Federal Budget 2021

Aged Care Sector Impact and Analysis

Incorporating Royal Commission Response of Government

T +61 2 9412 3033
F +61 2 9411 3242
E info@stewartbrown.com.au
W www.stewartbrown.com.au

Level 2, Tower 1,
495 Victoria Ave
CHATSWOOD NSW 2067
AUSTRALIA

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Abstract

The Aged Care Sector is at a critical juncture both in terms of fulfilling its obligations to residents and care recipients as well as remaining financially sustainable. The *Royal Commission into Aged Care Quality and Safety* determined that the current system is not fit for purpose and made 148 Recommendations in its Final Report. These recommendations were made to remediate the current system and to bring it up to a standard that is sustainable and meets the care needs and safety expectations of older Australians and their families.

The Budget response from the Government included significant additional outlays totalling $17.7 billion over five years with the majority ($17.44 billion) being outlaid in the years 2022 to 2025.

In reality, the majority of the Budget measures are targeted at reform rather than financial outcomes for Providers.

Those measures that will provide some financial relief in the form of recurrent funding measures total $13.6 billion over the forward estimates and are:

- **Release of a further 80,000 home care packages** at a cost of **$6.5 billion over three years**, on top of the 33,000 packages released as part of the 2020 Budget and MYEFO announcements - Providers will receive a margin on services provided under these packages and based on current settings this would add a total of $116.5 million to the overall bottom line of the home care sector each year
- **Basic Daily Fee Supplement and increased Viability Supplement** in residential aged care at a cost **of $3.2 billion over four years**. Unless Providers are not currently meeting required nutritional standards including spend on food, then this revenue should not create any additional cost
- **Mandated minutes of staff at a cost of $3.9 billion over two years.** Depending on the existing staffing hours of individual facilities, some Providers will benefit from this measure in that they are already incurring a higher cost than the average. For those that are not currently meeting the mandated minutes of staff, it may make their financial result worse

The remaining $4.1 billion is for a redesign of the aged care system, increasing the level of compliance activity, and providing some support programs that may provide non-recurrent assistance to Providers that require it from time to time.

Commentary

The aged care component of the Budget needs to be read in conjunction with the Government's response to the Royal Commission recommendations to ascertain a more complete perspective of the Budget. In summary, the significant increased expenditure is welcomed, as is the commitment to a new *Aged Care Act*, statutory governance, workforce initiatives, star rating system and financial and staffing hours transparency. The Budget sets a pathway to reform which is essential, and the removal of ACAR for residential aged care is a large step in this reform agenda.

Whilst the additional 80,000 home care packages is welcomed, this does not address the individual funding inadequacies in the current model, whereby subsidy funding at the care recipient level is under-utilised by over 15%, resulting in a growing unspent funds balance. The $10 Basic Daily Fee supplement for residential aged care will improve, but not eliminate, the financial viability concerns of this sector. There also needs to be further clarity that this supplement does not relate to increased care staffing hours, because this distorts the critical discussion in relation to improved workforce entitlements.

The Budget failed to adequately address the important issue of improved workforce entitlements, and this remains the major concern in the increasing issue of retention and skill development of the aged care workforce to ensure higher standards of quality and safety are achieved.

Budget Outcomes

The Budget outcomes for aged care are built around the 5 year "five pillars" aged care reform plan which constitutes the Government's response to the *Royal Commission into Aged Care Quality and Safety* Final Report Recommendations. These five pillars are:

1. **Home care** - at home support and care based on assessed needs
2. **Residential aged care services and sustainability** - improving service suitability that ensures individual care needs and preferences are met
3. **Residential aged care quality and safety** - improving access to and quality of residential care
4. **Workforce** - growing a bigger, more highly skilled, caring and values based workforce; and
5. **Governance** - new legislation and stronger governance

In its response, the Government accepted or accepted in principle 126 of the 148 Royal Commission recommendations. Of the remaining 22 recommendations, the Government supports an alternative view to 4 of them, a further 12 are subject to further consideration and 6 have been rejected, 4 of which were subject to differing views from the Commissioners.

The Government committed to additional Budget outlays totalling $17.7 billion dollars over five years (including the current financial year). With these measures, total outlays on aged care are expected rise from $24.5 billion in the 2021 fiscal year to at least $32.8 billion by 2024-25.

Figure 1: Recurrent Commonwealth Aged Care Funding FY13 to FY25

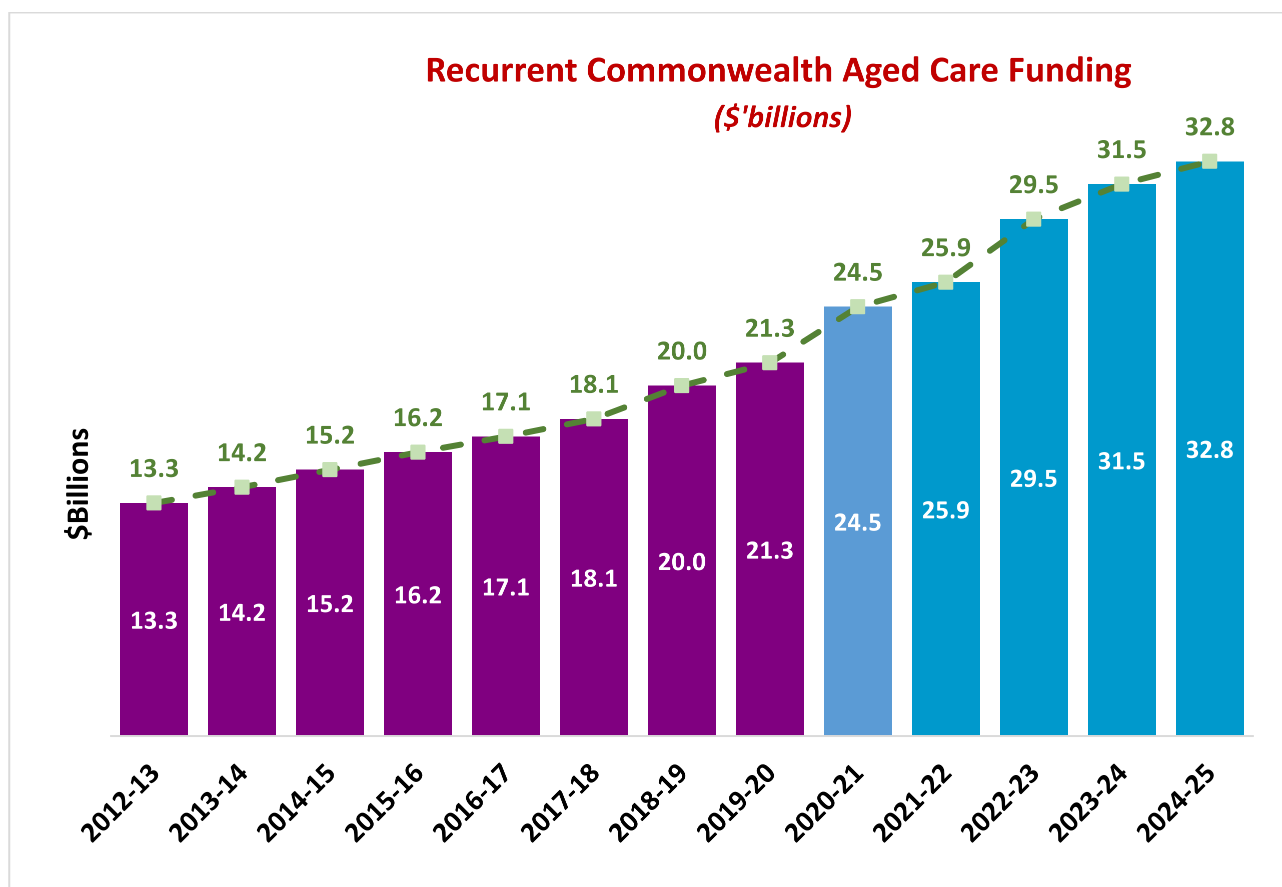
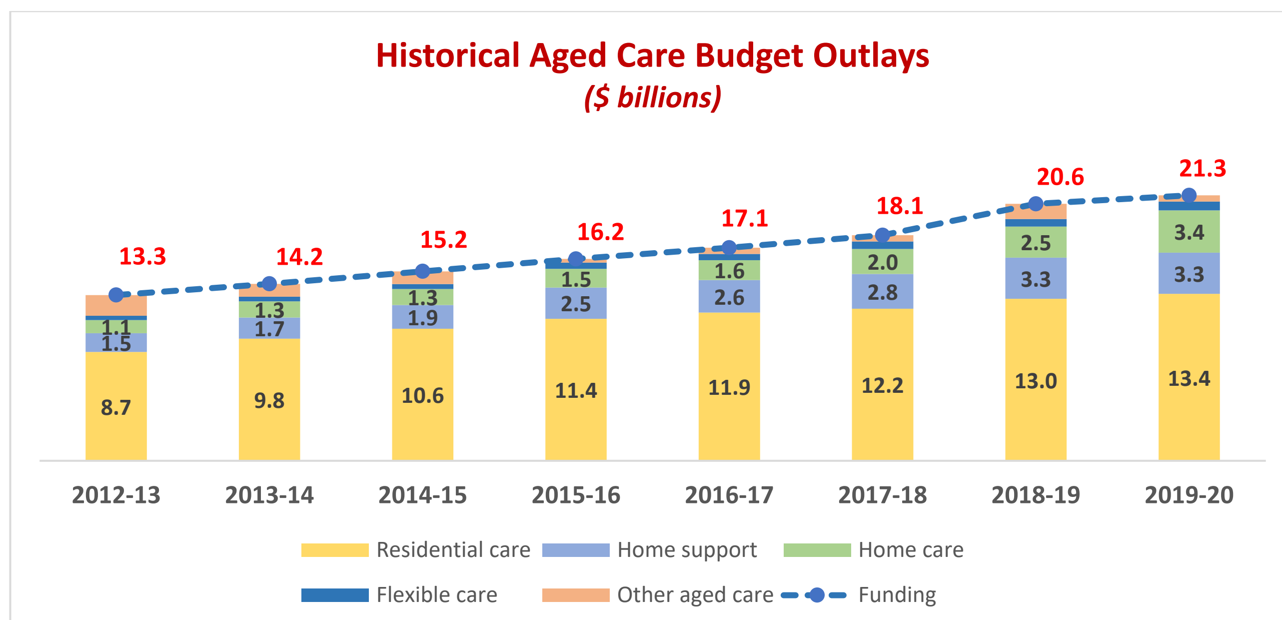


Figure 2: Aged Care Budget Outlays FY13 to FY20



Historically, residential aged care has received the largest proportion of the funding envelope and that will continue to be the case in the future. While there is an additional $6.5 billion in these new outlays (over three years) for the expansion of the home care program to 275k packages, there is an additional $7.1 billion in funding for residential aged care Providers in either additional revenue or direct workforce measures.

While the Budget funding outlays are significant, and some of them will ease the financial hardship of aged care providers, particularly those delivering residential aged care services, the next two years will remain difficult financially.

