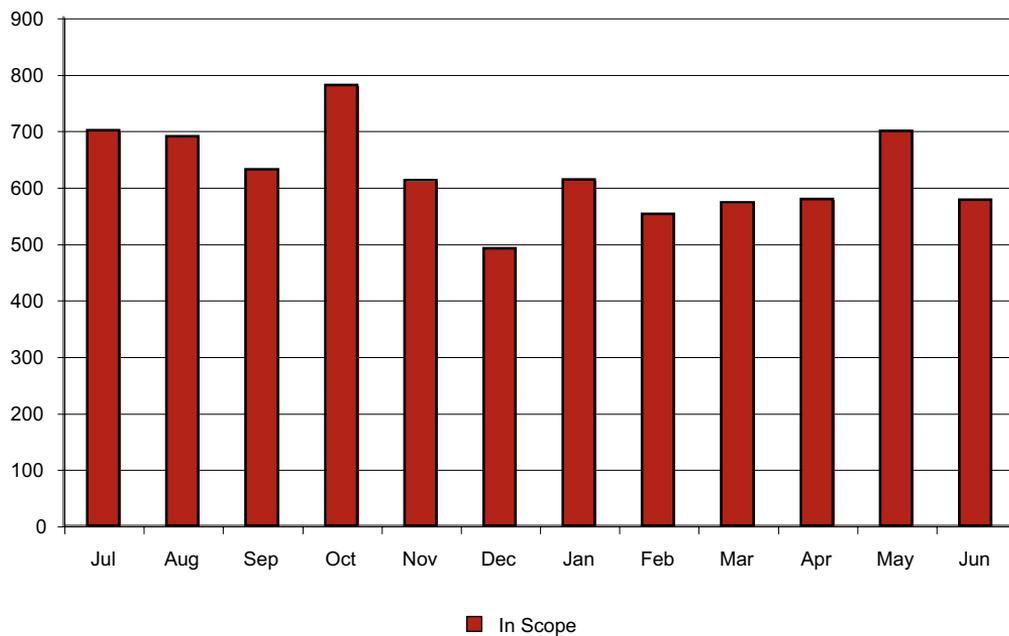
## 5.2 Complaints activity under the Complaints Investigation Scheme

### 5.2.1 Number of Cases

The CIS received 11,323 contacts between 1 July 2007 and 30 June 2008. Approximately 66 per cent (or 7,496) of these contacts were considered 'in-scope' cases - that is, relating to an Approved Provider's responsibilities under the Act - and subsequently investigated. Breaches of an Approved Provider's responsibilities were identified in 930 cases. The remaining 34 per cent (or 3,827) raised 'out-of-scope' issues and were therefore not investigated.

Victoria received the highest number of contacts during the reporting period, with 36 per cent (or 2,663) of the total number of in-scope cases and 34 per cent (or 1,269) of the total number of out-of-scope cases recorded Australia-wide. New South Wales recorded 25 per cent (or 1,848) of the total number of in-scope cases and 26 per cent (or 982) of the total number of out-of-scope cases.

Figure 6: Identification of complaints as in scope, from 1 July 2007 to 30 June 2008

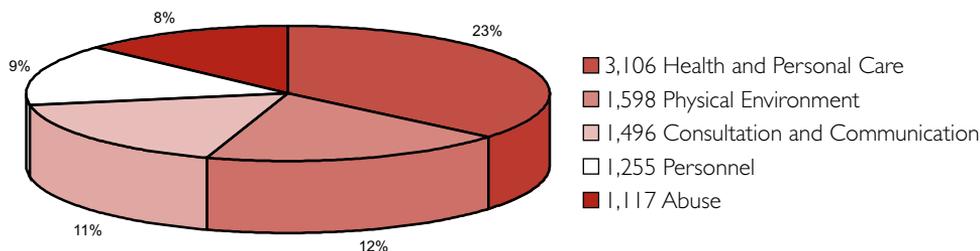


### 5.2.2 Most commonly reported issues

CIS cases often incorporate more than one issue. Sixteen issue keywords are currently identified and reported against. During the reporting period, 13,789 individual issues were identified. The majority of these issues were grouped under the following five keywords:

- Health and Personal Care (main issues included continence management, clinical care and infectious diseases);
- Consultation and Communication;
- Physical Environment;
- Personnel; and
- Abuse (main issues recorded under Abuse included: reportable assaults and other types of abuse such as verbal, psychological or emotional abuse, financial issues, rough handling, neglect and discrimination, including religious, racial, cultural, sexual and gender-based).

