



Aged Care Update: Review of the 2019-20 Aged Care Budget

The 2019-20 Budget papers refer to a headline figure of \$724.8m over the five-year period 2018-19 to 2022-23 as additional funding “to improve the quality, safety and accessibility of aged care services”, packaged under the banner *More Choices for a Longer Life*.

The headline figure comprises \$662m for measures announced in the 10 February 2019 aged care package and \$62.8m for new measures announced on Budget night.

The headline figure includes amounts that are being/will be spent in the current financial year that were appropriated since the 2018-19 Budget through the additional estimates process.

The following goes into more detail.

Measures announced prior to Budget night

Measures announced since last year’s Budget and included in the headline figure are listed below:

- The \$320m one-off increase in care funding in residential care under ACFI in 2018-19 “while the Government considers longer term funding options”. Payment of the increased care subsidy is occurring during March – June 2019.
- Funding to trial a new care funding model for residential aged care to replace ACFI -\$4.6m. The trial is due to commence in the second half of 2019.
- The bring forward of 10,000 home care packages announced in the February 2019 aged care package - \$282.4m. The February bring forward is additional to those in the December 2018 MYEFO (10,000) and the 2018-19 Budget (14,000).
- Funding for increased regulatory capacity targeting the safety, quality and integrity of home care, including increased auditing and monitoring of home care providers - \$7.7m
- An allocation of \$4.2m to introduce mandatory reporting under the National Quality Indicator Program. The Government has recently legislated to give effect to this measure from 1 July 2019.
- \$35.7m over five years from 2018-19 for an increase in the dementia cognition and support supplement in home care, increased from 10% to 11.5% of the level of the applicable home care package.
- Accounting and business advisory services to help aged care providers at risk of, or under financial stress - \$7.4m. Guidelines for accessing this service are being developed.

New aged care measures included in the 2019-20 Budget

The bulk of the funding for new measures (\$62.8m) is directed to strengthening quality assurance regulation in both residential and home care. There is also modest funding for the aged care workforce strategy (\$2.6m) and a measure that addresses unspent package funds in home care (\$7.1m).

Strengthened quality assurance

The new quality measures build on other recent quality-related reforms already implemented or in train, including the new Quality Standards and Charter of Aged Care Rights that apply across all aged care service types, mandatory reporting on clinical indicators in residential care, the amendments to regulate the use of physical and chemical restraints and, of course, the new Quality and Safety Commission itself. Many of these stem from Oakden or anticipate the Royal Commission, but not all.

Together they demonstrate the high priority the Government has given to the strengthening of the quality regulatory framework in response to community pressure and in anticipation of the recommendations of the Royal Commission which has already criticised the slow take up of the recommendations in the Carnell/Paterson report.

The new quality measures in the Budget affecting residential and home care are listed below:

- \$38.4 m over 2019-20 to 2022-23 to develop a new risk-based information sharing system in the new Aged Care Quality and Safety Commission that will identify aged care providers at greatest risk of delivering sub-standard care. This measure stems from the Carnell/Paterson Report, and is intended to support a more risk-based assessment approach for guiding regulatory activity.
- \$3.4m over 2019-20 to 2022-23 to reduce the misuse of medicines in residential aged care by creating a new unit of clinical pharmacists in the Aged Care Quality and Safety Commission to work directly with residential aged care providers about best practice use of medicines. This will include a trial in the ACT to embed a part-time pharmacist in each of the ACT's 27 residential aged care homes
- \$4.2m in 2018-19 to develop two new quality indicators (falls and fractures and medication management) for mandatory reporting under the National Quality Indicators Program.
- \$1.5m in 2019-20 to develop a Serious Incident Response Scheme, another recommendation of the Carnell/Paterson Report, to extend the focus of the current reportable assaults arrangements. The development of the new Scheme will include consultations with the sector and research on how the scheme will operate.
- \$5.6m in 2019-20 for the new Aged Care Quality and Safety Commission to develop a risk based assessment framework of home care to support the Commission's auditing of quality of care being delivered. Additional funding for auditing and monitoring activity was announced as part of the February 2019 package.

Workforce strategy

\$2.6m has been provided in 2019-20 to support the work of the Aged Services Industry Reference Committee and the Aged Care Workforce Industry Council. How the funds will be used is still under consideration, including how the funds will be allocated across the two organisations.

Home-based care

The Budget Papers have documented three measures affecting home-based care, only one of which (unspent package funds) involves new funding, ie. funding that had not previously been included in the forward estimates.

(i) Unspent funds

\$7.1m has been allocated for 2018-19 and 2019-20 to introduce new payment administration arrangements for home care packages to address the high level of unspent funds, and to align home care arrangements with other Government programs, such as the National Disability Insurance Scheme. The new arrangements envisage payment 'at point of service delivery', rather

than the current payment in advance/reconciliation arrangements.

The Government will consult with stakeholders on the development of options, including a referral to the Aged Care Financing Authority to assess the financial implications for providers under such payment arrangements. In due course, the arrangements may include a swipe or debit care facility.

