



Aged Care Act 1997

Flexible Care Subsidy Principles 1997

I, JUDI MOYLAN, Minister for Family Services, make the following Principles under section 96-1 of the *Aged Care Act 1997*.

Dated *24. 9.* 1997.

Minister for Family Services



Aged Care Act 1997

Flexible Care Subsidy Principles 1997

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Note: Part 3.3 of the Aged Care Act 1997

Part 3.3 of the *Aged Care Act 1997* is about payment by the Commonwealth of a flexible care subsidy to approved providers for providing flexible care to care recipients.

These Principles set out who is eligible for flexible care subsidy and on what basis flexible care subsidy may be paid.

Chapter 1—Preliminary

15.1 Citation

These Principles may be cited as the *Flexible Care Subsidy Principles 1997*.

15.2 Commencement

These Principles commence on 1 October 1997.

15.3 Definitions

In these Principles:

Act means the *Aged Care Act 1997*.

approved organisation means an approved provider that is approved under section 15.8.

existing program means a program being administered by a Commonwealth or State aged care or health agency.

home nursing care package has the meaning given by subsection 15.6 (2).

multi-purpose service means a flexible care service that is approved under subsection 15.14 (1).

State includes a Territory.

Note: Definitions

A number of expressions used in these Principles are defined in the *Aged Care Act 1997* (see Dictionary in Schedule 1), including:

- aged care
- approved provider
- care
- daily income tested reduction
- high level of residential care
- residential care.

15.4 References to kinds of regions

In these Principles, a reference to a region of a particular kind is a reference to a region of that kind defined in 'Rural, Remote and Metropolitan Area Classification', 1991 Census Edition, published by the Australian Government Publishing Service, November 1994.

Chapter 2—Home nursing care packages

Part 1—Approved organisations

15.5 Purpose of Part (Act, s 50-2)

This Part specifies arrangements for the approval of organisations providing flexible care in the form of home nursing care packages.

15.6 Application for approval—home nursing care packages

- (1) An approved provider may apply to the Minister, in writing, for approval as an organisation providing flexible care in the form of home nursing care packages.
- (2) A *home nursing care package* is a pilot form of flexible care designed to test the possibility of providing good quality nursing and personal care:
 - (a) for care recipients who:
 - (i) have needs equivalent to a high level of residential care; and
 - (ii) would otherwise have required a high level of residential care; and
 - (b) in the care recipient's own home; and
 - (c) at the same cost as providing a high level of residential care; and
 - (d) for the period that:
 - (i) the care recipient remains a care recipient; and
 - (ii) the approved provider is able to provide the care.
- (3) The application must include the following matters:
 - (a) the applicant's name and address;
 - (b) the address for service of notices (if different from the address in paragraph (a));
 - (c) the type of service provided by the applicant;
 - (d) the number of places for which the applicant is eligible for residential care subsidy;
 - (e) the number of allocated places, held by the applicant for residential care subsidy, that the applicant proposes to convert to provide home nursing care packages;
 - (f) the period in which conversion will happen;
 - (g) evidence that the applicant understands the purpose and conditions of the approval, and is willing to actively take part in, and contribute to, the evaluation of the care.

15.7 Considering application

- (1) The Minister must take the following matters into account in considering the application:
 - (a) the suitability of the applicant for evaluating the form of care and, in particular:
 - (i) the extent to which the applicant will provide the care; and
 - (ii) the location of the care; and
 - (iii) the care recipients towards whom it is targeted;
 - (b) the applicant's demonstrated understanding of the purpose and conditions of the approval, and the applicant's willingness to actively take part in, and contribute to, the evaluation of the care;
 - (c) the proposed offsets from closing existing residential care places;
 - (d) the applicant's willingness to close an equivalent number places providing a high level of residential care.
- (2) However, the Minister may also take into account any other relevant matters.

15.8 Deciding application

- (1) The Minister may approve the application or refuse to approve it.
- (2) However, the Minister may approve the application only if the approval will be cost-neutral to the Commonwealth.
- (3) Also, there must not be more than 10 approvals in force at any time.

