

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Ageing

Aged Care Act 1997

Aged Care (Residential Care Subsidy – Amount of Respite Supplement) Determination 2006.

(ACA Ch3 No 17/2006)

The *Aged Care Act 1997* (“the Act”) provides for the funding of aged care services. Persons who are approved under the Act to provide residential aged care services (“approved providers”) can be eligible to receive residential care subsidy payments in respect of the care they provide to approved care recipients.

Subsection 44-12 (3) of the *Aged Care Act 1997* (the Act) provides that the Minister may determine in writing the amount of the respite supplement.

The respite supplement is an additional daily amount that is paid to services for each respite care recipient occupying a place in the service that day.

All care recipients who meet the requirements of subsection 44-12(2) of the Act are eligible for the respite supplement. The respite supplement is an add-on amount consisting of an amount paid in recognition of the higher administration and care costs of respite care and an amount equivalent to the concessional resident supplement, paid because respite care recipients cannot be charged an accommodation bond or an accommodation charge.

This determination sets the respite supplement to be paid in cases where the respite care is provided by a certified or a non-certified residential care service from 1 July 2006.

This determination sets the respite supplement to be paid to services which provide a greater proportion of care to recipients of respite care than that specified in the conditions attached to the allocation of places to the approved provider of the residential care service. It sets the amount of the respite supplement in that case to nil (\$0.00).

In the 2005 Budget, the Australian Government announced a Residential Respite Funding Boost as a component of the *Recognising Senior Australians: Their Needs and Their Carers*

Budget Measure. The Funding Boost is intended to “encourage and reward” aged care homes which make respite bed days available for high level recipients, and to increase high care respite availability where there is greatest demand. This Measure delivers on the Australian Government’s election commitment *Recognising Senior Australians – Their Needs and Their Carers: Caring for Carers*. The Budget Measure stated that the Australian Government would provide additional funding to aged care providers who dedicate at least 70 per cent of their respite allocations for respite care.

This Determination made by the Minister under section 44-12 of the Act, states the amounts of respite supplement payable in respect of a day and includes an additional rate of respite supplement, which is payable in respect of care recipients requiring a high level of respite care, where the aged care provider meets certain additional criteria.

The additional respite supplement to be payable in respect of high care respite where a provider provides more than 70% of the amount of respite they are required to provide.

The current Determination under section 44-12 determines that separates rates of respite supplement are payable for “respite high” and “respite low”. The amount of respite supplement is nil where the maximum number of days on which the care recipient may have been provided with residential care as respite care during a relevant financial year has been reached. It is also nil for care recipients in services which provide a greater proportion of care to recipients of respite care than that specified in the conditions attached to the allocation of places to the approved provider of the service.

An additional respite supplement is payable on the basis of a moving annual average, based on the proportion of respite bed days required to be provided by the approved provider over the number of respite bed days actually provided. If, on a day, the average number of respite bed days actually provided over the previous eleven months and the current claim month is greater than or equal to 70 per cent of the average number of respite bed days required to be provided over that twelve month period, then the additional amount of respite supplement will be payable for any care recipient classed as “respite high” and receiving respite care in that service on that day.

The twelve month period will be calculated using the current month as part of the twelve month period. It is recognised that the number of respite bed days required to be provided by an approved provider may decrease or increase during the twelve month period. Therefore, in setting the number of respite bed days required to be provided, the new Determination provides for fluctuations in the number of respite bed days required to be provided over the twelve month period. The fluctuations will be bracketed together and averaged over the year.

Linking the payment to a “moving annual average” will, in addition to the amendments to the Allocation Principles, reduce the benefit for providers in applying for a reduction in the total amount of respite they are required to provide.

Transitional provisions

Transitional provisions provide for the operation of the measure during its first eleven months. The provider’s record from 1 January 2006 will be used to calculate the average number of respite bed days actually provided over a period. For example, for the month of January 2006, the average number of respite beds actually provided and the average number

of respite beds required to be provided will be based on the numbers for January 2006. It will not be until December 2006 that a full twelve month period will be calculable.

NOTES ON SECTIONS

Sections 1 and 2 set out the name of the Determination and its commencement date of 1 July 2006.

Section 3 revokes the determination made by the Minister on 22 December 2005, *Aged Care (Residential Care Subsidy - Amount of Respite Supplement) Determination 2005* and the Determination made by the Minister on 28 June 2006 *Determination under Section 44-12 (ACA Ch No. 3.3/2006)*

Section 4 provides definitions for terms used throughout the Determination, namely ‘Act’, ‘actual proportion of respite care’, ‘allocation of places’, ‘certified residential care service’, ‘relevant year’ and ‘specified proportion of respite care’.

Section 5 clarifies that references to ‘Respite Care – Low Level’ and ‘Respite Care – High Level’ are references to a care recipient who has been approved as a recipient of respite care at the low or high level of residential care respectively under the Act.

