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QUICK GUIDE

Aged Care: a quick guide

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Introduction

The aged care system caters for Australians aged 65 and over (and Indigenous Australians aged 50 and over) who can no longer live without support in their own home. Care is provided in people's homes, in the community and in residential aged care facilities (nursing homes) by a wide variety of providers. The Australian Government is the primary funder and regulator of the system. Total government expenditure on aged care services was around $15.8 billion in 2014–15, with the Australian Government providing approximately 95 per cent of this funding. The *Aged Care Act 1997* (the Act) and associated Aged Care Principles set out the legislative framework for the funding and regulation of aged care, although services are also provided through contractual arrangements outside of the Act. The Australian Government Department of Health (DoH) is responsible for the operation of the Act.

This quick guide provides a brief overview of aged care in Australia. It describes the types of care provided, arrangements for accessing subsidised care, statistics on aged care, the organisations that provide care, and the regulatory arrangements for ensuring quality care. The quick guide does not describe care that is provided outside of the formal aged care system, such as care provided by family members or accommodation in retirement villages.

Types of care

The Australian Government subsidises aged care services for older people. Subsidised care provided under the Act consists of home care, residential care and flexible care. Care provided through funding agreements with providers (rather than under the framework specified in the Act) includes home support and Indigenous flexible care. Following is a brief outline of each type of care, together with information on care statistics and support programs.

Care at home

The Commonwealth Home Support Programme (CHSP) provides entry-level home help for older people, as well as planned respite activities to relieve carers. CHSP services may be provided at home or in the community. Services include social support, transport, help with domestic chores, personal care, home maintenance, home modification, nursing care, meals and allied health services. Clients pay a contribution (which varies between providers) towards the cost of services and CHSP providers receive Australian Government funding through grant agreements. The CHSP was formed from the amalgamation of the Commonwealth Home and Community Care (HACC) programme and three other programs in July 2015. The CHSP operates in every state and territory except for Western Australia, where the Western Australian HACC Program continues to provide basic support services to older people as well as younger people with disabilities.

For older people requiring a greater level of help to remain at home, the Home Care Packages (HCP) Programme offers coordinated packages of care from an approved home care provider. HCPs assist older people to stay at

home (rather than entering residential aged care) and provide ongoing personal and support services and clinical care. Each package of services is individually tailored to the client's needs according to the principles of Consumer Directed Care (CDC). CDC allows the client to have more choice and flexibility when selecting care and services, including a say in how the funding for their package is spent.

There are four levels of HCP, ranging from Home Care Level 1 (supporting people with basic care needs) to Home Care Level 4 (supporting people with high care needs). The higher the level, the more funding the package attracts. Daily HCP subsidies that are paid to providers currently range from $22.04 (Home Care Level 1) to $133.99 (Home Care Level 4). Additional supplements may also be paid depending on the client's circumstances. Clients are expected to contribute to the cost of their care. Anyone receiving an HCP can be asked by their provider to pay the basic daily fee of up to 17.5 per cent of the single basic Age Pension (which currently equates to $139.58 per fortnight). Part pensioners and self-funded retirees can also be asked to pay an income tested fee (subject to annual and lifetime caps).

The Australian Government announced in the 2015–16 Budget that it was considering merging the CHSP and HCP programmes from July 2018 in order to reduce 'red tape' and make the system easier for clients to understand.

Residential Care

Residential aged care is provided in aged care homes on a permanent or respite (short-term) basis. It is for people who need more care than can be provided in their own homes. Services include personal care, accommodation, support services (such as laundry and meals), nursing and some allied health services.

Residential aged care is funded by both the Australian Government and contributions from residents. The Australian Government pays subsidies and supplements to approved providers for each resident receiving care under the Act. The basic care subsidy for each permanent resident is calculated using the Aged Care Funding Instrument (ACFI). The ACFI is a tool that the provider uses to assess the care needs of a resident. The ACFI consists of a series of questions that determine funding across three domains: Activities of Daily Living, Behaviour and Complex Health Care. The greater the assessed need in each domain, the higher the care subsidy for that resident. As at 1 July 2016, a resident with the highest level of need across all three domains would attract a daily basic care subsidy of $214.06. Recent changes to the ACFI, designed to rein in higher than expected growth in ACFI expenditure, have proved controversial with aged care providers and health peak bodies.

Residents also pay fees which contribute to the cost of their care and accommodation. All residents pay a basic daily fee set at 85 per cent of the single basic Age Pension (which currently equates to $678.21 per fortnight). Some residents also pay a means-tested care fee based on an assessment of their income and assets. Some residents will have their accommodation costs met in full or part by the Australian Government, but those with greater means are required to pay the accommodation price (formerly known as a bond) agreed with the aged care home.