Many of the measures are targeted at specific areas such as workforce, or in delivering new home care packages, or have a cost attached rather than increasing revenue to Providers. There is also a significant amount of funding directed at the reform measures themselves, such as program and funding redesign, additional resources for the agencies that are overseeing the programs and the re-writing of the *Aged Care Act*.

Many of the new measures relate to additional levels of reporting, compliance and governance – none of which are matched with funding for Providers to implement measures to deal with this additional regulation.

There are some unknowns prevailing - while there are outlays in the Budget Estimates for funding additional care staffing minutes per resident in residential aged care that will flow through the AN-ACC funding model, there is no indication of any further increases to the overall funding envelope for AN-ACC. *(Does this mean that AN-ACC will just be re-distributing the existing funding envelope (along with the additional cost of staff and the $10 per day in everyday living supplement)?*

Similarly, there is a risk that increased wage rates paid to the aged care workforce, which of itself is essential, will not have an appropriate mechanism to fund these increased wage rates and could lag increases by a year (depending on whether or not the increase is backdated).

Based on the current cost structures, it is clear that further funding should be injected into the system when the analysis of the costs of providing care are determined by the Independent Hospital and Aged Care Pricing Authority, however at this point in time there is no certainty that this will occur.

The Five Pillars

A graphical summary of the 5 year "five pillars" aged care reform plan which constitutes the Government's response to the *Royal Commission into Aged Care Quality and Safety* Final Report Recommendations is included below.

The Budget Impact Analysis references each of the sections within each pillar which relates to financial outcomes.

Pillar 1: Home Care

Home Care At-home support and care based on assessed needs	$7.5 Billion	
Additional 80,000 Home Care Packages - 40,000 released in 2021/22 and 40,000 in 2022/3, which will make a total of 275,598 packages available to senior Australians by June 2023	$6.5 Billion	Recommendation 39
Design and plan a new support in home care program which better meets the needs of senior Australians available to senior Australians by June 2023	$10.8 Million	Recommendations 25, 33, 34, 35, 36, 39, 41, 117, 118
Support the 1.6 million informal carers, including additional respite services for 8,400 senior Australians each year 2023	$798.3 Million	Recommendations 32, 42
Enhanced support and face-to-face services to assist senior Australians accessing and navigating the aged care system	$272.5 Million	Recommendation 29

Pillar 2: Residential Aged Care Services and Sustainability

Residential Aged Care Services and Sustainability
Improving and simplifying residential aged care services and to ensure senior Australians can access value for money services

$7.8 Billion

Measure	Funding	Recommendations
Increase the amount of front-line care (care minutes) delivered to residents of aged care and respite services, mandated at 200 minutes per day, including 40 minutes with a registered nurse available to senior Australians by June 2023	$3.9 Billion	Recommendations 86, 122
Support aged care providers to deliver better care and services through a new Government funded Basic Daily Fee Supplement of $10 per resident per day	$3.2 Billion	Recommendations 112, 113
Deliver improved care outcomes for people in residential aged care, through implementing a new, transparent funding model for residential aged care (AN-ACC).	$135.9 Million	Recommendations 120, 121
Creation of a 2 year transition fund will also be established to assist providers who may need support during the transition	$53.3 Million	Recommendations 120, 121
Expansion of the Independent Hospital Pricing Authority to help ensure that aged care costs are directly related to the care provided	$49.1 Million	Recommendations 85, 115, 116, 139
Creation of a more innovative and competitive aged care market including discontinuation ACAR from 1 July 2024	$3.1 Million	Recommendations 25, 41
Phased introduction of a new financial and prudential monitoring, compliance and intervention framework from 1 July 2021 to build the financial sustainability and capability of aged care providers	$55.3 Million	Recommendations 130, 131, 132, 133, 134, 135, 136, 137

Measure	Funding	Recommendations
A Structural Adjustment Program will be established to support residential aged care providers to improve or change their operations, building on the success of the aged care Business Improvement Fund. This will allow eligible providers to adjust their operations to a more competitive market, and help minimise risks to the continuity of care for residents	$32.6 Million	Recommendations 25, 41, 91
The Business Advisory Service program will continue supporting eligible providers with free, independent and confidential business advice and introduce a new workforce planning stream service to support providers to attract and retain staff.	$5.9 Million	Recommendations 25, 41, 91
The Remote and Aboriginal Torres Strait Islander Aged Care Service Development Assistance Panel will receive additional funding to continue improving the capacity and capability of providers to sustainably deliver quality care	$5.0 Million	Recommendations 25, 41, 91

Pillar 3: Residential Aged Care Quality and Safety

Measure	Funding	Recommendations
Build a better data and evidence base to enable the Government to conduct workforce and other planning to meet the health needs of senior Australians	$23.6 Million	Recommendations 15, 26, 58
Address widespread issues associated with poor medication management in residential aged care, including improving linkages across settings through the use of electronic National Residential Medication Charts and the My Health Record to better support transition of aged care residents across care settings	$45.4 Million	Recommendations 66, 67, 68, 69
Ensure the independent regulator, the Aged Care Quality and Safety Commission (ACQSC), is well-equipped to safeguard the quality, safety and integrity of aged care services, and can effectively address failures in care. Will include development of tools to enable earlier detection of high-risk home care services, including an enhanced risk profiling tool	$262.5 Million	Recommendations 10, 18, 104

Initiative	Funding	Recommendations
Strengthen regulation of restraint (restrictive practices) and enhance behaviour support capability in residential aged care through new legislation from 1 July 2021 and appointing a Senior Practitioner to the ACQSC to lead education of aged care providers and GPs in the use of restraint	$7.3 Million	Recommendations 2, 8, 17
Dementia Behaviour Management Advisory Service and the Severe Behaviour Response Teams to further reduce reliance on physical and chemical restraint (restrictive practices)	$67.5 Million	Recommendations 17, 80, 100, 114
Introduction of a new star rating system to highlight the quality of aged care services, and better informing senior Australians, their families and carers. Includes $94 million for an expanded independent advocacy service to support greater choice and quality safeguards for Senior Australians and $6 million to deliver assistance to aged care providers	$200.1 Million	Recommendations 15, 22, 23, 24, 27, 30, 67, 94, 106, 108

Pillar 4: Workforce

Workforce
Goal to grow a skilled, professional and compassionate aged care workforce, which will be the powerhouse of the Government's reform agenda

$652.1 Million

Initiative	Funding	Recommendations
Create a single assessment workforce to undertake all assessments that will improve and simplify the assessment experience for senior Australians as they enter or progress within the aged care system	$228.2 Million	Recommendations 25,28
Grow, train and upskill the aged care workforce to drive improvements to the safety and quality of care experienced by senior Australians including providing additional financial support for registered nurses working for the same aged care provider over a 12 month period. Financial support up to $3,700 for full-time and on average $2,700 for part-time employees, will be paid as an annual bonus over 2 years	$216.7 Million	Recommendations 75, 78, 79, 80, 114

Initiative	Funding	Recommendation
Extension of the national recruitment campaign, and to help increase the skilled and dedicated aged care workforce	$9.8 Million	Recommendation 76 (#5)
Introduction of nationally consistent worker screening, register and code of conduct for all care sector workers including aged care workers	$105.6 Million	Recommendation 77
Funding over two years from 2021/22 to support the training of 13,000 new home care workers	$91.8 Million	Recommendation 114

Pillar 5: Governance and Regional Access

Governance and Regional Access Goal to improve the governance across the aged care system. This will embed respect, care and dignity at the heart of the system, guaranteeing better choice, high quality and safe care for senior Australians	**$698.3 Million**	
Establish new governance and advisory structures, including a National Aged Care Advisory Council, Council of Elders and are working towards establishing a new Inspector-General of Aged Care	$21.1 Million	Recommendations 7, 9, 12
Improve access to quality aged care services for consumers in regional, rural and remote areas including those with First Nations backgrounds and special needs groups	$630.2 Million	Recommendations 45, 46, 47, 48, 50, 52, 53, 54, 55, 75
Improve rural and regional stewardship of aged care, with Department of Health aged care officers embedded within eight of the 31 Primary Health Network regions	$13.4 Million	Recommendations 8, 41, 54
The drafting of a new Aged Care Act to enshrine the Government's reforms in legislation by mid-2023	$26.7 Million	Recommendations 1, 2, 3

Budget Impact Analysis

Home Care

Additional Packages

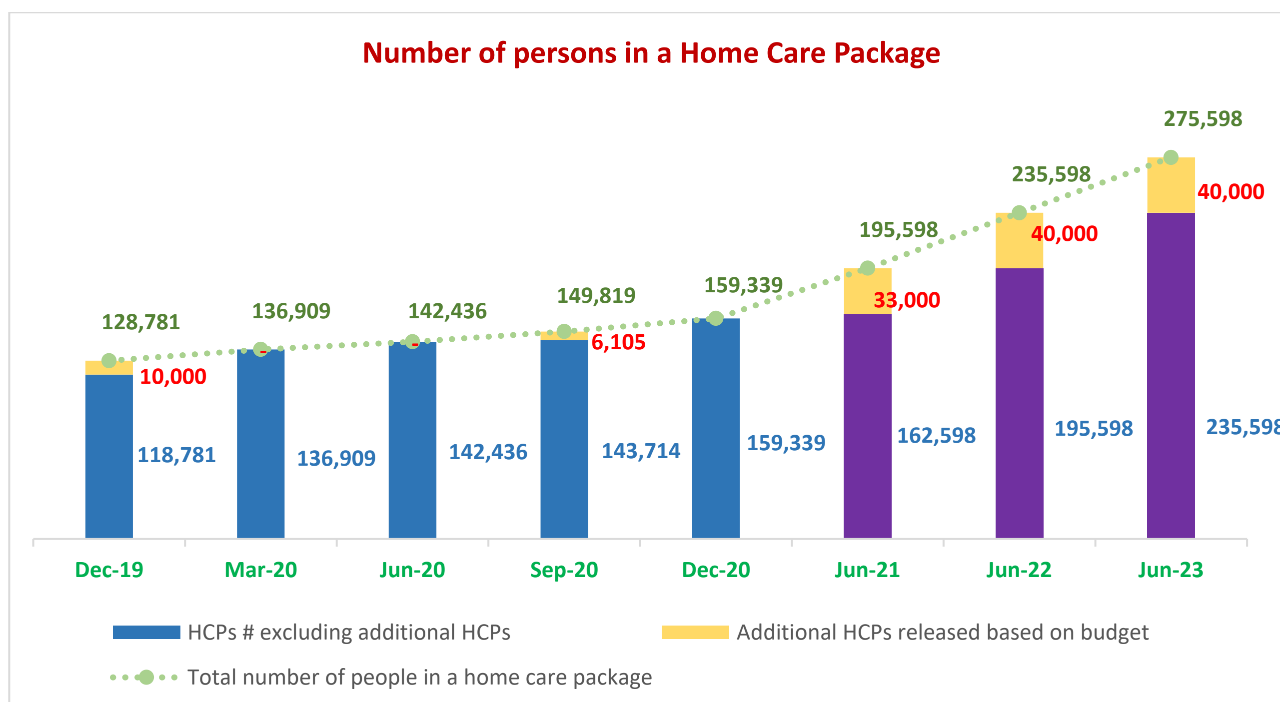
The additional home care packages announced in the Budget will be welcomed by the sector and community in general. It will directly respond to the call to clear the National Prioritisation Queue.