Figure 7: The five most commonly reported issues from 1 July 2007 to 30 June 2008

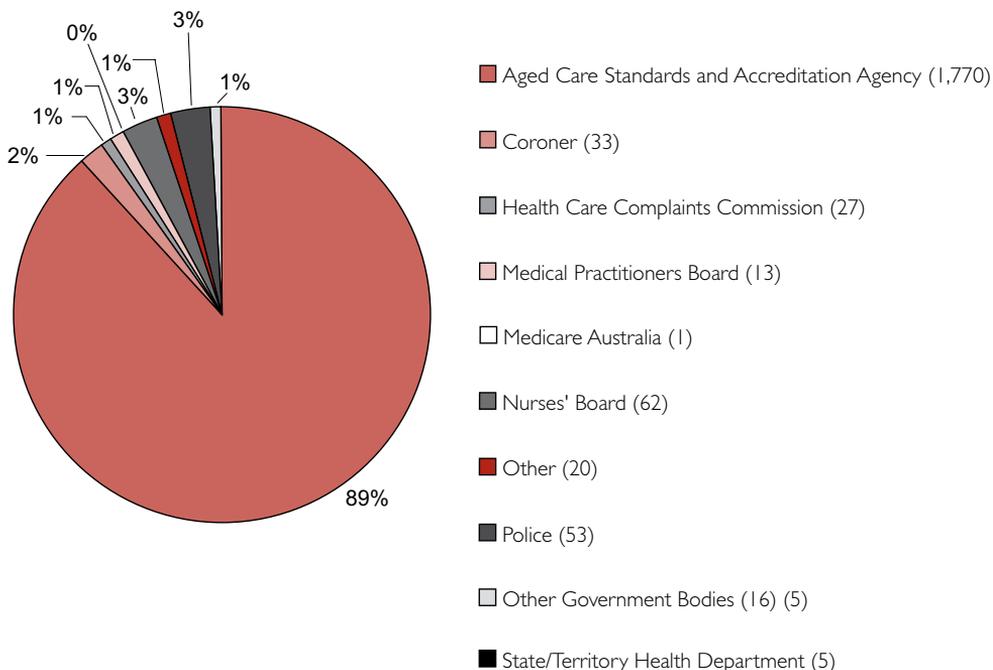


### 5.2.3 Referrals to External Agencies

During the course of investigating a case, the CIS may refer issues to an external agency more appropriately placed to deal with the matters raised. For example, criminal issues are referred to the relevant state/territory police service, while issues that relate to the conduct of a health professional are referred to the relevant health professional regulatory body, such as the Nurses Registration Board, Medical Board and the Health Care Complaints Commission.

Between 1 July 2007 and 30 June 2008, the CIS made 2,000 referrals to external agencies. Approximately 88 per cent (or 1,770) of these referrals were made to the Aged Care Standards and Accreditation Agency. Of these referrals approximately 78 per cent were for information regarding matters considered to be non urgent, 21 per cent were requesting a support contact and the remaining one per cent was for a review audit of a home.

Figure 8: Breakdown of the 2000 referrals to external agencies from 1 July 2007 to 30 June 2008



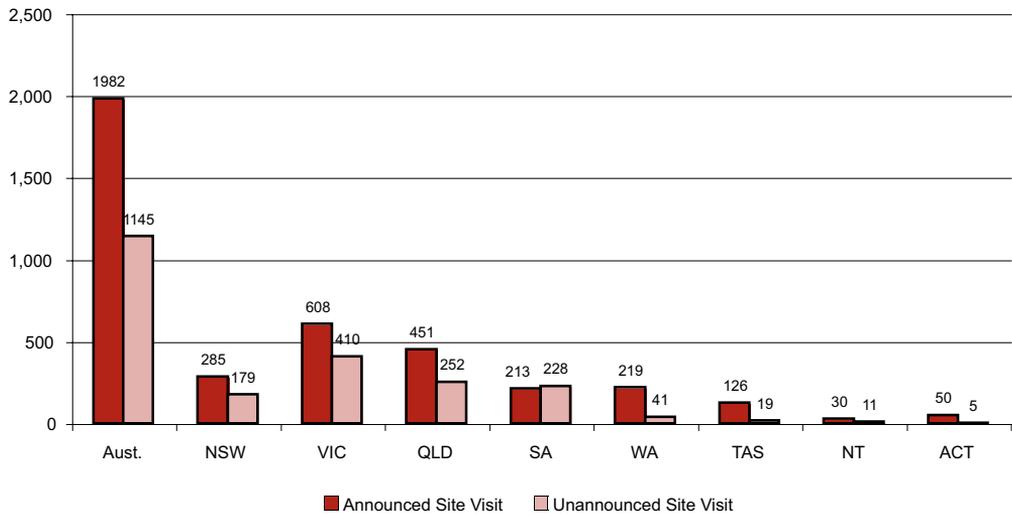
### 5.2.4 Site visits

CIS officers may visit either the Approved Provider's premises or the service during the course of investigating a case. Visits may be announced or unannounced.