Flexible Care

Flexible care caters for older people who may need a different care approach than that offered by mainstream home and residential care services. There are four types of flexible care provided under the Act:

- Transition Care is jointly funded by the Australian Government and state and territory governments, and provides up to 12 weeks of care and rehabilitation upon discharge from hospital. It aims to allow older people to return home rather than prematurely entering residential care

- Short-Term Restorative Care (STRC) has a similar aim to transition care, but is available to older people who have had a setback or decline in function rather than a hospital stay. STRC involves a package of services, delivered for up to eight weeks, to improve the person's wellbeing and ability to manage at home. STRC is subsidised by the Australian Government

- The Multi-Purpose Services (MPS) Programme provides integrated health and aged care services in small rural and remote communities. MPSs pool Australian and state or territory government funding to provide services in regions that could not support stand-alone hospitals or aged care homes

- The Innovative Care Programme consists of a small number of grandfathered places from pilot projects of innovative home care services. Places cease as individual care recipients leave them and no new places are being allocated under this programme. These places are subsidised by the Australian Government.

Flexible care is also provided for Indigenous Australians through grants administered outside of the framework of the Act. The National Aboriginal and Torres Strait Islander Flexible Aged Care Programme (NATSIFAC) funds services that are intended to provide culturally appropriate residential and home care for Indigenous Australians in rural and remote areas.

Statistics

Aged care statistics are available from a number of sources. DoH publishes data from the annual Stocktake of Australian Government Subsidised Aged Care Places, showing the number and type of aged care places in each state, territory and Aged Care Planning Region (used by the Government to plan an equitable distribution of places across regions). DoH also publishes annual Aged Care Service Lists detailing every service that the Australian Government funds under the Act (as well as NATSIFAC services). The Parliamentary Library produces an enhanced version of this list available to members of Parliament to assist them to identify services in their electorate.

More detailed statistics and descriptive information about aged care programs are available in the Reports on the Operation of the *Aged Care Act 1997* and the Aged care services chapter of the Productivity Commission's (PC) *Reports on Government Services*.

The National Aged Care Data Clearinghouse (NACDC) at the Australian Institute of Health and Welfare (AIHW) collates data from a number of government agencies and departments and produces a variety of statistical reports on aged care. This includes Residential aged care and Home Care web reports, and the Regional Aged Care Profiles Tool.

Support programs

In addition to directly subsidising the provision of aged care, the Australian Government also funds a number of programs to support aged care clients with special needs, aged care staff and providers.

Nine groups of people are identified as having special needs under the Act. This includes Indigenous Australians, people from culturally and linguistically diverse (CALD) backgrounds, lesbian, gay, bisexual, transgender and intersex (LGBTI) people, veterans and people who live in rural or remote areas. As part of the planning process described below, the Secretary of DoH can decide that a number of residential or flexible places will be made available to focus on the care of one or more of these groups. The Government also funds a number of supplements, strategies and programs to meet the needs of these groups. For example:

• a Partners in Culturally Appropriate Care (PICAC) organisation is funded in each state and territory to help aged care providers deliver culturally appropriate care to clients from CALD backgrounds, and to assist these clients in accessing care

• the National LGBTI Ageing and Aged Care Strategy includes a number of goals and actions to improve the aged care system for LGBTI people

• aged care providers caring for individual clients who are veterans, in financial hardship, or homeless can receive supplements to the base funding for these clients in specified circumstances

• a viability supplement is paid to aged care providers in rural and remote areas, as well as providers of specialist services to Indigenous or homeless clients, to assist with the higher costs of providing care in these areas.

The aged care system cares for many clients with dementia. Home care providers receive a Dementia and Cognition Supplement for clients with moderate to severe cognitive impairment. ACFI funding for residential care providers takes into account each client's needs, including needs associated with dementia. Residential care providers can also request advice to help them care for residents with severe behavioural and psychological symptoms of dementia from mobile clinical teams known as Severe Behaviour Response Teams. The Government also funds a number of other dementia programs, which have recently been reviewed.

Aged care clients are directly supported through the National Aged Care Advocacy Programme (NACAP) and the Community Visitors Scheme (CVS). The Australian Government currently funds nine NACAP organisations to help clients make decisions about aged care, inform clients and providers about consumers' rights, and advocate for clients experiencing problems in aged care. The NACAP has recently been reviewed. The CVS funds community organisations to recruit, train and support volunteers to visit socially isolated aged care clients at home or in residential care.

The Australian Government funds a number of [workforce development programs](#), including training and education for aged care staff. These programs have [recently been reviewed](#), with some programs being [discontinued](#) in the *[Mid-Year Economic and Fiscal Outlook 2015–16](#)* (p. 184).

Access to aged care

Allocation of places

The Australian Government controls the number of subsidised aged care places that are available (in the home or in a care facility). The [planning framework](#) aims to increase the number of aged care places in line with the ageing population, and to balance the supply of places across city and country areas. The Government is aiming for an [aged care provision ratio](#) of 125 aged care places per 1,000 people aged 70 years or over by 2021–22. As at 30 June 2015, there were 111.5 [operational aged care places](#) (81.1 residential and 30.4 home care) per 1,000 people aged 70 or over.