Part 2—Eligibility for flexible care subsidy

15.9 Purpose of Part (Act, s 50-2)

This Part specifies a kind of care for which flexible care subsidy may be payable.

15.10 Kind of care

The kind of care for which flexible care subsidy may be payable is flexible care provided by an approved organisation in the form of a home nursing care package.

Part 3—Payment of flexible care subsidy

15.11 Purpose of Part (Act, s 51-1)

This Part sets out the arrangements for payment of flexible care subsidy to approved organisations for flexible care in the form of home nursing care packages.

15.12 Payment agreement

The Secretary may, for the Commonwealth, enter into an agreement with an approved organisation specifying the following matters:

- (a) the period of the agreement;
- (b) a condition that flexible care subsidy is payable for each day for which a care recipient receives flexible care under the agreement;
- (c) a condition that flexible care subsidy is to be paid monthly, and in advance;
- (d) how claims for flexible care subsidy are to be made;
- (e) the number places providing a high level of residential care that will be converted to provide flexible care in the form of a home nursing care package;
- (f) care recipients' entitlements and obligations, including procedures for formal agreements between the approved organisation and the care recipient;
- (g) reports and information to be given to the Secretary by the approved organisation for evaluating the care;
- (h) arrangements about outcome standards and accreditation;
- (i) variation and termination of the agreement;
- (j) accountability and reporting requirements;
- (k) conditions for the payment of flexible care or other subsidy;
- (l) other conditions necessary for the effective provision of the care;
- (m) the amounts of flexible care subsidy payable to the approved organisation, taking into account:
 - (i) the maximum number of home nursing care package places able to be provided by the approved organisation; and
 - (ii) that a care recipient's contributions must not more be than 17.5% of the single pension under the *Social Security Act 1991* (apart from rent assistance under that Act); and
 - (iii) the requirement that the subsidy amount payable for a care recipient must not be more than the amount of residential care subsidy that would be payable for the care recipient under section 44-2 of the Act (apart from the daily income tested reduction amount that would apply to the care recipient under Subdivision 44-E of the Act) if the care recipient had been in residential care.

Chapter 3—Multi-purpose services

Part 1—Approval of flexible care services

15.13 Purpose of Part (Act, s 50-2)

This Part specifies arrangements for the approval of flexible care services provided by approved providers as multi-purpose services.

15.14 Approval

- (1) The Secretary may, in writing, approve a flexible care service provided, or proposed to be provided, by an approved provider as a multi-purpose service.
- (2) The Secretary may approve the flexible care service only if the requirements of subsections (3) to (7) are met.
- (3) The flexible care service must provide, or propose to provide, an integrated service that includes:
 - (a) residential care; and
 - (b) at least 1 of the following:
 - (i) a health service provided by a State;
 - (ii) a home and community care service;
 - (iii) dental or other health care;
 - (iv) transport services;
 - (v) community care under the Act;
 - (vi) a service for which a medicare benefit is payable under the *Health Insurance Act 1973*;
 - (vii) the provision of a pharmaceutical benefit under the *National Health Act 1953*;
 - (viii) a service that the Minister nominates, in an agreement with the responsible Minister of the State, as an appropriate service.
- (4) The approved provider must also be able to:
 - (a) provide the flexible care to people in rural and remote regions; and
 - (b) target the care to meet the needs of people in rural and remote regions; and
 - (c) improve access to the care; and
 - (d) increase coordination, flexibility and innovation in the delivery of the care; and
 - (e) ensure the care is cost-effective; and
 - (f) ensure the care is culturally appropriate.