The CIS conducted 3,127 site visits between 1 July 2007 and 30 June 2008. This means that a site visit was undertaken in 42 per cent of all in-scope cases. Approximately 63 per cent (or 1,982) of these visits were announced. The remaining 37 per cent (or 1,145) were unannounced.

Site visit figures for each of the states and territories are shown in Figure 9.

Figure 9: The number of site visits, by state and territory, from 1 July 2007 to 30 June 2008



### 5.2.5 Notices of Required Action

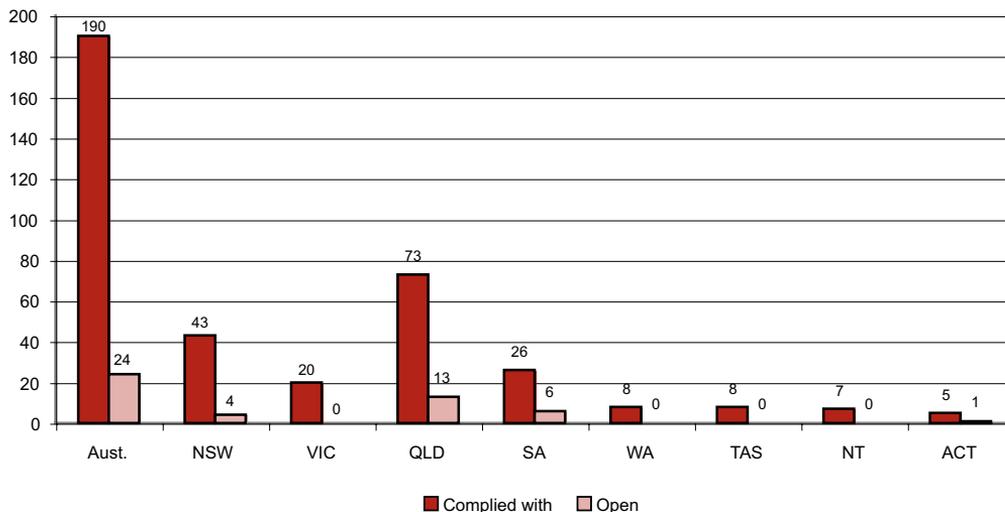
A Notice of Required Action (NRA) is issued when an Approved Provider is found to be in breach of their responsibilities under the Act or Principles and has not already taken action to address the breach. Each NRA sets out the details of the breach, what the provider must do to address the breach and the timeframe in which this action must be taken. The intention of a NRA is to give the provider an opportunity to address the breach before compliance action is considered.

Between 1 July 2007 and 30 June 2008 the CIS issued 214 NRAs. Twenty-four (or 11 per cent) of these NRAs remained open at 30 June 2008, that is to say the period in which the Approved Provider had been allowed to implement the required action had not yet elapsed. The remaining 190 (or 89 per cent) had been complied with, resulting in no further action against the Approved Provider.

NRAs were issued in all states and territories. Queensland issued 86 NRAs (or 40 per cent of the national total) while New South Wales issued 47 (or 22 per cent of the national total) and South Australia issued 32 (or 15 per cent of the national total).

In addition, there were 716 instances where a breach was identified as a result of an investigation, where either no NRA was issued because the matter was remedied immediately through a negotiated outcome, or it was referred to another agency.

Figure 10: Notices of Required Action from 1 July 2008 to 30 June 2008, by state and territory



### 5.2.6 External review

The Aged Care Commissioner has the power:

- to examine, in response to a complaint or on their own initiative the Secretary's processes for handling the matters under the *Investigation Principles 2007*;
- to examine decisions made by the Secretary under the *Investigation Principles 2007* which are identified, by the Principles, as being examinable by the Commissioner; and
- make recommendations arising from these examinations.

Approved Providers and care recipients or their representatives affected by decisions under the CIS have a right to seek an examination of those decisions by the Aged Care Commissioner. Parties can also request the Aged Care Commissioner to examine the handling and investigation of a complaint by the CIS.

The Aged Care Commissioner can conduct an 'own motion' examination, that is, to undertake a review of the scheme's processes or the conduct of the CIS even when a request for a review has not been received.

Following a review, the Aged Care Commissioner may make a recommendation to either confirm the Department's original decision, or set aside the original decision (and replace it) or vary the original decision (and replace part of it). After the Secretary receives a recommendation from the Commissioner about an examinable decision the Secretary must, taking into consideration the recommendation, reconsider the original decision.

From 1 July 2007 to 30 June 2008 the Aged Care Commissioner commenced 124 reviews. Of these, 110 were related to applications to review an examinable decision and 14 were for a review of CIS investigation process. The Aged Care Commissioner did not commence any 'own motion' reviews.