(ii) Home care packages

The 2019-20 Budget Papers reprise the bring forward of 20,000 home care packages announced at the December 2018 MYEFO and in February 2019 in response to the 128,000 consumers registered on the home care package National Prioritisation System.

As noted elsewhere, the combined effect of these bring forwards and the 2018-19 Budget decision to increase the number of higher level packages is to release more packages **earlier** than budgeted for, but essentially still staying within the provision target set in 2012 under the *Living Longer Living Better* (LLLB) package (just under 150,000 packages by 2021-22).

At the Estimates Hearings in February 2019, the Department of Health advised that the number of home care packages will increase to 153,437 by 2021-22.

The forward estimate period for the 2019-20 Budget now extends to 2022-23, one year beyond the LLLB timeframe of 2021-22. This means that this Budget includes growth in home care package numbers for 2022-23. As a result, the home care package target has increased from 153,437 in 2021-22 to 157,154 in 2022-23. However, there is no way of comparing this supply increase against the LLLB provision target of 45 packages per 1,000 people aged 70 and over by 2021-22. This is because introducing funding following the consumer for packages in February 2017, rather than allocating packages to providers under ACAR, means that provision ratios calculated pre and post February 2017 are no longer comparable.

With regard to residential places, the Budget Papers record that the number of operational places will increase from an estimated 212,000 in 2018-19 to 243,000 by 2022-23. However, since the creation of the combined residential and home care appropriation item in the 2018-19 Budget, there is now some flexibility to transfer places across care types in response to consumer preferences.

(iii) Extension of Commonwealth Home Support agreements

A decision with no funding implications announced on Budget night is a further extension of Commonwealth Home Support Program funding agreements, from 30 June 2020 to 30 June 2022. This follows a previous extension from 30 June 2018 to 30 June 2020, noting the intention announced in the 2015-16 Budget to combine CHSP and home care packages into a single home-based care program from 1 July 2018.

This additional extension is a clear indication that a combined home-based care program will not happen in the foreseeable future. However, there is scope to achieve greater integration between the two programs in areas such as assessment (noting that work to combine ACATs and Regional Assessment Services is underway), consumer contributions, a reablement focus and equitable access to respite services. Another challenge to consider is whether consumer choice of CHSP provider can be introduced without creating a single home-based care program.

The latest extension of agreements to 30 June 2022 does not apply to Regional Assessment Services because development work is underway to combine them with ACATs into a single assessment service.

Other aged care related measures in the Budget

There were two other measures of relevance to the care of older people included in the Budget that are worth highlighting.

Under new funding items to be included in the Medicare Benefits Schedule, general practices will be able to receive fees for doctors and other clinicians to provide consultations, referrals, test results and scripts without requiring a face-to-face consultation, as currently required under Medicare rules. This service will be available for people aged 70 and over with two or more chronic and complex conditions. Some \$448m has been allocated over the next four years for this measure. It is understood that the new funding items will not be restricted to practices participating in the Health Care Homes trial. This measure has the potential to improve aged care residents' access to GP services.

The second measure is the allocation of \$185m under the Medical Research Future Fund for research into ageing, aged care and dementia.

Summing up

The \$724.8m headline figure for aged care is mainly accounted for by announcements made prior to Budget night. In particular, the latest bring forward of home care packages (\$282.4m), the one off \$320m increase in residential care funding under ACFI, and measures (including new measures announced on Budget night) to increase quality regulation in residential and home care (\$65m).

In short, as was suspected would be the case, aged care's 'Budget night' effectively occurred on 10 February 2019.

The main drivers of the 2019-20 Budget (including the measures announced prior to Budget night) were a response to the home care package 'queue', the financial pressures being experienced by residential aged care providers following the ACFI indexation pause and changes to the ACFI tool, the ongoing fall-out from Oakden, the ABC coverage of aged care and the Royal Commission, increasing concerns about the quality and integrity of home care services given the rapid increase in packages and home care providers, and the ballooning level of unspent package funds held by providers.

The net effect is that reforms are being put place to create a comprehensive quality assurance system across residential and home care and to address unspent package funds. But there is much more to do if we are to tackle the sustainable resourcing that will be required to deliver quality, safe and accessible aged care services for Australia's ageing population that will meet community expectations.

The recent [report](#) of the Parliamentary Budget Office on the fiscal impact of Australia's ageing population reminded us again of the fiscal challenge that future governments will face. Moreover, the report is an underestimate of the fiscal impact because its forecasts are based on the continuation of current policies.

Planning for the future has to take into account the unmet need for home care packages, continued financial pressures for residential providers particularly if there is minimal real increase in ACFI funding per resident and inadequate indexation to meet competitive wages, the need to grow and upskill the workforce which is currently significantly under rewarded, access by aged care residents to in-reach health services available under Medicare, as well as the sheer increase in the number of older people.

While important progress is being made to lay the foundations of a quality and accessible aged care system, a large part of the task is still ahead of us.

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.

You can read previous [Aged Care Updates here](#).



Copyright © 2019 Catholic Health Australia, All rights reserved.

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe from this list](#)