



Aged Care Amendment (Transition Care and Assets Testing) Bill 2005

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Aged Care Amendment (Transition Care and Assets Testing) Bill 2005

Date Introduced: 10 February 2005

House: House of Representatives

Portfolio: Health and Ageing

Commencement: The measures commence on the date of Royal Assent except for Schedule 2 which commences on 1 July 2005 or on the date of Royal assent, whichever is the later.

Purpose

The aim of the amendments to the *Aged Care Act 1997* contained in this Bill are twofold. The first set of amendments are designed to allow for more flexible care arrangements for older Australians who have been in hospital and who may be more appropriately placed in transition care arrangements (which could include, for example, intensive rehabilitation) before returning to a home environment or to a residential care environment. The second set of amendments will see, from 1 July 2005, the transfer of assets testing of residents or prospective residents in residential aged care to Centrelink, and for veterans, to the Department of Veterans Affairs. Currently, assets testing of residents or prospective residents is done by residential care providers.

Both these amendments arise from recommendations contained in the recent *Review of Pricing Arrangements in Residential Aged Care*: the so called Hogan Report or Hogan Review¹.

Background

The Commonwealth provides a range of support to older Australians in terms of their residential and community care needs.

Residential care includes the provision of high care beds (formerly called nursing homes) and low care beds (formerly called hostels). Substantial Commonwealth funding is provided to approved residential care providers to help them care for older Australians in these residential settings. In 2003-04, 10.4% of people aged over 70 years of age (equating to 189,929 older Australians) were in permanent residential care².

The two main types of community care are Community Aged Care Packages (CACPs) and the Home and Community Care Program (HACC). The former is solely funded by the Commonwealth and the latter is a joint Commonwealth-State funded program. CACPs are designed to keep older people who have been designated for a low care residential place in

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their own home or family setting for as long as possible. This is done by bringing a range of support services to them (for example, nursing support, meals, domestic help) thereby enabling them to stay in their own homes. The Home and Community Care Program (HACC) also provides similar services to a number of older Australians, but unlike CACPs which are specifically designed to mesh in with the residential care system, the HACC Program is a much broader program which helps a wide range of people in need, most notably people with some form of disability.

In 2003-04, almost 40,000 people received care via a Community Aged Care Package³ and approximately 707,000 people received some form of support from the Home and Community Care Program⁴.

Flexible Care

As well as residential and community care there is a category of care for older people that aims to provide maximum flexibility and offer additional options for care that may not exist in the mainstream residential system. The three main types of flexible care are Extended Aged Care at Home (EACH) packages, Multipurpose Service places (MPSs) and Innovative Care Places.

The EACH program is similar to the CACP program but in this case it provides in-home services to people who would otherwise be in a high care place in a residential care facility. As at June 2004, there were 928 EACH packages across Australia⁵. The MPSs program is a joint Commonwealth-State initiative that delivers a mix of aged care, health and community services in small remote communities. Often these communities are not big enough to provide separate stand alone services in these areas and MPSs enable them to combine services in the one location. In June 2004 there were 88 MPSs across Australia⁶.

Innovative Care Services provide a range of flexible and alternative care options essentially by trialling various care options through time limited pilot programs. The Transition Care Program which is being established by the first set of amendments in this Bill, comes following successful pilot projects covering the care of older Australians who have left hospital but who are not yet ready to go home.

The New Transition Care Program

In effect, the new Transition Care Program builds on what has been happening with some of the trials being undertaken in Innovation Care Services. This Bill will allow for the provision of 2000 new transition care places over three years for people who have been in hospital and who are seeking more time and support before returning to the community or to residential aged care. The aim of the new places is to provide more appropriate care settings and better integrate hospital and aged care services. Additional and better

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rehabilitation and therapeutic services should be available to older people who access these new transition places.

Currently, a number of older people face the risk of needing a higher level of care when they leave hospital if they are not able to access appropriate rehabilitation services.