### Review of Examinable Decisions

The Aged Care Commissioner completed 88 reviews of an examinable decision of which the Department has completed 78 internal reconsiderations. In 10 instances the Delegate's reconsidered decision did not agree with the Commissioner's recommendation. Of those, seven related to a recommendation to vary a decision and three related to a recommendation to set aside the original decision.

*Table 24: Reviews of examinable decisions, from 1 July 2007 to 30 June 2008*

<b>Aged Care Commissioner recommendations to confirm the original decision</b>	<b>Aged Care Commissioner recommendations to set aside the original decision</b>	<b>Aged Care Commissioner recommendations to vary the original decision</b>	<b>Total</b>
46	18	24	88

### Aged Care Commissioner Reviews of the CIS Processes

The Aged Care Commissioner completed seven reviews of CIS investigation process and in three cases made recommendation(s) to improve those processes. In all three cases the Department accepted the Aged Care Commissioner's recommendations.

# Appendix A:

## Aged Care Principles

### (made under subsection 96-1(1) of the Aged Care Act 1997):

The Act enables the Minister to make up to 25 sets of Principles that are required or permitted under the Act, or that the Minister considers are necessary or convenient to carry out or give effect to a Part or section of the Act.

The Minister has made 22 sets of Principles under the Act (listed below). The Principles may be amended at any time.

<i>Accountability Principles 1998</i>	<p>These Principles set out:</p> <ul style="list-style-type: none"><li>(a) various aspects of the access that must be given by an Approved Provider to persons for the purposes of paragraphs 63-1(1) (j), (l) and (m) of the Act; and</li><li>(b) requirements relating to police certificates and statutory declarations for certain staff members and volunteers; and</li><li>(c) circumstances in which reportable assaults need not be reported by an Approved Provider to a police officer or the Secretary; and</li><li>(d) requirements for circumstances mentioned in paragraph (c) or for alleged or suspected reportable assaults.</li></ul>
<i>Accreditation Grant Principles 1999</i>	<p>These Principles set out the procedures to be followed, and the matters to be taken into account, by the Agency for accreditation of residential care services, the Agency's responsibilities for services that have received accreditation, and conditions to which the accreditation grant is subject.</p>
<i>Advocacy Grant Principles 1997</i>	<p>These Principles set out the requirements to be met in making advocacy grants to organisations under Part 5.5 of the Act. Advocacy grants support activities to allow care recipients to understand and exercise their rights as care recipients.</p>
<i>Allocation Principles 1997</i>	<p>These Principles deal with a number of aspects of the process for allocating aged care places to Approved Providers.</p>
<i>Approval of Care Recipients Principles 1997</i>	<p>These Principles deal with a number of matters about approving care recipients for residential care and community care, and in some cases flexible care, so that subsidy can be paid to the Approved Provider.</p>
<i>Approved Provider Principles 1997</i>	<p>These Principles deal with a number of matters that are important in operating the approval process. Approval under Part 2.1 of the Act is a precondition to a provider of aged care receiving subsidy under the Act for provision of care.</p>
<i>Certification Principles 1997</i>	<p>These Principles deal with a number of aspects of the certification of residential care services under Part 2.6 of the Act.</p>

<i>Classification Principles 1997</i>	These Principles deal with a number of aspects of the classification of care recipients. A care recipients' classification affects the amount of residential care, or flexible care, subsidy payable to an Approved Provider for providing care to the care recipient.
<i>Community Care Grant Principles 1997</i>	These Principles deal with a number of aspects of the allocation and amounts of community care grants. Community care grants contribute towards the costs associated with some projects undertaken by Approved Providers to establish community care services or to enhance their capacity to provide community care.
<i>Community Care Subsidy Principles 1997</i>	These Principles specify kinds of care that are, or are not, included in the package of community care services and assistance provided under Part 3.2 of the Act.
<i>Community Visitors Grant Principles 1997</i>	These Principles set out some of the requirements to be met in making community visitors grants. Community visitors are sponsored by an organisation to allow care recipients to maintain contact with their community.
<i>Extra Service Principles 1997</i>	These Principles deal with various aspects of Extra Service places for the purposes of Part 2.5 of the Act. Extra service places involve providing a significantly higher standard of accommodation, food and services to care recipients.
<i>Flexible Care Grant Principles 2008</i>	These Principles deal with a number of aspects relating to flexible care grants under Part 5.2A of the Act. Flexible care means care provided in a residential or community setting through an aged care service that addresses the needs of care recipients in alternative ways to the care provided through residential care services and community care services.
<i>Flexible Care Subsidy Principles 1997</i>	These Principles set out who is eligible for flexible care subsidy, paid to Approved Providers for providing flexible care to care recipients, and on what basis flexible care subsidy may be paid.
<i>Information Principles 1997</i>	These Principles specify kinds of persons to whom the Secretary may disclose protected information, and for what purposes the information can be disclosed.
<i>Investigation Principles 2007</i>	<p>These Principles relate to Part 6.4A of the Act and deal with:</p> <ul style="list-style-type: none"> <li>(a) which matters (relating to the Act or the Principles) are to be investigated; and</li> <li>(b) how investigations are to be conducted; and</li> <li>(c) considerations in making decisions relating to investigations; and</li> <li>(d) procedures for the Aged Care Commissioner to examine certain decisions made in relation to investigations and also to examine certain complaints.</li> </ul>
<i>Quality of Care Principles 1997</i>	<p>These Principles set out a number of standards relating to the responsibilities of Approved Providers (Part 4.1 of the Act) for the quality of the aged care they provide through their aged care services. The standards are:</p> <ul style="list-style-type: none"> <li>• the Accreditation Standards,</li> <li>• the Residential Care Standards,</li> <li>• the Community Care Standards, and</li> <li>• the Flexible Care Standards.</li> </ul>

