

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2012-2013, 30 & 31 May and 1 June 2012

Question: E12-308

OUTCOME 4: Aged Care and Population Ageing

Topic: Aged Care Funding Instrument

Type of Question: Written Question on Notice

Number of pages: 1

Senator: Fierravanti-Wells

Has the Department been provided with substantial modelling of the care subsidy impact of these new business rules upon existing resident profiles to assess how many residents would be impacted?

Answer:

No. Subsequent to the Budget Estimates hearing on 30 May 2012, the Department of Health and Ageing has received estimates of impact from some providers. The Department has undertaken and distributed substantial modelling to the sector which demonstrates that, if these changes had been implemented in 2010-11, there would have continued to be growth in subsidies.

There were a number of differences between the detailed modelling of the Department and the estimates undertaken by providers. Firstly, many of the provider estimates incorrectly assumed that the changes to the Activity of Daily Living and Complex Health Care domains would be applied to all residents from 1 July 2012 whereas the Department's modelling assumes this will occur as new appraisals take place. Secondly, many of the provider estimates failed to consider the ongoing frailty drift observed in the residential population - each year new residents are entering at a higher Aged Care Funding Instrument classification than they did the previous year and the existing population continues to grow in frailty.