



Aged Care Update

18 May 2015

Release of the Red Tape Reduction Action Plan

The Red Tape Reduction Action Plan for aged care was released by the Government on 6 May 2015, and may be viewed [here](#).

The Action Plan was developed by the Department of Social Services in consultation with the Aged Care Sector Committee. It stems from the Government's high profile election commitment to reduce 'red tape', or unnecessary regulation, across all sectors of the economy.

Catholic Health Australia (CHA) had provided the Aged Care Sector Committee with an assessment of the potential for regulatory savings in aged care, and a list of regulations amenable to removal or modification (summarised in our Aged Care Update of February 2014).

The Action Plan details 20 measures for implementation in the short term, and a further 14 areas where the potential for reducing 'red tape' will be explored in the medium term.

The Action Plan is focussed on streamlining the regulations governing the existing aged care policy framework, and does not contemplate possible changes in policy. That said, CHA continues to highlight that a good deal of existing red tape is required to administer the current policies which ration the supply of aged care services. Also, because of the vulnerability of many frail older people, there are good reasons for the bulk of the current regulations that support quality standards and provide consumer protections.

What has been achieved to date?

'Red tape' reduction measures have been pursued in parallel with the development of the Action Plan. Accordingly, the published Plan also reports on progress to date with the implementation of the short term measures.

Some measures require amendments to the Aged Care Act 1997, whereas others simply require changes in administrative procedures and practices. In most cases, the latter are easier to implement because legislative change depends on obtaining the attention and agreement of Parliament in a crowded legislative agenda.

On the legislative front, we have seen the repeal of building certification requirements for aged care homes, whereas the announced intention to remove the requirement for key personnel reporting awaits Parliamentary approval. The repeal of building certification is estimated by the Department of Social Services to save providers \$3.6m per annum, and the removal of key personnel reporting

another \$1.16m per annum.

There has been much more activity on the administrative front. A list of the more significant administrative changes that have been made, along with DSS's estimate of the annual savings in aggregate for service providers, is presented below.

- Streamlining of financial reporting requirements for service providers under the Home Care Program (\$4.4m)
- Removal of the requirement for residential care providers to follow and document a prescriptive process in setting accommodation prices (\$1.7 million)
- Streamlined application forms under the Aged Care Approvals Round process (\$2.1m)
- Removal of the Workforce Supplement by folding it into ACFI care prices (\$2.6m)
- A range of smaller measures including: removal of the annual fire safety declaration; removal of the requirement to report infectious diseases to DSS; streamlining of quality reporting processes; removal of requirements for financial activity reporting in relation to the NRCP and Day Therapy Centres; and streamlining of fee advice letters and the Annual Prudential Compliance Statement (approximately \$1m)

The South Australian Innovation Hub

The other matter worth recalling in the 'red tape' reduction context is the South Australian Innovation Hub. The ten approved providers participating in the Hub are trialling an 'earned autonomy' approach to aged care regulation whereby high performing providers would be rewarded by lower levels of regulation in areas such as accreditation, compliance reporting, complaints handling and ACFI validation.

An evaluation of the HUB pilot is due to be completed by the end of 2015, with a view to potentially extending the 'lighter touch' regulation to high performing providers generally. Some of the regulatory areas focussed on by the Hub are also listed in the Action Plan for further exploration. It is anticipated that the Hub evaluation will help inform the implementation of the Action Plan.

Disclosure Statement: The author of this 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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