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<i>Records Principles 1997</i>	These Principles deal with a number of aspects relating to the keeping and retention of records by Approved Providers and former Approved Providers under Part 6.3 of the Act.
<i>Residential Care Grant Principles 1997</i>	These Principles set out a number of matters that relate to the allocation and amounts of residential care grants. Residential care grants contribute towards the capital works costs associated with some projects undertaken by Approved Providers to establish residential care services or to enhance their capacity to provide residential care.
<i>Residential Care Subsidy Principles 1997</i>	These Principles deal with eligibility for the subsidy, paid to Approved Providers for providing residential care to care recipients, how it is paid and what amount is paid.
<i>Sanctions Principles 1997</i>	These Principles deal with a number of matters that are important to the operation of the sanctions process under Part 4.4 of the Act. This process relates to the consequences of non-compliance with an Approved Provider's responsibilities under Parts 4.1, 4.2 or 4.3 of the Act.
<i>User Rights Principles 1997</i>	These Principles set out a number of user rights and Approved Provider responsibilities in association with Part 4.2 of the Act.

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# Appendix B:

## Amendments to the Aged Care Act 1997 and the Aged Care Principles made in the reporting period

### The Aged Care Act 1997 was amended by:

*Aged Care Amendment (2008 Measures No. 1) Act 2008* which:

- introduces new arrangements for fees and charges paid by residents of aged care facilities, and for subsidies paid by the Commonwealth Government for residents who cannot fully meet their own care and accommodation costs;
- implements changes to enable grants to be paid to Approved Providers of flexible care services; and
- extends the application of aged care legislation to include the Territory of Christmas Island and the Territory of Cocos (Keeling) Islands.

### The Aged Care Principles were amended by:

<i>Accountability Amendment Principles 2008 (No. 1)</i>	Amends the <i>Accountability Principles 1998</i> by providing that the period within which an Approved Provider must notify the Secretary about entry of a care recipient into a residential aged care service is 28 days.
<i>Allocation Amendment Principles 2008 (No. 1)</i>	Amends the <i>Allocation Principles 1997</i> to include a reference to the new accommodation supplement alongside the existing references to the concessional resident supplement.
<i>Approval of Care Recipients Amendment Principles 2008 (No. 1)</i>	Amends the <i>Approval of Care Recipients Principles 1997</i> to define high level of residential care and low level of residential care based on the ACFI classifications.
<i>Certification Amendment Principles 2008 (No. 1)</i>	Amends the <i>Certification Principles 1997</i> and includes a reference to the new accommodation supplement alongside the existing references to the concessional resident supplement and the charge exempt resident supplement.
<i>Classification Amendment Principles 2008 (No. 1)</i>	Amends the <i>Classification Principles 1997</i> to implement a residential aged care funding model.
<i>Community Care Grant Amendment Principles 2008 (No. 1)</i>	Amends the <i>Community Care Grant Principles 1997</i> to broaden eligibility for community care grants and also to increase the maximum amount of grant.
<i>Extra Service Amendment Principles 2008 (No. 1)</i>	Amends the <i>Extra Service Principles 1997</i> to include 'supported residents' alongside the existing references to concessional and assisted residents.
<i>Flexible Care Grant Principles 2008</i>	Were made to allow providers of EACH and EACH-D to apply for grants to assist with the establishment costs associated with the provision of EACH and EACH-D.
<i>Information Amendment Principles 2008 (No. 1)</i>	Amends the <i>Information Principles 1997</i> to update outdated references to other legislation that interacts with the Act and to the names of Departments responsible for administering such legislation.

