

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

03 October 2024

PDR Number: IQ24-000144

Main changes to the funding of aged care services

Written

Senator: Marielle Smith

Question:

What are the main changes to the funding of aged care services being implemented through the Bill?

Answer:

The Aged Care Bill will implement the Government's response to the report of the Aged Care Taskforce as well as new Support at Home funding arrangements.

The new funding arrangements for the Support at Home program include:

- Growth in Support at Home funding that aligns with projected growth in the population to achieve a target wait time of three months from July 2027.
- Participants will receive one or more budget allocations at assessment to use with a provider to access services. These include:
 - a quarterly budget for ongoing services – there will be eight budget levels (classifications); and/or
 - a budget for assistive technology and/or home modifications (three funding tiers)
 - a budget for a short-term support (short term restorative pathway or End-of-Life)
- 10 per cent of participant budgets will be pooled with their provider for the provision of care management across all their clients.
- Providers will invoice for services delivered at prices that must be at or below price caps set by Government based on advice of the Independent Health and Aged Care Pricing Authority (IHACPA).

- There will be supplementary grants for providers operating in thin markets.
- New contribution arrangements for participants. Support at Home participants will make a contribution based on the services that they use, the type of service, and their income and assets. Clinical care will be fully funded by the Commonwealth, with moderate contributions for supports for independence, and higher contributions for supports for everyday living.

Key differences with Home Care Packages include:

- Funding growth aligned to demand to prevent fluctuating wait times.
- Moving from four 4 package levels to eight classifications for ongoing budgets with a higher maximum budget amount of around \$78,000.
- Moving to quarterly budgets with limited saving between quarters to prevent the accumulation of significant unspent funds as occurs under the Home Care Packages program.
- An end-of-life pathway (\$25,000 over 12 weeks) for individuals who would prefer to die in their own homes, that does not exist under Home Care Packages.
- A separately funded assistive technology and home modifications scheme so people do not have to save for equipment and modifications.
- Additional restorative care places that run for 12 weeks rather than eight.
- Participant contributions based on service use rather than a flat rate fee.
- Care management set at 10 per cent rather than a maximum of 20 per cent.
- No package management fees with prices that incorporate administrative costs.

For residential care:

- The existing means tested care fee will be abolished. Means testing for the Hotelling Supplement and a new means tested Non-Clinical Care Contribution will be introduced.
- Clinical care will be fully funded by the Commonwealth.
- Providers will retain a small, capped amount of the Refundable Accommodation Deposit or Refundable Accommodation Contributions, and the Daily Accommodation Payments made by residents will be indexed twice per year.
- The existing Additional Service fee and Extra Service fee arrangements will be phased out and replaced by a new Higher Everyday Living Fee.