In addition to the 80,000 packages to be released in the 2022 and 2023 financial years as outlined in the 2021/22 Budget, there are still 33,000 packages that are in the process of being released. These packages were announced in the previous Budget and MYEFO.

Once all these forecast packages have been issued, it is expected to take the total of available packages to 275,598 by the end of FY23.

The release of 80,000 packages will come at a cost of $6.5 billion over three years. Based on the average margin for home care Providers currently being at 6.4% on revenue, and with revenue utilisation running at 84%, this would inject an additional $116.5 million per year in profit margin for Providers.

Figure 3: Persons in a Home Care Package (Dec-19 to Jun-23)



When assessing the number of packages in circulation, further consideration is required for those persons who were assigned a package but chose not to take them up. As at December 2020, 175,495 persons had been assigned a package, however 14,156 persons (8.0%) had not yet decided whether to take up their offer leaving 159,339 persons actually in a package.

National Prioritisation System

The National Priority System (NPS) is the process of assigning HCP's based on a persons individual needs and circumstances. A person's wait time is dependent upon their date of approval for a package and the priority for receiving that care service.

As at 31 December 2020, 96,859 persons in the NPS were waiting on a HCP at their approved level. It should be noted that of these, 97.5% (94,460) had been approved for services through the Commonwealth Home Support Program (CHSP).

The HCP statistics are reported quarterly on the GEN Aged Care Data website (https://www.gen-agedcaredata.gov.au/

A summary of the National Priority System statistics as at December 2020 is included in the following table (*Table 1*) and includes an estimate of the annual subsidy funding required to meet the demand.

Table 1: National Priority System Summary as at 31 December 2020

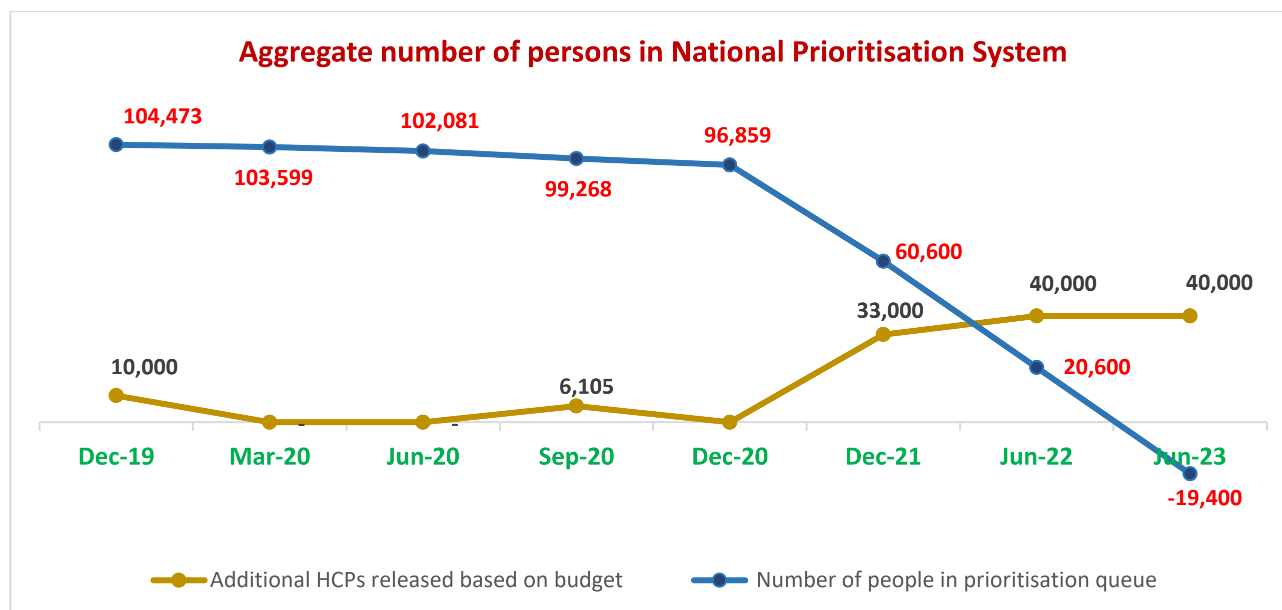
Type	Number of Persons	Annual Subsidy *($ million)*
Persons approved for HCP but not yet offered funding		
Level 1	3,384	30.1
Level 2	26,115	410.0
Level 3	23,915	817.9
Level 4	7,042	365.5
Sub-total	*60,456*	*$1,623.5*
Additional funding required to equate to full package funding		
Persons in an interim HCP	24,594	343.9
Persons who had not yet accepted an interim HCP	6,284	87.9
Persons who did not take up interim HCP	5,525	0
Sub-total	*36,403*	*$431.8*
Total	**96,859**	**$2,055.3**

Based on the above table, increased annual subsidy of $2.055 billion would meet the current numbers of persons in the NPS which is in the realm of the Budget announced funding of $6.5 billion over three years.

As noted above, there are still 33,000 packages included in the previous Budget and MYEFO that are still to be released. *Figure 4* provides a trend line showing the total number of persons on the NPS (96,859) and the effects of the release of the previously announced 33,000 packages and those new packages included in the recent Budget (two tranches of 40,000 packages).

Based on this analysis, the current NPS aggregate number of persons will be cleared during 2023 following the issuing of these combined 113,000 packages, with a surplus of 19,400 packages then remaining. *Note that these projections do not allow for any growth in the number of persons seeking a package (estimated to be 275,598 persons in a package at June 2023).*

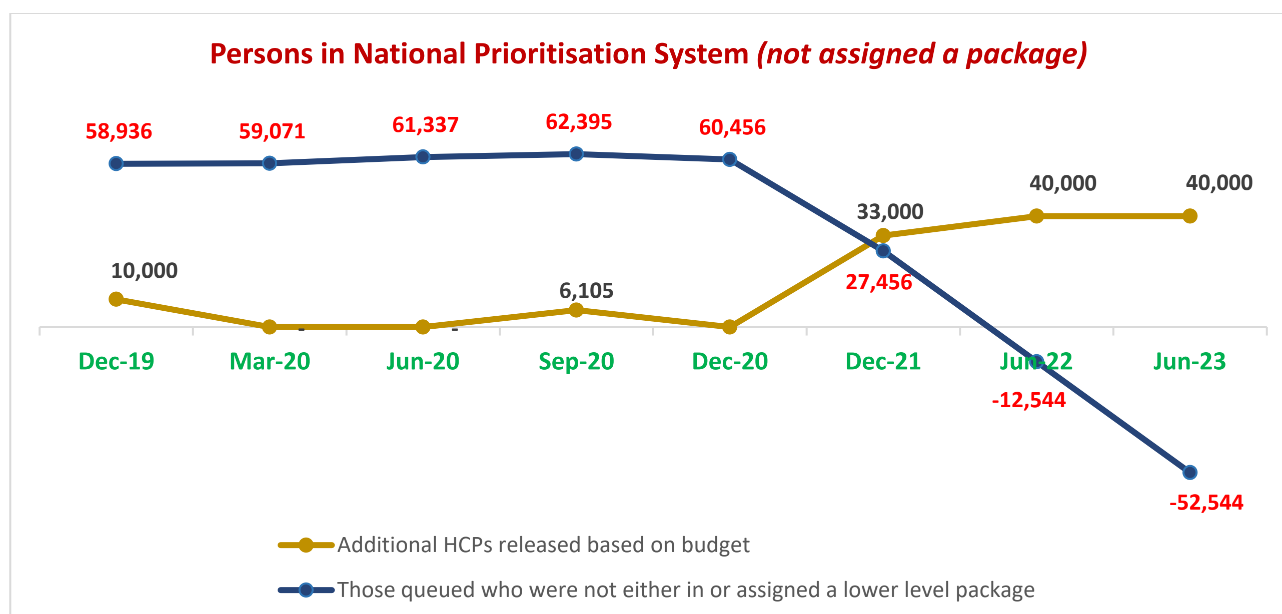
Figure 4: National Prioritisation System aggregate trend analysis



Additional analysis in relation to those persons who have been assigned an interim package is an important component of the overall funding envelope. This cohort represents 36,403 persons (refer *Table 1*) and there is an argument that the interim funding may be at the appropriate level. This is further considered in the next section involving funding utilisation and unspent funds.

The below graph (*Figure 5*) defines the prioritisation queue as only including those persons who are not assigned any form of package (60,456). In this case the overall queue should be cleared by end of FY22 and would have a theoretical surplus (over supply) of 52,544 packages at FY23. The totals include the 33,000 packages still to be released before the additional 80,000 packages included in the Budget are issued.

Figure 5: Persons in NPS not assigned a package



The unknown variant is how many people will flow from the Commonwealth Home Support Programs (CHSP) into home care packages which will affect the overall package numbers. That integration of CHSP recipients into home care is due to begin in FY22. Based on recent history, these are likely to be Levels 1 and 2 packages.

Subsidy Utilisation and Unspent Funds

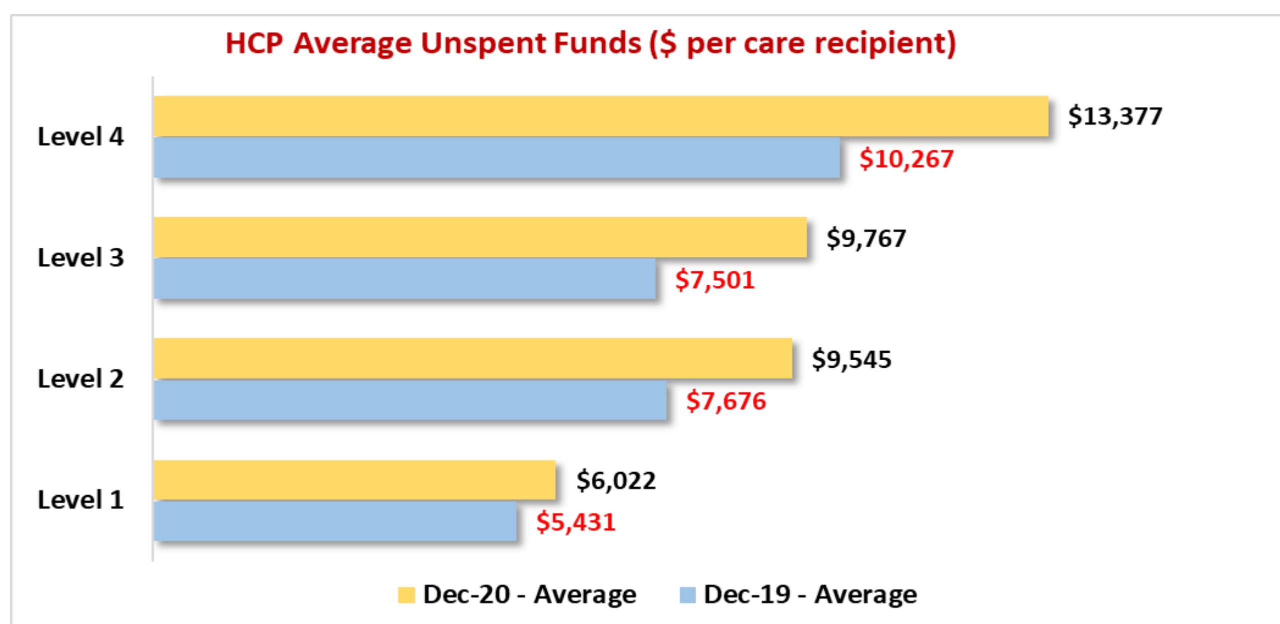
The average utilisation of home care funding (subsidy + consumer contribution) by care recipients was **84.2%** as at 31 December 2020 (Dec-19 85.4%). Accordingly, the remaining 15.8% represents unspent funds, which can be utilised at a later time if required.