<p><i>Investigation Amendment Principles 2007 (No. 1)</i></p>	<p>Amends the <i>Investigation Principles 2007</i> to require the Secretary to take all reasonable steps to notify an informant before deciding not to keep confidential a matter under the Principles the informant requested be kept confidential.</p>
<p><i>Quality of Care Amendment Principles 2008 (No. 1)</i></p>	<p>Amends the <i>Quality of Care Principles 1997</i> to allow a resident who was receiving a high level of residential care prior to commencement of this instrument to be taken to continue receiving that care after the introduction of the ACFI.</p>
<p><i>Records Amendment Principles 2008 (No. 1)</i></p>	<p>Amends the <i>Records Principles 1997</i> to state the specific records that must be kept related to Aged Care Funding Instrument (ACFI) assessments, appraisals and reappraisals for care recipients.</p>
<p><i>Residential Care Grant Amendment Principles 2008 (No. 1)</i></p>	<p>Amends the <i>Residential Care Grant Principles 1997</i> to include 'supported residents' alongside the existing references to concessional and assisted residents.</p>
<p><i>Residential Care Subsidy Amendment Principles 2007 (No. 1)</i></p>	<p>Amends the <i>Residential Care Subsidy Principles 1997</i> to remove access to exemptions from one or more applicable accounting standards and the requirement to treat residential aged care as a reportable segment.</p>
<p><i>Residential Care Subsidy Amendment Principles 2007 (No. 2)</i></p>	<p>Amends the <i>Residential Care Subsidy Principles 1997</i> to insure certain one-off compensation payments made to persons do not adversely affect their entitlements under the <i>Aged Care Act 1997</i>.</p>
<p><i>Residential Care Subsidy Amendment Principles 2008 (No. 1)</i></p>	<p>Amends the <i>Residential Care Subsidy Principles 1997</i> to allow residential care subsidies to be paid in conjunction with the Aged Care Funding Instrument (ACFI).</p>
<p><i>Residential Care Subsidy Amendment Principles 2008 (No. 2)</i></p>	<p>Amends the <i>Residential Care Subsidy Principles 1997</i> to include consequential changes arising from the <i>Aged Care Amendment (2008 Measures No. 1) Act 2008</i> which introduced new arrangements for fees and charges paid by residents of aged care facilities, and for subsidies paid by the Commonwealth Government for residents who cannot fully meet their own care and accommodation costs.</p>
<p><i>Residential Care Subsidy Amendment Principles 2008 (No. 3)</i></p>	<p>Amends the <i>Residential Care Subsidy Principles 1997</i> to enable the Conditional Adjustment Payment to be paid in 2008-09 and beyond, by removing the reference to 1 July 2008 as the end date of the operation.</p>
<p><i>User Rights Amendment Principles 2008 (No. 1)</i></p>	<p>Amends the <i>User Rights Principles 1997</i> to incorporate the new class of 'supported residents'.</p>

# Appendix C:

## Responsibilities of Approved Providers under the Aged Care Act 1997

Approved Providers are required to comply with their responsibilities under the *Aged Care Act 1997*. These include meeting their responsibilities in relation to:

### Quality of care

- providing the care and services that are specified in the *Quality of Care Principles 1997* for the type and level of aged care that is provided by the service;
- complying with the Accreditation Standards; and
- maintaining an adequate number of skilled staff to ensure that the care needs of care recipients are met.

### User rights

- providing care and services of a quality consistent with the Charter of Residents Rights and Responsibilities and the requirements in the *User Rights Principles 1997* relating to:
  - residents' security of tenure of their places;
  - access to the service by residents' representatives, advocates and community visitors;
  - providing information to residents about their rights and responsibilities and about the financial viability of the service;
  - restrictions on moving a resident within a residential service;
  - booking fees for respite days; and
  - complying with the prudential and other requirements in relation to any accommodation payments charged for a resident's entry to a service.
- charging no more than the amount permitted under the *Aged Care Act 1997* and *User Rights Principles 1997* for the care and services that it is the Approved Provider's responsibility to provide;
- charging no more for other care or services than an amount agreed beforehand with the resident, accompanied by an itemised account of the care and services provided;
- offering to enter into a resident agreement with the resident and, if the resident wishes, entering into such an agreement;
- ensuring that personal information about the resident is used only for purposes connected with providing aged care to the resident, or for a purpose for which the information was given to the provider by the resident or their representative;
- establishing a complaints resolution mechanism for the service and using it to address any complaints made by, or on behalf of, a resident; and
- if the service has Extra Service status, complying with the requirements of the *Aged Care Act 1997* and the *Extra Service Principles 1997* in relation to Extra Service fees and agreements.