Aged care places are currently allocated to providers who are approved to provide care under the Act ([approved providers](#)), and eligible clients must find a provider with an available place in order to access care. In line with [recommendations](#) by the PC for greater consumer choice, from February 2017, home care places will be [allocated directly to clients](#) who can then choose their preferred provider. Providers of residential care who want to increase their allocation of places will continue to compete for new places through the annual [Aged Care Approvals Round](#).

Assessment of eligibility

The [My Aged Care](#) call centre and website provide aged care information and serve as the primary contact point for people seeking subsidised aged care. My Aged Care centre staff [screen and assess](#) clients over the phone, and can then refer them for a face-to-face assessment to determine their eligibility for services such as home support, home care or residential care. Family members, health professionals and service providers can also [make a referral](#) to My Aged Care on behalf of an older person.

Clients needing entry-level home support will be referred by My Aged Care to a [Regional Assessment Service](#) (RAS). Clients seeking subsidised home care, residential care or flexible care under the Act require comprehensive assessment and approval for care by an [Aged Care Assessment Team](#) (ACAT).

Aged Care Providers

Aged care services are delivered in Australia by many different not-for-profit, for-profit and government providers, with some providing more than one type of care. According to the [AIHW](#), as at 30 June 2015 there were:

• 504 home care providers offering more than 72,000 HCPs through 2,263 service outlets and

• 972 residential care providers providing more than 192,000 places in 2,681 aged care facilities.

[DoH data](#) show that as at 30 June 2015, there were 1,084 Commonwealth HACC providers (many of whom would now be CHSP providers) who delivered home support services to more than 530,000 clients in 2014–15 (p. 32).

The majority of providers in all three sectors (home care, residential care and home support) are not-for-profit providers, a category that includes religious, charitable and community-based organisations.

Individual services and facilities can be located through the [Find a service](#) directory on the My Aged Care website.

Information on the funding and financial performance of providers is published by the Aged Care Financing Authority in its annual *[Reports on the Funding and Financing of the Aged Care Sector](#)*.

Regulation and compliance

Three main bodies are responsible for regulation and compliance relating to the provision of aged care services. They can share information with each other in order to carry out their duties. Broadly speaking:

• DoH is responsible for policy and compliance with the Act

• the [Australian Aged Care Quality Agency (AACQA)](#) accredits aged care providers and

• the [Aged Care Complaints Commissioner](#) handles complaints about aged care services.

Providers who wish to receive Australian Government subsidies for providing care under the Act must be approved by DoH as suitable to provide aged care. Approved providers are accountable for the care they provide, and have responsibilities under the Act relating to the quality of care, the rights of care recipients and governance. If providers fail to comply with their responsibilities, DoH can issue a notice of non-compliance or impose sanctions on the provider. Residential services that have been issued with a notice of non-compliance and services under sanction are listed on the DoH website.

AACQA is an independent statutory agency established under the *Australian Aged Care Quality Agency Act 2013*. AACQA accredits residential care services and conducts quality reviews of home care services, CHSP services and NATSIFAC services. Accreditation reports for individual residential care facilities are searchable on the AACQA website.

The Aged Care Complaints Commissioner is a statutory office holder under the Act, supported by around 150 complaints officers. The Commissioner can examine complaints about Australian Government funded aged care providers, including residential, home care, flexible care and CHSP services. The Commissioner has a number of options for resolving complaints, including helping the complainant and provider to reach agreement, directing the provider to make changes, or referring the provider to DoH for compliance action.

Aged care reform

The aged care system has undergone major reform in recent years. In response to a 2011 PC report calling for structural changes to the aged care system to improve access, quality, consumer choice and financial sustainability, the then Labor Government announced the *Living Longer. Living Better* (LLLB) reform package in 2012. The first wave of LLLB reforms were legislated in 2013 and are now under review.

The findings of the review may provide further impetus for reform. In addition, key stakeholders are continuing to argue for further change. In April 2016, the Aged Care Sector Committee produced a Roadmap at the request of then Assistant Minister for Social Services, Mitch Fifield, calling for wide-ranging changes to make the system more sustainable, consumer-driven and market based. This included some proposals for deregulation that were recommended by the PC in 2011 but not adopted by the government. Assistant Minister for Health and Aged Care, Ken Wyatt, has reportedly described elements of the Roadmap as pragmatic, and indicated that it provides a foundation to work towards a demand-driven industry. However, any proposed changes are likely to be subject to ongoing debate and review.

Further reading

Aged Care Financing Authority (ACFA), *Fourth report on the funding and financing of the aged care sector*, ACFA, 2016.

Australian Ageing Agenda website.

Baldwin B, Chenoweth L and dela Rama M, 'Residential aged care policy in Australia—are we learning from evidence?', *Australian Journal of Public Administration*, 74(2), June 2015, pp. 128–141.

Department of Health (DoH), *2014–15 Report on the operation of the Aged Care Act 1997*, DoH, Canberra, 2015.

Grove A, 'Aged care—reforming the aged care system', *Briefing book: key issues for the 45th Parliament*, Parliamentary Library, Canberra, 2016.