However, 94% of unspent funds is never utilised by the care recipient and is returned to the Government and consumer once they leave the home care program.

The aggregate amount of unspent funds nationally has exponentially increased year-on-year from $329 million at June 2017 to **$1.4 billion** at December 2020.

The below graph (*Figure 6*) represents the average amount of unspent funds by individual care recipient by package funding level.

Figure 6: Average unspent funds by individual care receipient by package level



As at December 2020 the average length of time comprising all current care recipients receiving a home care package funding is 1.1 years i.e. from the beginning of their package to the 31 December 2020. The average length of time an individual care recipient is in a home care package before departing is 2.1 years.

Table 2 below shows the amount of home care subsidy funding received for each package level (based on the average length of time in a package of 1.1 years), the average unspent funds and the percentage of unspent funds as compared to the subsidy received. The care recipient portion (Basic Daily Fee + Income Tested Fee) of unspent funds has been excluded for this analysis.

Table 2: Unspent Funds Analysis

Home Care Package	Subsidy ($) *(average 1.1 years)*	Unspent Funds *($ per care recipient)*	Unspent Funds % of Subsidy
Level 1	$9,900	$5,660	57.2%
Level 2	$17,325	$8,970	51.8%
Level 3	$37,675	$9,180	24.4%
Level 4	$57,200	$12,570	22.0%

** Subsidy is based on maximum subsidy per package per annum x 1.1 years*
*** Unspent funds represent the Government's portion (94% of average unspent funds balance by package level)*

This is an important aspect when considering the future home care funding arrangements. Based on this analysis, there is strong evidence to suggest that the level of funding for each package level is significantly in excess of the care services currently provided or required.

For this reason, there is an argument to suggest that persons on a lower level (interim) package who have either accepted, have not yet accepted or did not accept this interim package (currently 36,403 persons) can be excluded from the NPS as they are in fact receiving the funding that they are actually utilising rather than what they have been assessed for.

It should be further noted, that persons on an interim package form part of the overall unspent funds and revenue utilisation statistics, and therefore may not even be using all of their interim funding.

Potential Funding Reform - Package Funding Levels

A significant issue that still needs to be addressed in the re-design of the home care system, for which $10.8 million has been allocated, is the ability to re-assess a person's care needs and to change their funding level (package level) based on that need. Currently this is not available.

The analysis with respect to subsidy utilisation and unspent funds indicates that the current package levels model does not adequately reflect the actual care services required by care recipients. The funding gap (uplift) between packages is large and appears to be under-utilised.

If there were (say) 8 funding package levels between the lowest and highest this may assist in better utilisation of the funding to equate to actual services required by care recipients.

An example of a potential multi-tiered funding package model could be as follows:-

Table 3: Example of additional funding package levels

	Current Subsidy ($ pa)	Proposed Subsidy ($ pa)
Level 1	$9,000	$9,000
Level 2	$15,750	$13,000
Level 3	$34,250	$17,500
Level 4	$52,000	$22,500

	Proposed Subsidy ($ pa)
Level 5	$29,000
Level 6	$36,000
Level 7	$43,000
Level 8	$52,000

Until this package funding level is addressed, unspent funds balances will continue to grow with subsidies not fully utilised, and accordingly will comprise the unspent funds balance held by the provider (on behalf of the care recipient) and home care account held by Services Australia.

Commentary - Improved Payment Arrangements

StewartBrown prepared an impact analysis for the Aged Care Financing Authority (ACFA) in December 2019 with respect to the proposed HCP funding in arrears. StewartBrown concluded "On the basis of the impact analysis conducted, we are of the opinion that the proposed changes to the funding arrangements will not create a level of financial strain to Approved Providers of an amount that would require a significant short-term transitional funding requirement from the Government".

Stage 2 of the funding in arrears commences on 1 September 2020. The StewartBrown report included the following Significant Risk: ***"We strongly recommend that subsidy claiming be conducted based on the aggregated data for the Approved Provider"*** *(the proposed regulation is for Services Australia to maintain individual care recipient balances and funding to me made on the same basis)*

ACFA also recommended in their eighth Annual Report (July 2020) ***"Do not proceed with the proposed proportional return of existing unspent funds….providers should have a choice…..a) return the unspent funds to all existing consumers immediately when (sic) the next stage commences"*** *(the proposed regulation is for unspent funds to be acquitted proportionally over time for each individual care recipient)*

Residential Care

There are two big injections of funding into the residential aged care system in the Budget being the mandated minimum minutes per resident per day of care staff by June 2023 ($3.9 billion) and the increase in the Basic Daily Fee funded through a new $10 per resident per day supplement ($3.2 billion).

Mandated Minimum Minutes

The minimum mandated minutes is the Government's response to *Recommendation 86* of the Royal Commission. At this stage the response does not go as far as recommended by the Commissioners and it has only taken up the first part of the recommendation to mandate a total of 200 minutes, of which 40 minutes must be of a Registered Nurse. In addition, a Registered Nurse must be on hand for at least 16 hours out of every 24 hours.

However, the Government has not yet adopted the second part of *Recommendation 86* which was to further increase those minutes to 215 per day of which 44 minutes would be of a Registered Nurse.

Data from the StewartBrown *Aged Care Financial Performance Survey* (StewartBrown Survey) for the December 2020 six months showed that there would be a total gap in minutes of 23.52 minutes per day based on the average minutes worked per resident per day in that six month period. Of note is that the gap has decreased from the FY20 average minutes worked when it was 25.69 minutes in total.

Based on our estimate of the cost of funding that gap, which does not take into account any increases in aged care places over the period, the $3.8 billion allocated to this measure over two years should be adequate.

Figure 7: Financial impact of mandated minimum staff hours

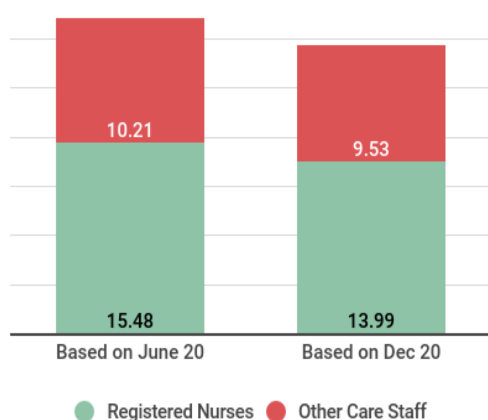
Recommendation 86

Government Response	Total minimum minutes	RN minimum minutes
By June 2023	200	40

Care staff includes enrolled nurses and personal care workers.

The minimum minute required do not include care management, allied health or lifestyle staff.

Gap in Minutes (per resident per day) between average minutes worked per resident per day for FY20 and DEC20 and Recommendation 86



Estimated additional funding necessary to fund the required increase in minutes

	1.9% Indexation $'billions	2.1% Indexation $'billions
FY 2023	1.56	1.60
FY 2024	1.59	1.63
FY 2025	1.62	1.66

Indexing of has been applied to current average costs of staff

Improved Workforce Entitlements

The Budget included no specific funding initiatives in relation to the very important and necessary increase in aged care worker remuneration entitlements. Whilst the Government accepted Royal Commission *Recommendation 85* it essentially referred it to a pricing authority.

This also includes the upcoming Fair Work Commission ruling expected in October 2021 because of the Health Services Union claims for increased award wages. Should the Commission enforce an order to increase award wages there may be an interim period between this effective date of the increase and the adjustments to the subsidy as recommended by the Independent Hospital and Aged Care Pricing Authority sometime after July 2022.

Recommendation	Government response
Recommendation 84: Increases in award wages Employee organisations entitled to represent the industrial interests of aged care employees covered by the *Aged Care Award 2010*, the *Social, Community, Home Care and Disability Services Industry Award 2010* and the *Nurses Award 2010* should collaborate with the Australian Government and employers and apply to vary wage rates in those awards to: a. reflect the work value of aged care employees in accordance with section 158 of the *Fair Work Act 2009* (Cth), and/or b. seek to ensure equal remuneration for men and women workers for work of equal or comparable value in accordance with section 302 of the *Fair Work Act 2009* (Cth).	The Government **notes** this matter is currently being considered by the Fair Work Commission (FWC). The Health Services Union has made claims to the FWC for increased wages for aged care workers covered by the *Aged Care Award 2010*. Decisions made by the FWC are independent of Government. The Government will provide information and data to the FWC as required.
Recommendation 85: Improved remuneration for aged care workers In setting prices for aged care, the Pricing Authority should take into account the need to deliver high quality and safe care, and the need to attract sufficient staff with the appropriate skills to the sector, noting that relative remuneration levels are an important driver of employment choice.	The Government **accepts** this recommendation and is responding through the measure *Residential Aged Care Services and Sustainability - Independent Pricing Authority*. The expanded Independent Hospital Pricing Authority will commence work on aged care pricing during 2021, and will consider the delivery of high quality care as a central pillar of its work.