- (5) The approved provider must provide, or propose to provide, the flexible care in an area (the ***multi-purpose service site***) with the following characteristics:
 - (a) the multi-purpose service site does not meet the criteria of existing programs for establishing a full range of aged care and health services;
 - (b) the multi-purpose service site can sustain a viable multi-purpose service;
 - (c) there is broad support within the multi-purpose service site for a change in the aged care and health service delivery in the multi-purpose service site;
 - (d) the agencies that administer existing programs for the multi-purpose service site agree to take part;
 - (e) the Commonwealth and the State concerned agree that the multi-purpose service site needs a multi-purpose service.
- (6) The approved provider must be a voluntary or private organisation, local government agency, residential aged care service, or a State health agency, that:
 - (a) has sufficient representation from the multi-purpose service site to reflect a broad cross-section of the multi-purpose service site; and
 - (b) is acceptable to the Commonwealth, the State, and broadly within the multi-purpose service site; and
 - (c) has entered into an agreement with the Commonwealth and State to ensure that the flexible care service achieves agreed targets for the aged care and health needs of the multi-purpose service site.
- (7) The Secretary must be satisfied that:
 - (a) there has been broad-based consultation about the flexible care service within the multi-purpose service site, including consultation with existing service providers and agencies; and
 - (b) the service has been endorsed within the multi-purpose service site; and
 - (c) an evaluation strategy has been established for the service that includes:
 - (i) consideration of the service as a whole, the outcomes that the approved provider intends to provide, and the impact of the service on other services in the multi-purpose service site; and
 - (ii) an information collection system to support the decision-making processes of the service and to allow for extraction of aggregated data to assist in the evaluating of the service.

Part 2—Eligibility for flexible care subsidy

Division 1—Care recipients who do not need approval

15.15 Purpose of Division (Act, s 50-1)

This Division specifies a class of people who do not need approval under Part 2.3 of the Act in respect of flexible care.

15.16 Class of people

The class of people is care recipients who receive flexible care through a multi-purpose service.

Division 2—Kind of care

15.17 Purpose of Division (Act, s 50-2)

This Division specifies a kind of care for which flexible care subsidy may be payable.

15.18 Kind of care

The kind of care for which flexible care subsidy may be payable is flexible care provided through a multi-purpose service.

Part 3—Payment of flexible care subsidy

15.19 Purpose of Part (Act, s 51-1)

This Part sets out the arrangements for payment of flexible care subsidy for flexible care provided through multi-purpose services.

15.20 Payment agreement

- (1) Flexible care subsidy for flexible care provided through multi-purpose service is payable only if:
 - (a) the Minister enters into an agreement with a State for the funding of flexible care services; and
 - (b) the agreement applies to the multi-purpose service, or the multi-purpose service site in which it provides flexible care; and
 - (c) the agreement meets the requirements of subsections (2) to (4).
- (2) Funding under the agreement must be provided on the basis that the funds will be included as part of a funding pool that may include the total of some or all of the funds for existing services.
- (3) Funding under the agreement must also be provided on the following bases:
 - (a) for funding under the residential aged care places program—the planned number of places must be consistent with Part 2.2 of the Act;
 - (b) for funding of the home and community care services program—the current level of that funding must be maintained for the multi-purpose service site concerned and must be supplemented only in accordance with Commonwealth and State priorities;
 - (c) for funding under the medical services program:
 - (i) all funding from Commonwealth and State sources for medical services may be included, but the funding may vary according to the structure of existing services, including fee for service and salaried schemes; and
 - (ii) the total benefits paid to residents of the multi-purpose service site for medical services provided by local general medical practitioners may be calculated as an annual average and may be included in the pool of funds for the multi-purpose service;
 - (d) for funding of pharmaceutical benefits—payments made in the multi-purpose service site for pharmaceutical benefits included in the Pharmaceutical Benefits Scheme, and the expenditure from drugs dispensed from public hospitals, may be included;
 - (e) for funding under the hospital, dental and community health programs—funding in the context of the overall hospital, dental and community health services of the multi-purpose service site may be included;

- (f) for funding under the transport program—the current level of funding for ambulance and community transport services may be included;
 - (g) inclusion of any funding set out in this subsection must be on the basis of agreement within the multi-purpose service site and with the existing providers of the services and programs;
 - (h) any cost savings resulting from the restructuring of aged and health care services for the multi-purpose service site must be applied to the provision of aged care and health services in the multi-purpose service site unless otherwise agreed between the Commonwealth and State.
- (4) The agreement must provide that approvals of, and announcements about, funding of the multi-purpose service will be made jointly by the Commonwealth and State.
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