## Accountability requirements

- keeping and maintaining records that enable claims for payments of residential care subsidy to be verified and proper assessments to be made of whether the Approved Provider has complied with, or is complying with, its responsibilities;
- cooperating with any person who is exercising the powers of an authorised officer under the *Aged Care Act 1997* and complying with the provider's responsibilities in relation to the exercise of those powers;
- notifying the Department of any change of circumstances that materially affects the Approved Provider's suitability to be a provider of aged care, and responding within 28 days to any request by the Secretary of the Department to provide further information in this regard;
- notifying the Department of any change to the Approved Provider's key personnel within 28 days after the change occurs;
- taking the steps required under section 63-1A of the Act and specified in the *Sanctions Principles 1997* to ensure that none of the Approved Provider's key personnel is a disqualified individual;
- complying with any conditions that apply to the allocation of any places included in the service;
- providing records or copies of records to another Approved Provider relating to any places transferred to that provider;
- if the provider intends to relinquish any places:
  - notifying the Department at least 60 days beforehand of the proposed date of relinquishment;
  - complying with any proposal accepted or specified by the Secretary for ensuring that the care needs of residents occupying those places are met;
- allowing people authorised by the Secretary access to the service to assess whether residents have been approved to receive care at an appropriate level;
- conducting in a proper manner appraisals or reappraisals of the care required by residents;
- if the service or a distinct part of the service has Extra Service status, complying with the conditions of grant of Extra Service status;
- allowing people authorised by the Secretary access to the service to review the service's certification;
- complying with any undertaking given to the Secretary, and agreed by the Secretary, to remedy non-compliance with the provider's responsibilities;
- complying with the prudential requirement relating to accommodation bonds;
- if the provider is receiving Conditional Adjustment Payment - meeting the requirements for the payment;
- allowing people acting for an accreditation body to have access to the service for the purpose of accrediting the service, or reviewing its accreditation;

- complying with the requirement to report allegations or suspicions of assaults on residents of aged care homes and provide protections for persons who report;
- complying with the responsibility to require staff members to report allegations or suspicions of assaults;
- complying with the requirement that immunities and protections for staff members reporting allegations or suspicions of assaults are preserved;
- complying with the requirement to protect the identity of persons reporting allegations or suspicions of reportable assaults;
- complying with the requirements to ensure that staff, volunteers and contractors who have, or are likely to have, unsupervised access to care recipients, undertake a national criminal history record check to determine their suitability to provide aged care services;
- allowing people representing the Secretary to have access to the service for the purpose of investigating information about a matter involving an Approved Provider's responsibilities under the Act or Principles; and
- allowing a person representing the Aged Care Commissioner to have access to the service for the purpose of examining decisions made by the Secretary under the *Investigation Principles 2007* or for the purposes of investigating complaints about the Secretary's processes for handling matters under the *Investigation Principles 2007*.

#### **Allocation of places**

- complying with the conditions on the allocation of places to the Approved Provider including those relating to the proportion of places that must be provided to:
  - people with special needs;
  - concessional and assisted residents;
  - people needing a particular level of care;
  - people receiving respite care; and
  - other people specified in the notice of allocation of places to the Approved Provider.
- complying with the requirements of the Act in relation to:
  - any variation of the conditions of allocation of places; and
  - any transfer of places.



# Appendix D:

## Sanctions imposed under the Aged Care Act 1997, 1 July 2007 to 30 June 2008

State and Service	Approved Provider	Sanctions Imposed	Date Imposed	Reason for Imposing Sanctions	Outcomes
<b>Queensland</b>					
Lifecare Gold Coast	Lifestyle Care Providers Pty Ltd	Revoke approval as an Approved Provider (AP) - Appoint Administrator	20-Jul-07	The Department identified immediate and severe risk to the health, safety or well-being of residents.	Sanctions expired on 28 September 2007
Mudgeeraba Nursing Centre	Shownoff Pty Ltd	1. Revoke AP status - Appoint Adviser 2. No Australian Government funding for new residents for a period of six months	5-Nov-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanction 2 lifted on 11 March 2008. Sanction 1 expired on 04 May 2008
Ny-Ku Byun Aged Care Hostel	Cherbourg Community Council	1. Revoke AP status - Appoint Administrator	13-Jun-08	Long pathway sanction. The Department imposed sanctions following a NNC & NIFS	Sanctions due to expire on 12 December 2008
Yaralla Place	Queensland Health	1. Revoke AP status - Appoint Adviser 2. No Australian Government funding for new residents for a period of six months	20-Jun-08	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions due to expire on 19 December 2008
<b>South Australia</b>					
The Kensington Residential Care Facility	Jakudo Pty Ltd	1. Revoke Approval as an Approved Provider - Training 2. Revoke Approval as an Approved Provider - Appointment of an Adviser 3. No Australian Government funding for new residents for a period of six months	2-Jul-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	On 30 October 2007 Sanctions 1 and 3 were lifted. Sanction 2 expired on 02 January 2008.