The timing of these interrelated matters, that is the wage claim and possible wage increase, and the feedback of information and incorporation of any increase in costs of care into the new pricing and funding mechanism, provides a real risk of an unfunded increase in wages. ***As wage costs represent up to 70% of the total costs of providing residential aged care services, any unfunded increase in wages would be a major impost on Providers and threaten the financial viability of many aged care homes.***

Basic Daily Fee Supplement and Viability Supplement

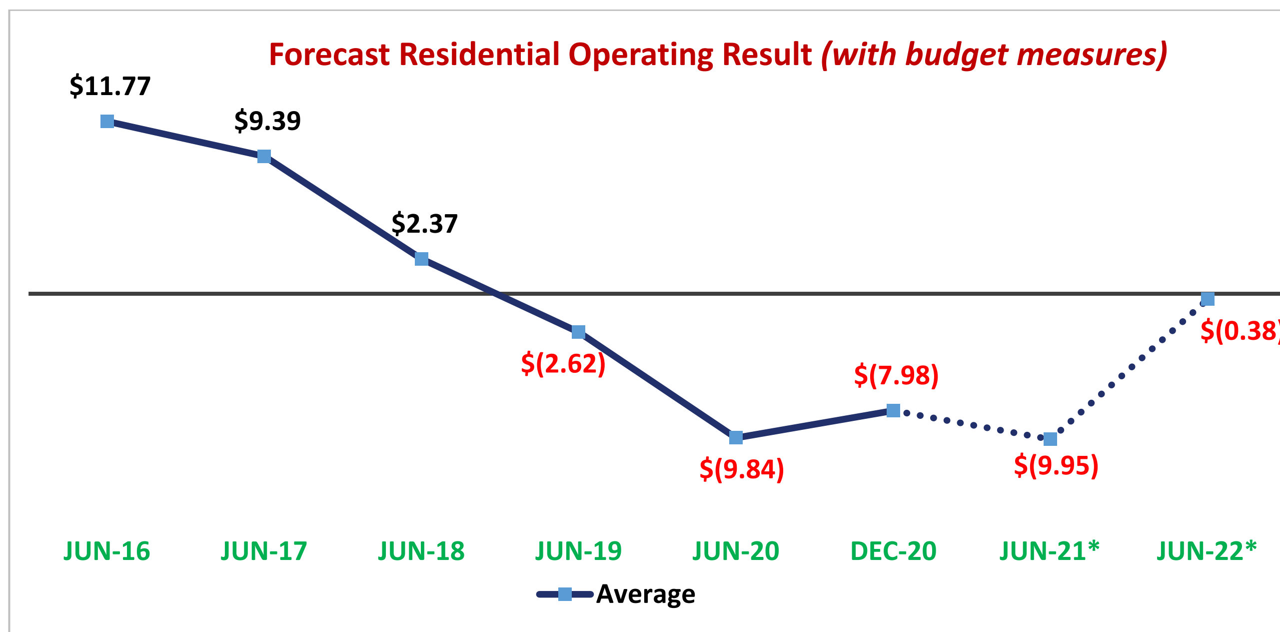
The Government has taken up two of the Royal Commission recommendations to increase the funding to residential aged care providers being to increase the basic daily fee by $10 per bed day (*Recommendation 112*) and to continue with the 30% increase in the viability supplements paid to qualifying providers in regional and remote areas (*Recommendation 113*).

However, the Government did not accept *Recommendation 110* to change the method of indexation for residential aged care subsidies. Instead, it has relied on the $10 Basic Daily Fee Supplement (*Recommendation 112*) and deferred any indexation change until the AN-ACC model is introduced after which the expanded Independent Hospital Pricing Authority will provide advice on residential aged care pricing, which hopefully will be more aligned with the actual costs of providing care services.

Due to the Basic Daily Fee Supplement not being tied to ACFI, it is assumed that the current COPE indexation of those subsidies will continue until AN-ACC is introduced.

The financial effects of the $10 Basic Daily Fee Supplement as well as the increase in the viability Supplement on the operating results have been modelled and are shown in the following graph.

Figure 8: Forecast residential operating result with $10 BDF and 30% viability supplements ($ per bed day)

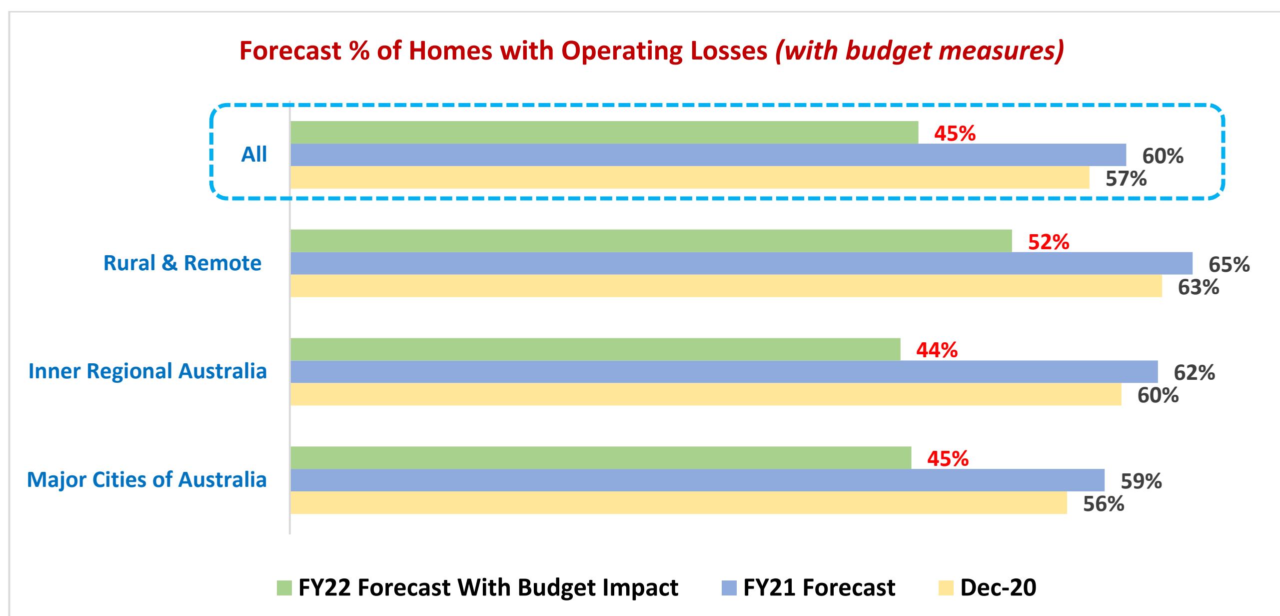


Note: The viability supplement increase has now been included as recurrent revenue for the Dec-20 results.

Based on the December 2020 StewartBrown Survey, these two Budget measures are forecast to result in the average operating result for an aged care home to improve from a deficit of $9.95 per bed day (*forecast FY21*) to be a **deficit of $0.38 per bed day** for FY22. This would see the number of aged care homes with operating losses decline from 60% as forecast for FY21 to **still be 45%** of homes forecast for FY22.

While this is an improvement on the current situation, it remains a significant financial viability concern.

Figure 9: Forecast percentage of homes with an operating loss after Budget BDF and viability supplements



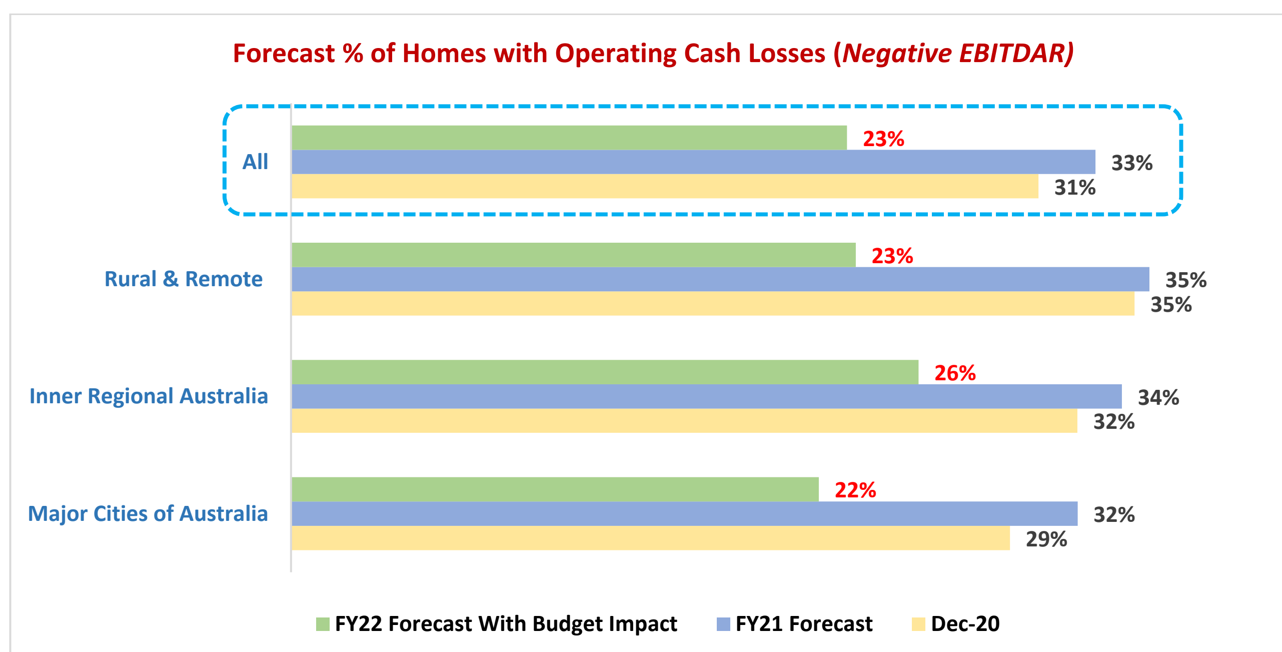
The number of homes making losses in major cities is forecast to decline by 14% as a result of the Budget measures with a slightly less decline of 13% in regional and remote homes. With these measures, including the permanent increase in the viability supplements, 52% of regional and remote aged care homes will still be incurring an operating loss.

When considering financial sustainability, an important metric is to consider the operating cash position of Providers. This is best determined by using the EBITDAR calculation, which excludes the effects of Depreciation and Amortisation (non-cash) as well as the effects of interest and taxation, which are directly related to the equity structure of the Provider.

Using this measure, the number of aged care homes operating at a cash loss decreases, however it **still represents 23% of all aged care homes**. Interestingly, the range of homes making a loss does not vary materially between geographic regions. ***An objective analysis would conclude that having 23% of homes making a cash loss is not sustainable.***

Please note that the above mentioned percentages relate to individual aged care homes (facilities) and not to Providers. This may lead to homes closing to ensure that the Provider remains financially viable overall. In this circumstance, it will be likely that the homes will not be transferred to another Provider and will permanently close potentially causing supply gaps.

Figure 10: Forecast percentage of homes with an operating cash loss after Budget BDF and viability supplements



Basic Daily Fee Supplement - What Does it Relate To?

There has been some considerable commentary as to exactly what the Basic Daily Fee (BDF) supplement ($10 per bed day) relates to. Some commentary has suggested that it should be used to increase care staffing hours.

Guidance can be obtained initially by reference to *Recommendation 112,* which links the supplement to ensuring the adequacy of the goods and services provided to meet the basic living needs of residents, and in particular, the nutritional requirements.

ACFA recently released a report: "The role of the Basic Daily Fee in Residential Aged Care" (March 2021) which supports the proposition that the BDF "should be considered as the individual's contribution towards meeting the cost of providing everyday living needs".

The Government's response to *Recommendation 112* states: "The supplement will be payable once the residential aged care provider has given an undertaking that they will report to Government on expenditure on food on a quarterly basis."

