



## Aged Care Update

16 December 2014

### **Mid-Year Economic & Fiscal Outlook (MYEFO) 2014-15**

The purpose of the annual MYEFO is to update the community on the outlook for the economy since the May Budget and the implications for the Commonwealth Budget, and to update the Budget for any spending and revenue measures taken since the Budget.

All the matters relating directly to aged care that featured in this year's MYEFO are listed below. The most notable measure is the decision to remove completely the pre-entry leave subsidy in residential care.

#### **Pre-Entry Leave subsidy**

The MYEFO announces the Government's decision to cease payment of any pre-entry leave subsidy to residential aged care providers for holding a place for up to seven days prior to a resident entering care.

The previous Government had reduced the amount payable from 100% to 30% of the care subsidy. The MYEFO announcement ceases payment entirely from 1 July 2015, with savings to the Budget of \$11.6m over three years (or around \$4m each year).

Under the Act, providers may still charge the basic daily fee (85% of the single basic pension) for up to seven days prior to entry, but cannot charge an accommodation payment or receive an accommodation supplement. However, under the new accommodation payment arrangements, providers can take revenue foregone due to expected vacancy levels into account when setting their accommodation prices.

#### **Abolition of Aged Care-Related Committees**

Further to the report of the Commission of Audit, the MYEFO announces the abolition of a number of aged care-related bodies. Most of these are no longer required as they have been overtaken by replacement arrangements.

Bodies in this category include the Aged Care Standards and Accreditation Agency Ltd (replaced by the Australian Aged Care Quality Agency); the Aged Care Reform Implementation Council and the Healthy Life Better Ageing Committee (functions taken over by the Aged Care Sector Committee); and the Minister's Dementia Advisory Group (replaced by the Aged Care Sector Committee and temporarily by the Dementia Advisory Forum which is considering options to replace the Dementia and Severe Behaviours Supplement).

The Government has also abolished the Aged Care Planning Advisory Committees in each State and Territory which have been used to provide stakeholder input into the distribution of aged care places to be allocated under the annual Aged Care Approvals Rounds. This decision should not be seen as a step towards the removal of service rationing, unfortunately. We understand that alternative arrangements for stakeholder input into the distribution of rationed services will be developed.

Not surprisingly, the MYEFO does record any savings to the Budget from the abolition of these bodies.

### **Dementia and Severe Behaviours Supplement**

The MYEFO includes the decision taken since the May Budget to cease payment of the Dementia and Severe Behaviours Supplement from 31 July 2014, including removal from the forward estimates of funding previously allocated for the Supplement. The Government had advised that it would consult with the sector concerning alternative arrangements for the care and support people with severe behaviours and psychological symptoms of dementia in aged care facilities.

Funding for alternative arrangements is not provided in the Budget as there is no authority to do so, ie. Cabinet is still to make a decision about the replacement arrangements.

Consultations have been proceeding through the Dementia Advisory Forum, which met in September. The Dementia Advisory Forum's report was released today (16th December) and may be [accessed here](#).

With the passage of time, it now looks increasingly likely that any replacement arrangements will not be announced until the 2015 Budget, noting that the 2014-14 Budget allocation for the Supplement was spent in the first month of 2014-15.

*Disclosure Statement: The author of Aged Care Update, Nick Mersiades, is a member of the Aged Care Financing Authority. The opinions in this Update should not be read as being an expression of the views of the Aged Care Financing Authority.*

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