Ref No: SQ17-000183

OUTCOME: 6 - Ageing and Aged Care

Topic: Home Care Packages

Type of Question: Written Question on Notice

Senator: Siewert, Rachel

Question:

In relation to the recent changes to home care packages, why has no cap been placed on the amount that can be charged as an exit fee by providers?

Answer:

An exit amount is a charge that a provider can deduct from a consumer's unspent home care package funds if the consumer leaves their care (either because the consumer decides to change to another home care provider, or the client leaves home care).

The reforms were developed through a co-design process with the sector, including discussion with the National Aged Care Alliance Home Care Reform Advisory Group comprising consumer, provider, carer, workforce, health professional, and state and territory representatives.

It was agreed that no cap be placed on exit fees. Rather transparency of exit amounts on My Aged Care would be subject to market forces. This has proven to be the case with average maximum exit fees dropping from $417 at the end of February to just over $300 at the beginning of May. There are seven providers charging over $1000 as maximum exit fees, this number has also dropped with transparency and market forces since February.

The legislative arrangements introduced on 27 February 2017 provide consumer safeguards for exit amounts. Exit amounts are required to be published on My Aged Care, agreed by the consumer and disclosed in the home care agreement.

Of the 657 current home care providers, around one third have published a maximum exit amount of $0 or have not advertised an exit amount, meaning that they cannot charge an exit amount when a consumer leaves their care.

When a consumer ceases care with a provider, the provider cannot charge more than the exit amount in the home care agreement, or more than the unspent funds remaining in the consumer's package.