On this basis there appears to be no justification to suggest that the BDF supplement should necessarily be used for other purposes unless it is at the discretion of the Provider. If the Provider lodges the agreed undertaking as stated above and meets the quality standards for supplying appropriate quality food and other everyday living services, the supplement does not require acquittal.

The previous section demonstrates the financial effect of having the full supplement not expended, and whilst improving the overall financial performance it still leaves significant concerns over the viability of the residential aged care sector.

Basic Daily Fee Reform

The Budget supplement for the Basic Daily Fee is welcomed (although needs to have further clarity as to how it should be utilised), however considerable issues exist over the provision of additional services and extra services to residents on a "user-pay" basis. These issues would be significantly resolved through the deregulation of the BDF.

The deregulation of the Basic Daily Fee is essentially in accordance with Recommendation 14 of the (Legislated Review of Aged Care 2017) *(Tune Review)* (refer below). This in effect removes the additional services and extra services and provides more clarity whereby a Provider can set a BDF for non-low means residents for the whole facility rather than on a wing (extra services) or individually by resident. The Provider would need to provide appropriate transparency - what the Every-day living services comprise and why it is charged at a higher rate that the minimum (capped) BDF.

This would help ensure more clarity, consumer choice, remove much of the current compliance restrictions and allow Providers to charge a competitive and commensurate fee.

RECOMMENDATION 14 (Legislated Review of Aged Care 2017) *(Tune Review)*
That the government:

a) Require that providers charge the minimum basic daily fee in residential care;
b) Retain the cap on the value of the basic daily fee in residential care for low means (fully and partially supported) residents;
c) Allow providers to charge a higher basic daily fee to non-low means residents, with amounts over $100 to be approved by the Aged Care Pricing Commissioner;
d) Require that the maximum basic daily fee be published on the My Aged Care website, the provider's website and in written materials to be given to prospective residents.

Superannuation Guarantee Charge

The Government has decided not to make any changes to the already legislated increases to the Superannuation Guarantee (SG) at this point in time, meaning that the **SG will increase by 0.5% from the current 9.5% to 10% from 1 July 2021.**

From an aged care Provider's point of view, this increase in staff costs has not been specifically included in the funding announcements unless it is taken into consideration when calculating the COPE increase for the new year.

In response to the Royal Commission *Recommendation 110* for a change to the indexing method, the Government rejected the move to an indexation more aligned to the Wage Price Index, and instead tied the response to the $10 per bed day Basic Daily Fee Supplement.

That being the case, this increase in staff costs may have to be absorbed by Providers as they will have limited avenues to increase revenue to compensate as other sectors are more able to do.

In addition to changes in the SG rate, the Government has elected to remove the $450 per month Ordinary Time Earnings threshold. The change will commence from the start of the first financial year after the enabling legislation receives Royal Assent. At this point, the Government expects this to be from 1 July 2022 onwards.

The timetable for the increases in the Superannuation Guarantee moving forward as legislated appear in the table below.

Financial Year	Minimum Superannuation Guarantee rate
2020/21	9.5%
2021/22	10.0%
2022/23	10.5%
2023/24	11.0%
2024/25	11.5%
2025/26 onwards	12.0%

If no additional funding is provided to compensate for the legislated Superannuation Guarantee increase, this will significantly impact the financial benefits of the BDF supplement, and the financial viability of a number of aged care homes.

Potential Funding Reform - Accommodation Funding

The required reform that has not been addressed adequately by the Royal Commission or through the Government's response is in relation to accommodation funding.

The Government has introduced a Budget measure *Residential Aged Care Services and Sustainability - Reforming accommodation settings in residential aged care,* whereby $5.5 million has been allocated to commence consultations to develop a new residential aged care accommodation framework.

While this will have a focus on developing new National Design Standards for residential aged care, there will also be consultations with the sector to review the use of Refundable Accommodation Deposits (RADs) to raise capital, and to investigate ways to assist residential aged care providers raise capital should RADs be phased out either through policy or persons preferences for how they pay for accommodation.

Included in the consultation considerations is the implementation of a new RAD support loan program from 2024, when the ACAR process will cease. Due to the implementation date of this program, and the fact that the new framework has not yet been designed, there is no specific outlay in the Budget for this measure.

While this new framework may address the issue of Providers being able to achieve an adequate return on the capital invested in residential aged care facilities, it leaves a shortfall in the interim.

The current RAD/DAP model needs to be reassessed. When a RAD is received and if fully invested in the current interest rate environment, it may yield an effective interest rate of 1.0% to 1.5%. Assuming the RAD is $424,000 (being the average full RAD paid for the period to September 2020) the investment income will be $5,300 per annum using a median interest rate of 1.25%.

However, the actual RAD coverage to liquid cash and financial assets is around 30%, hence the effective interest rate return would be approximately $1,600 pa, which is clearly an insufficient return.

By way of comparison, the Daily Accommodation Payment (DAP) is calculated at the Maximum Permissible Interest Rate (MPIR) which is currently 4.1%. Therefore, if a DAP was received on the $424,000 accommodation price this would equate to a daily amount payable by the resident of $47.63 per day ($334.31 per week).

Therefore, for a full RAD paying resident, the maximum return is in the range of $1,600 pa ($30.77 per week) to $5,300 pa ($101.93 per week) which is significantly less than property rentals, which are around $436 per week (Australian average) and the equivalent DAP of $334.31 per week.

Supported residents represent over 45% of the resident population, and accordingly neither a full RAD/DAP/Combination will be received. The current accommodation supplement subsidy paid for supported residents is $37.93 per day ($266.24 per week) and would represent a full RAD of $337,000.

This analysis excludes the significant refurbishment supplement as this relates to capital expenditure to improve the accommodation of a home and is essentially a capital revenue rather than an operating revenue.

The Royal Commission introduced the term "rental" for accommodation payments, and this is a more easily understood (by consumers and their families) and a more palatable term.

A basic assumption should be that all incoming residents pay an appropriate and equitable rental, no matter how they actually choose to pay for their accommodation (RAD/DAP or Supported). This rental should be based upon the accommodation prices set by the Provider, which would remain regulated.

Residents that choose to pay a DAP would continue to do so (being $334 per week in the example used). Those that would choose to pay a RAD due to their own financial circumstances, would have a rental amount deducted from that RAD. This could be at a discounted rate at (say) 70% of a normal DAP (being $233 per week in the example used) as the Provider also has use of those funds to earn additional revenue or reduce debt finance costs.

Paying a RAD would provide a financial benefit to the resident ($101 per week in the example used) should they forgo those funds ($424,000) during their stay in the home. The rental amount for a combination RAD/DAP can be calculated the same way using this methodology.

The Government would pay the rental for the supported residents (Accommodation Supplement) at the national average DAP. ***This would result in an equitable accommodation rental flow for all residents and an appropriate revenue flow for Providers to support the high capital cost of building and maintaining residential aged care homes.***

This accommodation policy reform would result in a number of outcomes:

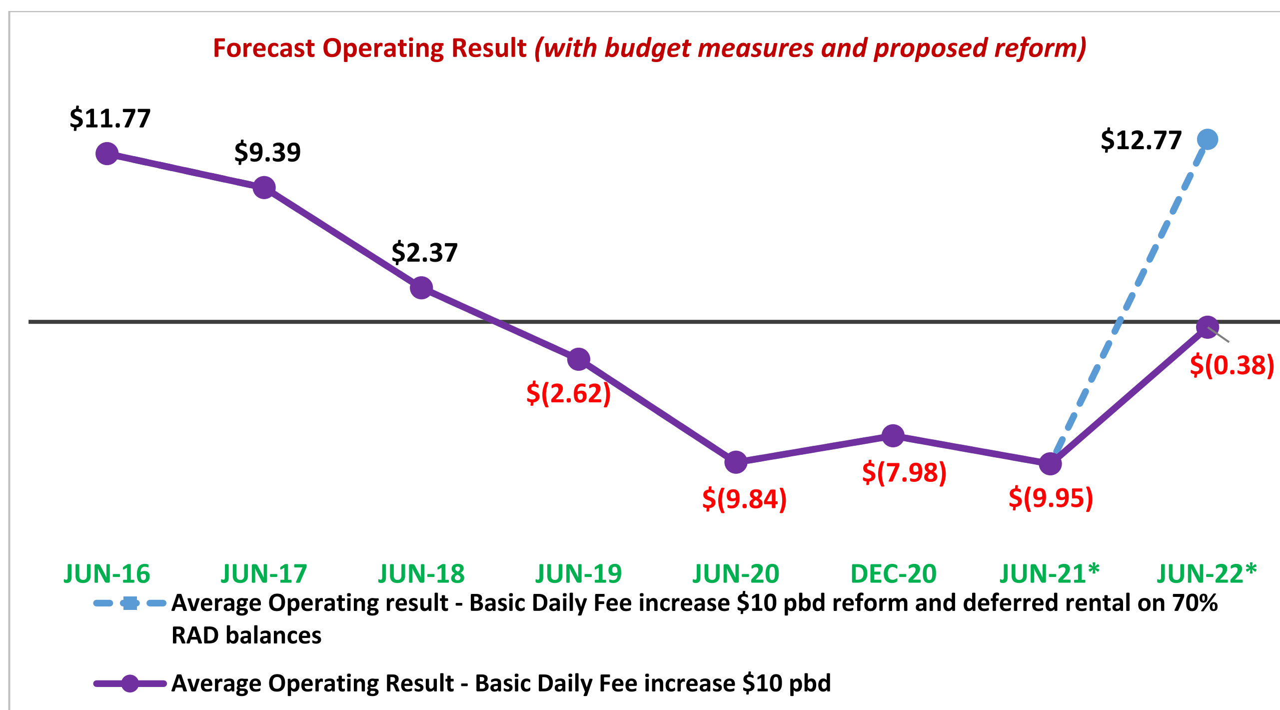
- ✓ It would provide certainty for Providers that they will achieve a minimum level of return on their capital investment in residential aged care homes and encourage investment in new building stock
- ✓ It would provide certainty to financiers in relation to the revenue streams from accommodation that could be used to service construction debt
- ✓ It would improve the overall sustainability of the sector due to the increased accommodation revenue streams, particularly with respect to RADs received

Financial Effect of Accommodation Policy Reform

From the point of view of the Government, this reform would not involve significant outlays, as a significant proportion of the new funding would come from residents, rather than Government.