The Bill ensures that leave arrangements are available to existing residents in aged care facilities so that they can have access to transition care following a stay in hospital. It will also mean that such residents will be able 'keep their place' in the care system and, for example, go back to their bed in a residential facility following their time in transition care. According to the *Explanatory Memorandum*:

The Transition Care Program will assist people to return to their homes or to lower levels of residential aged care by providing a mixture of time-limited aged care supports and therapeutic care, such as rehabilitation.

The need for more flexible care arrangements in aged care was highlighted in the Hogan Review on aspects of the aged care system. Hogan said:

In the main, the current planning arrangements for the release of new aged care places are not able to respond as flexibly as is desirable for the development of new care approaches or to encourage innovation in service delivery. This has been addressed to an extent by the introduction of the Innovative Pool of flexible care places, which has trialled services linked to the acute care-aged care interface, the disability-aged care interface and dementia care. These opportunities should be enhanced⁷.

Assets Testing

The second set of amendments contained in the Bill were also recommended in the Hogan Review. Currently, the assets testing of people in residential aged care is carried out by the aged care providers themselves. Providers of residential aged care need to do this testing to ascertain whether they can claim a concessional resident supplement or an assisted resident supplement from the Commonwealth. These supplements are based on the assets information provided by the resident prior to entry into residential aged care.

The Hogan Review considered that Centrelink was in a better position to carry out assets testing of residents in aged care. According to the Review...

Assessment of residents' or prospective residents' income and assets should be the responsibility of the Australian Government and carried out by Centrelink and not the aged care provider, preferably prior to entry into care⁸

The Bill allows assets testing to be done both prior and after entry into residential care. By having Centrelink (and in the case of veterans, the Department of Veterans' Affairs) undertake the assets testing of all new residents a significant administrative burden should be taken away from the providers of residential aged care. The new testing arrangements

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are due to commence on 1 July 2005 and existing residents in aged care facilities are not affected.

The 2004-05 Commonwealth Budget provided a total of \$19.7 million over four years to enable the transfer of assets testing to Centrelink and the Department of Veterans Affairs.

The Bill also provides for an extension to the current seven day period after a person enters an aged care facility, in which they must enter into an accommodation bond (for low level or hostel care) or accommodation charge (high level or nursing home care). Residents, according to this Bill, would now have twenty one days to enter into such an agreement.

Main Provisions

Item 1 of Schedule 1 creates a new category of leave from residential care for those receiving flexible care.

Item 3 of Schedule 1 provides for the reduction of residential care subsidy when a care recipient is on flexible care leave for at least 30 days.

Item 7 of Schedule 2 adds **new sections 44-8AA and 44-8AB** to the *Aged Care Act 1997*. The new section allows the Secretary of the Department of Health and Ageing to make determinations of a person's eligibility for concessional or assisted resident status after the value of their assets has been determined.

Items 24 to 26 of Schedule 2 allow the Secretary to delegate to the CEO of Centrelink or to the Secretary of the Department of Veterans' Affairs the power to perform the functions given in **new section 44-8AA and 44-8AB**.

Endnotes

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- 1 W.P. Hogan, *Review of Pricing Arrangements in Residential Aged Care: Final Report*, 2004.
 - 2 Department of Health and Ageing, *2003-04 Report on the Operation of the Aged Care Act 1997*, p. 5.
 - 3 *Ibid.*, p. 5.
 - 4 Productivity Commission, *Report on Government Services 2005 – Aged Care Services* – p. 12.18.

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- 5 Department of Health and Ageing, *2003-04 Report on the Operation of the Aged Care Act 1997*, p. 15.
- 6 *Ibid.*, p. 15.
- 7 W.P. Hogan, *Review of Pricing Arrangements in Residential Aged Care: Final Report*, 2004, p. 277.
- 8 *Ibid.*, p. 288.

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