State and Service	Approved Provider	Sanctions Imposed	Date Imposed	Reason for Imposing Sanctions	Outcomes
Hyde Park Aged Care	Montbella Pty Ltd	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Administrator</li> <li>2. No Australian Government funding for new residents for a period of six months</li> </ol>	28-Sep-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	On 2 October 2007 transfer of places to Fairlux Pty Ltd. Sanctions remain with Montbello Pty Ltd. Sanctions expired 27 March 2008.
Ridge Park Health Care Centre	Ridge Park Health Care Centre Pty Ltd	<ol style="list-style-type: none"> <li>1. Approval as an approved provider revoked - Transfer all places.</li> <li>2. Revoke approval as an approved provider - Appointment of Administrator</li> </ol>	12-Oct-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents	Sanctions imposed for a fixed period of 50 days. Sanctions expired on 30 November 2007.
St Hilarion Aged Care Lockleys	The Society of Saint Hilarion Inc	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Adviser</li> <li>2. No Australian Government funding for new residents for a period of six months</li> </ol>	13-Nov-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions expired 12 May 2008.
Makk and McLeay Nursing Home	Central Northern Adelaide Health Service	<ol style="list-style-type: none"> <li>1. No Australian Government funding for new residents for a period of six months</li> </ol>	12-Dec-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanction expired on 11 June 2008
		<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Adviser</li> </ol>	14-Dec-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanction expired on 13 June 2008
Ridleyton Greek Home for the Aged	Greek Orthodox Community of SA Inc	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Adviser</li> <li>2. No Australian Government funding for new residents for a period of six months</li> </ol>	29-Feb-08	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanctions expired on 28 August 2008.

State and Service	Approved Provider	Sanctions Imposed	Date Imposed	Reason for Imposing Sanctions	Outcomes
<b>Victoria</b>					
Belvedere Park Nursing Home	Saitta Pty Ltd	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Administrator</li> <li>2. No Australian Government funding for new residents for a period of six months</li> </ol>	11-Aug-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanction was due to expire on 10 February 2008; however it was reconsidered on 16 August 2007 and new sanctions applied.
		<p>On 16 August 2007 the following sanctions were imposed:</p> <ol style="list-style-type: none"> <li>1. Revoke AP status from midday Thursday 23 August 2007.</li> <li>2. Revoke allocation of places from midday Thursday 23 August 2007.</li> <li>3. Restrict approval as a provider of aged care services</li> </ol>	16-Aug-07		<p>On 23 August 2007, the Administrative Appeals Tribunal ordered the sanctions imposed on 16 August 2007 be stayed pending the hearing and determination of Saitta's application for review.</p> <p>On 5 August 2008, the Administrative Appeals Tribunal affirmed the decision of 16 August 2007 to impose sanctions.</p>

State and Service	Approved Provider	Sanctions Imposed	Date Imposed	Reason for Imposing Sanctions	Outcomes
Ashleigh Aged Care	Expanding Horizons National Pty Ltd	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Adviser</li> <li>2. No Australian Government funding for new residents for a period of six months</li> <li>3. Prohibit charging Bonds and accrual</li> </ol>	16-Sep-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	<p>Sanctions expired on 15 March 2008</p> <p>On 18 December 2007 transfer of places to Arcare Pty Ltd.</p> <p>Sanctions remain with Expanding Horizons National Pty Ltd until 15 March 2008.</p>
Allambi Elderly Peoples Home	Allambi Elderly Peoples Home Inc	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Adviser.</li> </ol>	19-Oct-07	Long pathway sanction. The Department imposed sanctions following a NNC & NTR	Sanction expired 18 April 2008
<b>Northern Territory</b>					
Hetti Perkins Homes for The Aged	Aboriginal Hostels Limited	<ol style="list-style-type: none"> <li>1. Revoke AP status - Appoint an Administrator</li> <li>2. No Australian Government funding for new residents for a period of six months</li> </ol>	17-Oct-07	The Agency identified serious risk and the Department determined that there was an immediate and severe risk to the health, safety or well-being of residents.	Sanction expired 16 April 2008

(\*) Note: Section 68-1 of the *Aged Care Act 1997* provides that a sanction that has been imposed on an Approved Provider for non-compliance with its responsibilities ceases to apply if (a) the sanction period ends or (b) the Secretary decides under section 68-3 of the Act that it is appropriate for the sanction to be lifted. When applicable, the duration of a sanction is fixed by the Secretary and specified in the notice of decision to impose a sanction.