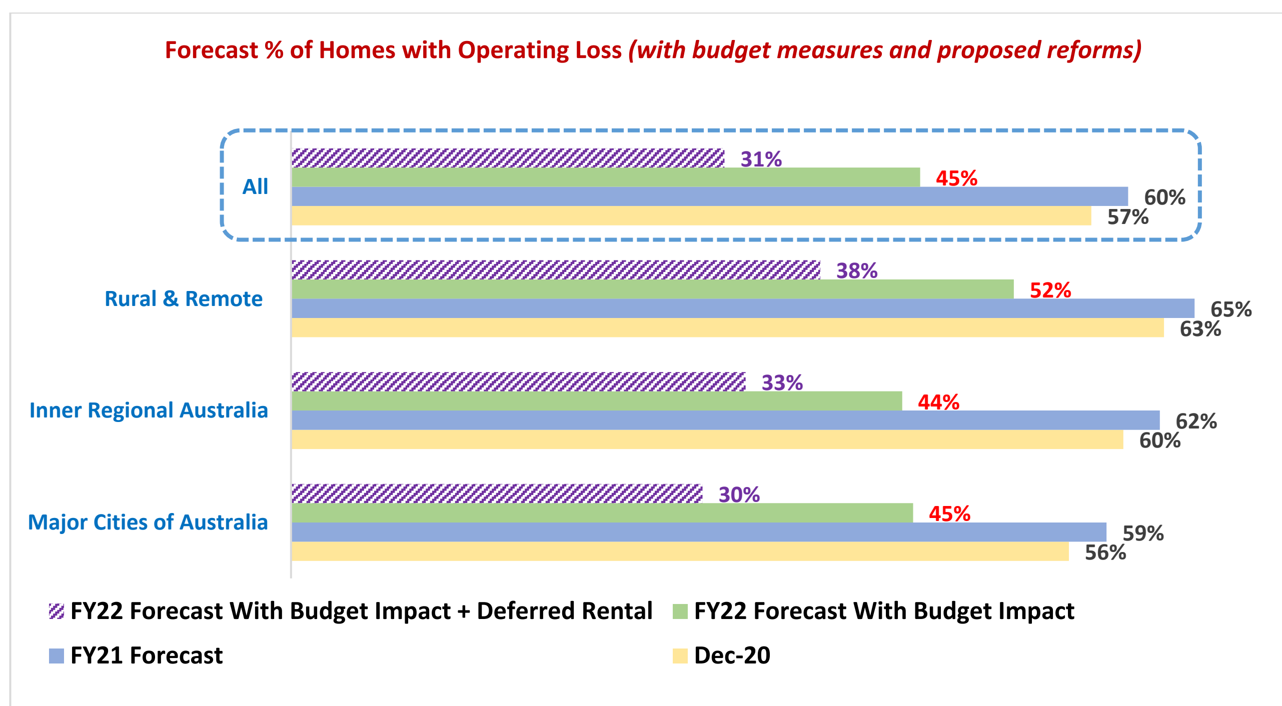
Figure 11 indicates that whilst excluding the financial effect of amending the Accommodation Supplement, the proposed reform amendment to having an appropriate rental for RADs would improve the operating forecast based on current Budget measures from a deficit of $0.38 per bed day in FY22 to an average surplus of $12.77 per bed day for aged care homes.

Figure 11: Forecast operating result with Budget measures and proposed RAD rental reform ($ per bed day)



This proposed reform would also have a significant impact on the number of homes incurring losses. Although the reform, if introduced would take some time to have the impact required, the graph above and those that follow show what sort of impact it would have once fully implemented.

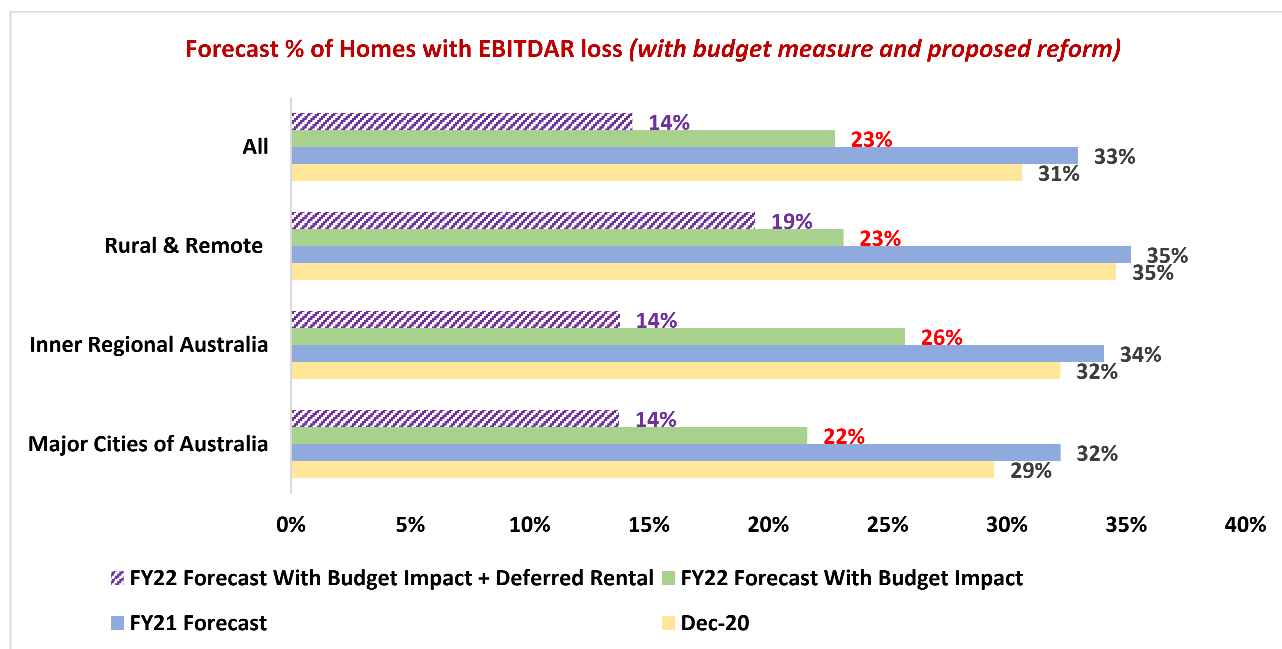
Figure 12: Forecast percentage of homes with operating loss



If these Accommodation reforms were fully operational, the percentage of loss making homes would have declined to 31% from the forecast 45% resulting from the Budget measures. ***This still represents a significant number of homes making operating losses.***

Similarly, the number of homes that would have a negative EBITDAR (cash loss) would have declined to 14%. While still a concern, this is a more sustainable position for the sector whereby for those that can get efficiencies in both the construction of the facilities and in the ongoing delivery of care there is a better return on that investment than currently exists.

Figure 13: Forecast percentage of homes with EBITDAR loss



Compliance and Reporting

Of the $17.7 billion in Budget outlays, $4.1 billion is for a redesign of the aged care system, increasing the level of compliance activity, and providing some support programs that may provide non-recurrent assistance to Providers that require it from time to time. In addition, the new funding being provided to residential aged care Providers for mandated staff minutes and Basic Daily Fee supplements are also tied to additional reporting measures.

Below are some of the new compliance and reporting measures that will need to be adhered to by Providers, and unfortunately, there is no acknowledgement of additional cost or additional funding to compensate for this additional administrative and compliance burden.

- Home care payment arrangements - additional administration of home care client statements, reconciling home care account balances and making system and software enhancements
- Standardisation of home care statements (*non-mandatory at the moment*)
- From July 2021, Providers will be required to report on care staffing minutes at the home (facility) level, as part of their existing annual reporting
- From July 2022, Providers will also be required to provide a monthly care statement to residents (and their family members), outlining the care they have received, and any significant changes or events during the month. Reporting on care staffing minutes will move to a quarterly basis
- The Government will introduce a new financial and prudential monitoring, compliance and intervention framework to strengthen reporting and disclosure requirements for aged care Providers, and to strengthen accountability and transparency in the sector. Commencing from July 2021, implementation of the framework will occur progressively over three phases

- The Government will legislate requirements in the new *Aged Care Act* that approved aged care Providers must meet minimum liquidity requirements (from July 2023) and capital adequacy requirements (from July 2024)
- To commence receiving the new Government BDF Supplement, Providers will need to report on the adequacy of daily living services (such as food, linen, cleaning) they provide, with a particular focus on nutrition. This quality reporting will support the star rating system
- Serious Incident Response Scheme reporting
- Increase in the number of compliance measures that the Aged Care Quality and Safety Commission (ACQSC) will carry out including responding to more than 22,000 complaints, undertaking at least 2,100 residential aged care site audits and at least 750 home care quality reviews, pursuing at least 1,400 cases of non-compliance, and undertaking 380 prudential and financial investigations
- The Government is investing $100 million to deliver improved consumer transparency and assist senior Australians to make informed decisions and these will require the submission of data by providers. These measures include the introduction of:
    - a simple 'at-a-glance' Star Rating on My Aged Care for all 2,722 residential aged care services, delivered by the end of 2022
    - the National Aged Care Mandatory Quality Indicator Program to report crucial measures of care in the home by the end of 2022
    - additional quality indicators across critical care areas in residential care by the end of 2022
    - consumer experience and quality of life measures across residential and in home aged care by the end of 2022
    - a National Aged Care Data Strategy, including capture of new dementia data, and an aged care Minimum Data Set by 2024
- The new Independent Hospital and Aged Care Pricing Authority (IHACPA) will undertake regular, transparent and independent costing studies will enable aged care funding decisions to take into account independent advice on contemporary cost structures, changes in costs and care delivery models. The Government will require aged care providers to participate in the activities required by the Independent Hospital Pricing Authority through legislation
- New Governance Standard
- Requirements relating to leadership responsibilities and accountabilities will be included in the new *Aged Care Act*
- As part of the new financial and prudential monitoring, compliance and intervention framework:
    - From July 2022, approved Providers will be required to report financial information to the Government on a quarterly basis
    - From July 2023, the Government proposes to amend the Aged Care Financial Report (ACFR) and the Annual Prudential Compliance Statement (APCS) to monitor compliance with new liquidity and capital adequacy requirements. Approved in-home care Providers will be required to complete the General Purpose Financial Statement (GPFS) to increase transparency of their financial viability. *Currently, only approved Providers of residential aged care facilities are required to complete the GPFS*
- Additional monitoring powers will be introduced under the new financial and prudential monitoring, compliance and intervention framework. This will include new requirements for Providers to supply financial information on request from July 2021
- The new financial and prudential monitoring, compliance and intervention framework will require Providers to disclose information to improve monitoring and identification of Providers at risk of not meeting their debt obligations and/or not being able to provide quality and safe care

- Providers will be required to disclose to Government current and forecasted viability information on request (from July 2021), report financial performance on a quarterly basis (from July 2022), any material adverse change in financial position and performance within 14 days (from July 2022), and any material change in corporate structures within 14 days (from July 2023)
- Additional capabilities will be implemented from 2021-22 to build the financial monitoring capabilities of the Department of Health and the Aged Care Quality and Safety Commission, and to strengthen collection and management of financial information from providers. This includes improvements to the Aged Care Financial Report, such as integration into the My Aged Care Portal, and enhanced intelligence gathering and information-sharing protocols

The obligations listed above do not include maintaining accreditation standards under the current reporting regime or likely meeting new standards should they be introduced as part of a re-design of the system and review of existing standards.

The one major element that is missing from these new obligations for reporting and compliance is the cost to Providers and whether this additional burden will be recognised in future funding calculations.

