

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health and Aged Care

Senate Standing Committee on Community Affairs Legislation Committee

Inquiry into the Aged Care Bill 2024 (Provisions)

03 October 2024

PDR Number: IQ24-000127

Aged Care Bill and final report

Written

Senator: Marielle Smith

Question:

How does the Aged Care bill respond to the final report of the Taskforce

Answer:

The new Aged Care Bill 2024 responds to the *Final Report of the Aged Care Taskforce* by establishing a new framework for funded aged care services in three major tranches of reforms under the Bill, including: reforms to means testing in both Support at Home and residential aged care, as well as a package of reforms to accommodation payments in residential care.

Chapter 4 of the Bill on the funding of aged care services gives effect to the Government's response to the Aged Care Taskforce's recommendations.

Chapter 4 implements the new Support at Home funding arrangements. As stated in the Explanatory Memorandum accompanying the Bill, the means testing arrangements prescribed for individuals accessing aged care services in a home or community setting are significantly different to the means testing arrangements for individuals receiving home care under the current *Aged Care Act 1997*. This responds to the recommendations made in the final report of the Taskforce and by the Royal Commission, that individual contributions be targeted more towards services that support people's independence and everyday living costs and that no contribution be required for clinical supports.

Chapter 4 also sets out the individual fees and contributions that are payable for funded aged care services. Means testing rules apply for all service groups to determine what individual contributions are payable. In residential care, means tested resident contributions relate to non-clinical care, everyday living and accommodation.

Chapter 4 also contains rules supporting new accommodation arrangements arising out of the Aged Care Taskforce. This includes the introduction of Refundable Accommodation Deposit retention and Daily Accommodation Payment indexation. The increase to the Maximum Accommodation Payment from \$550,000 to \$750,000 will be implemented prior to commencement of the new Aged Care Bill 2024. This will be enacted by amending rules to the current *Aged Care Act 1997*.

The Aged Care Taskforce also recommended that the Government establish appropriate arrangements to allow older people and providers to smoothly transition to any new arrangements, including grandparenting arrangements for those already in residential aged care and phasing in for home care.

The Government has announced that it will implement a No Worse Off Principle. The No Worse Off Principle ensures that people in residential aged care before 1 July 2025 will remain on their existing fee arrangements.

The No Worse Off Principle also covers Support at Home and will apply to people who, on 12 September 2024, were either:

- receiving a Home Care Package ,
- in the National Priority System, or
- assessed as eligible for a Home Care Package.

This principle means that they make the same contributions, or lower, than they would have under Home Care Package arrangements.