Based on the StewartBrown Survey, administration costs (excluding the cost of the Facility Manager) have risen from an average of $29.16 per bed day in Dec-15 to an average of $37.50 per bed day in Dec-20. These costs are not specifically attached to any single funding stream, however, they have to be paid for and inevitably, as the reporting and compliance obligations increase, the costs will also increase.

It will be fundamental to any re-design of the funding for aged care, including both in home care and residential care, that the compliance burden is recognised and is adequately funded.

Royal Commission Recommendations

Summary of Government Response to Recommendations

Response	Symbol
Accept recommendation	🟢
Accept-in-principle	🟠
Alternative model	🔵
Subject to further consideration	🟣
Reject	🔴

Recommendation	Government Response
1. A new Act	🟢
2. Rights of older people receiving aged care	🟢
3. Key principles	🟢
4. Integrated long-term support and care for older people	🟢
5. Australian Aged Care Commission (Commissioner Pagone)	🔵
6. Australian Aged Care Pricing Authority (Commissioner Pagone)	🔵
7. Aged Care Advisory Council (Commissioner Pagone)	🟢
8. Cabinet Minister and Department of Health and Aged Care (Commissioner Briggs)	🟢
9. The Council of Elders (Commissioner Briggs)	🟢
10. Aged Care Safety and Quality Authority (Commissioner Briggs)	🟢
11. Independent Hospital and Aged Care Pricing Authority (Commissioner Briggs)	🟢
12. Inspector-General of Aged Care	🟢
13. Embedding high quality aged care	🟢
14. A general duty to provide high quality and safe care	🟢
15. Establishment of a dementia support pathway	🟢
16. Specialist dementia care services	🟢
17. Regulation of restraints	🟢
18. Aged care standard-setting by the renamed Australian Commission on Safety and Quality in Health and Aged Care	🟠
19. Urgent review of the Aged Care Quality Standards	🟢
20. Periodic review of the Aged Care Quality Standards	🟢
21. Priority issues for periodic review of the Aged Care Quality Standards	🟢
22. Quality indicators	🟠
23. Using quality indicators for continuous improvement	🟢
24. Star ratings: performance information for people seeking care	🟢
25. A new aged care program	🟠
26. Improved public awareness of aged care	🟢
27. More accessible and usable information on aged care (Commissioner Briggs)	🟢
28. A single comprehensive assessment process	🟢
29. Care finders to support navigation of aged care (Commissioner Briggs)	🟢
30. Designing for diversity, difference, complexity and individuality	🟢

31.	Approved provider’s responsibility for care management	●
32.	Respite supports category	●
33.	Social supports category	●
34.	Assistive technology and home modifications category	●
35.	Care at home category	●
36.	Care at home to include allied health care	●
37.	Residential care category	●
38.	Residential aged care to include allied health care	●
39.	Meeting preferences to age in place	●
40.	Transition to care at home	●
41.	Planning based on need, not rationed	●
42.	Support for informal carers	●
43.	Examination of Leave for Informal Carers (Commissioner Briggs)	●
44.	Volunteers and Aged Care Volunteer Visitors Scheme	●
45.	Improving the design of aged care accommodation	●
46.	Capital grants for ‘small household’ models of accommodation	●
47.	Aboriginal and Torres Strait Islander aged care pathway within the new aged care system	●
48.	Cultural safety	●
49.	An Aboriginal and Torres Strait Islander Aged Care Commissioner	●
50.	Prioritising Aboriginal and Torres Strait Islander organisations as aged care providers	●
51.	Employment and training for Aboriginal and Torres Strait Islander aged care	●
52.	Funding cycle	●
53.	Program streams	●
54.	Ensuring the provision of aged care in regional, rural and remote areas	●
55.	The Multi-Purpose Services Program	●
56.	A new primary care model to improve access	●
57.	Royal Australian College of General Practitioners accreditation requirements	●
58.	Access to specialists and other health practitioners through Multidisciplinary Outreach Services	●
59.	Increased access to Older Persons Mental Health Services	●
60.	Establish a Senior Dental Benefits Scheme	●
61.	Short-term changes to the Medicare Benefits Schedule to improve access to medical and allied health services	●
62.	Enhance the Rural Health Outreach Fund to improve access to medical specialists for people receiving aged care	●
63.	Access to specialist telehealth services	●
64.	Increased access to medication management reviews	●
65.	Restricted prescription of antipsychotics in residential aged care	●
66.	Improving the transition between residential aged care and hospital care	●
67.	Improving data on the interaction between the health and aged care systems	●
68.	Universal adoption by the aged care sector of digital technology and My Health Record	●
69.	Clarification of roles and responsibilities for delivery of health care to people receiving aged care	●
70.	Improved access to State and Territory health services by people receiving aged care	●

71.	Ongoing consideration by the Health National Cabinet Reform Committee	🟢
72.	Equity for people with disability receiving aged care	🟣
73.	Annual reporting to Parliament by the Disability Discrimination Commissioner and the Age Discrimination Commissioner	🟢
74.	No younger people in residential aged care	🟢
75.	Aged care workforce planning	🟢
76.	Aged Care Workforce Industry Council Limited	🟢
77.	National registration scheme	🟠
78.	Mandatory minimum qualification for personal care workers	🟣
79.	Review of certificate-based courses for aged care	🟢
80.	Dementia and palliative care training for workers	🟢
81.	Ongoing professional development of the aged care workforce	🟢
82.	Review of health professions' undergraduate curricula	🟢
83.	Funding for teaching aged care programs	🟢
84.	Increases in award wages (Noted that it is up to Fair Work Commission to make decision – Govt will provide data)	🟣
85.	Improved remuneration for aged care workers	🟢
86.	Minimum staff time standard for residential care	🟢
87.	Employment status and related labour standards as enforceable standards (Commissioner Briggs)	🟣
88.	Legislative amendments to improve provider governance	🟢
89.	Leadership responsibilities and accountabilities (Commissioner Briggs)	🟢
90.	New governance standard	🟢
91.	Program of assistance to improve governance arrangements	🟢
92.	Approval of providers	🟢
93.	Accreditation of high-level home care services	🟢
94.	Greater weight to be attached to the experience of people receiving aged care	🟢
95.	Graded assessments and performance ratings	🟢
96.	Responding to Coroner's reports	🟢
97.	Strengthened monitoring powers for the Quality Regulator	🟢
98.	Improved complaints management	🟢
99.	Protection for whistleblowers	🟢
100.	Serious incident reporting	🟢
101.	Civil penalty for certain contraventions of the general duty	🟣
102.	Compensation for breach of certain civil penalty provisions	🟣
103.	A wider range of enforcement powers	🟢
104.	Aged Care Quality and Safety Commission capability review	🟢
105.	Transparency around the performance of the Quality Regulator (Commissioner Briggs)	🟢
106.	Enhanced advocacy	🟢
107.	Aged Care Research and Innovation Fund	🟠
108.	Data governance and a National Aged Care Data Asset	🟢
109.	ICT Architecture and investment in technology and infrastructure (Commissioner Briggs)	🟢
110.	Amendments to residential aged care indexation arrangements	🔵

111.	Amendments to aged care in the home and Commonwealth Home Support Programme indexation arrangements	🟣
112.	Immediate changes to the Basic Daily Fee	🟢
113.	Amendments to the Viability Supplement	🟢
114.	Immediate funding for education and training to improve the quality of care	🟢
115.	Functions and objects of the Pricing Authority	🟢
116.	Requirement to participate in Pricing Authority activities	🟢
117.	Grant funding for support services to be funded through a combination of block and activity based funding	🟢
118.	New funding model for care at home	🟠
119.	Maximum funding amounts for care at home	🟢
120.	Casemix-adjusted activity based funding in residential aged care	🟢
121.	Incentives for an enablement approach to residential care	🟢
122.	Reporting of staffing hours	🟢
123.	Payment on accruals basis for care at home	🟢
124.	Standardised statements on services delivered and costs in home care	🟢
125.	Abolition of contributions for certain services	🟠
126.	Fees for respite care	🟠
127.	Fees for residential aged care—ordinary costs of living	🔴
128.	Fees for residential aged care accommodation (Commissioner Pagone)	🔴
129.	Changes to the means test (Commissioner Pagone)	🔴
130.	Responsibility for prudential regulation	🟠
131.	Establishment of prudential standards	🟢
132.	Liquidity and capital adequacy requirements	🟢
133.	More stringent financial reporting requirements	🟢
134.	Strengthened monitoring powers for the Prudential Regulator	🟢
135.	Continuous disclosure requirements in relation to prudential reporting	🟢
136.	Tools for enforcing the prudential standards and guidelines and financial reporting obligations of providers	🟢
137.	Building the capability of the regulator	🟢
138.	Productivity Commission investigation into financing of the aged care system through an Aged Care Levy (Commissioner Pagone)	🔴
139.	Parliamentary scrutiny of determinations by the Pricing Authority (Commissioner Briggs)	🟠
140.	Fees for residential aged care accommodation (Commissioner Briggs)	🔴 🟣
141.	Changes to the means test (Commissioner Briggs)	🔴
142.	Phasing out of Refundable Accommodation Deposits (Commissioner Briggs)	🟠
143.	Implementation of new arrangements for financial oversight and prudential regulation (Commissioner Briggs)	🟢
144.	Introduce a new earmarked aged care improvement levy (Commissioner Briggs)	🔴
145.	Report on recommendations	🟢
146.	An implementation unit (Commissioner Pagone)	🔵
147.	An implementation taskforce (Commissioner Briggs)	🟢
148.	Evaluation of effectiveness	🟢

Contact Details

For further analysis of the information contained in the 2021 Federal Aged Care Budget Impact Analysis please contact our specialist analyst team at StewartBrown.

StewartBrown Aged Care Executive Team

Grant Corderoy
Senior Partner - Consulting Division
Grant.Corderoy@stewartbrown.com.au

Stuart Hutcheon
Partner - Audit and Consulting Divisions
Stuart.Hutcheon@stewartbrown.com.au

David Sinclair
Partner - Consulting Division
David.Sinclair@stewartbrown.com.au

Steff Kearney
Director - Consulting Division
Steff.Kearney@stewartbrown.com.au

Andrew Coll
Director - Aged Care Division
Andrew.Coll@stewartbrown.com.au

Office Details

Level 2, Tower 1
495 Victoria Avenue
Chatswood NSW 2067
T: +61 2 9412 3033
F: +61 2 9411 3242
benchmark@stewartbrown.com.au
www.stewartbrown.com.au

Analyst, IT and Administration Team

Tracy Thomas
Senior Manager

Chris Parkinson
Senior Manager

Robert Krebs
Manager

Kieron Brennan
Senior Business Analyst

Shan Wu
Senior Business Analyst

Sabrina Qi
Senior Business Analyst

Alic Zhang
Business Analyst

Joyce Jiang
Business Analyst

Cassie Yu
Business Analyst

Vicky Stimson
Survey Administrator

Steven Toner
Survey Administrator

Rachel Corderoy
Media & Marketing

Reece Halters
IT Director

Rhys Terzis
IT Systems Analyst

Min Joo Kim
IT Data Analyst