Section 6 establishes the transitional arrangements which will operate from 1 January to 30 November 2006. During the transition period, the average upon which the payment is based accumulates each month. For example, for the month of January 2006, the average number of respite beds actually provided and the average number of respite beds required to be provided will be based on the numbers for January 2006. In December 2006 the twelve month moving average will commence, which is based on the twelve months ending at the expiration of the month in which the payment occurs, referred to as the ‘relevant year’ in the Determination.

Section 7 provides that Part 2, which sets out the conditions and amounts for the low level respite supplement, applies in respect of care recipients who have been approved to receive a low level of residential care as respite care. The low level respite supplement is nil if the maximum number of days for a respite care recipient is exceeded, or if the proportion of respite specified in the conditions attached to the allocation of places has been exceeded.

Section 8 specifies the amount of respite low supplement for a certified residential care service.

Section 9 specifies the amount of respite low supplement for a non-certified residential care service.

Section 10 provides that Part 3, which sets out the conditions and amounts for the high level respite supplement, applies in respect of care recipients who have been approved to receive respite care and whose approval is not limited to a low level of residential care. The high level respite supplement is nil if the maximum number of days for a respite care recipient is exceeded, or if the proportion of respite specified in the conditions attached to the allocation of places has been exceeded.

Section 11 specifies the amount of the respite high supplement for a certified residential care service. The clause includes the additional respite supplement which is payable on the basis of a moving annual average, based on the proportion of respite bed days required to be provided by the approved provider over the number of respite bed days actually provided. The methodology is detailed in Schedule 1 to the Determination. If, on a day, the average number of respite bed days actually provided over a twelve month period is greater than or equal to 70 per cent of the average number of respite bed days required to be provided over that twelve month period, then the additional amount of respite supplement will be payable for any care recipient classed as “respite high” and receiving respite care in that service on that day.

Section 12 specifies the amount of the respite high supplement for a certified residential care service. As with section 11, the additional of respite supplement, which is payable as described in Section 11 above.

Section 13 establishes that the respite supplement for that day is nil for a care recipient who has exceeded the maximum number of days on which a care recipient may be provided with residential care as respite during a financial year.

Section 14 establishes that the respite supplement for that day is nil for a care recipient if care is provided through a residential care service which has provided a greater proportion of respite care than that specified in the condition attached to the allocation of places.

Schedule 1 sets out the averaging methodology which determines whether a provider is eligible for the additional high care supplement.

Part 1 establishes a component of the averaging methodology, namely the actual proportion of respite care provided to respite care recipients over the twelve months.

Clause 1 of Part 1 sets out definitions relating to ‘conditions’ and ‘respite bed day’.

Clause 2 sets out the method statement for determining the actual proportion of respite care provided to respite care recipients over the twelve months. Under this method, the number of respite bed days provided to care recipients is added together. The total number of respite bed days which were provided in excess of the maximum number of days which could be provided to a particular care recipient, and the total number of respite bed days which exceeded the proportion of care for respite care specified in the conditions, are then both subtracted from the total number of bed days provided to care recipients. The result is then the total number of respite bed days provided for the relevant year which count towards reaching the 70% target.

Part 2 establishes the second component of the averaging methodology, namely the calculation of the proportion of respite care the residential care service is to provide.

Clause 1 of Part 2 sets out definitions relating to the ‘applicable period of time’, ‘basis for the calculation of the proportion of care’, ‘conditions which are attached to an allocation of places’ and ‘notional respite bed day’.

Clause 2 clarifies the timeframe for which a proportion of respite care is taken to have been in effect, because over a twelve month period the proportion of respite care required to be

provided can increase or decrease for various reasons, including an increase or decrease in the number of places allocated to the service or variations to the conditions of allocation attached to the allocation of places. The increase or decrease is only reflected in the averaging methodology from the date the increase or decrease takes effect.

Clause 3 sets out the method statement for determining the proportion of care for recipients of respite care to be provided during the twelve month period. The proportion of care for recipients of respite care should be expressed as a notional number of respite bed days, and that number multiplied by the period of time for which that notional number was in force (step 1). If the proportion of care to be provided has increased or decreased for any reason, the 'new' proportion of care as a result of that increase or decrease to be provided should then be expressed as a number of respite bed days, and that figure multiplied by the period of time for which it was in effect (step 2). The total figure in step 2 should then be added to the total figure in step 1. This step should be repeated until the full twelve month period has been included in the calculation.

As stated above, if the total figure reached using the methodology in Part 1 is greater than or equal to 70% of the total figure reached using the methodology in Part 2, then the additional amount of respite supplement will be payable for any care recipient classed as "respite high" and receiving respite care in that service on that day (refer to sections 11 and 12).

Consultation

As the indexation of this supplement uses a well established formula for indexation, no specific consultation with industry was undertaken with respect to this instrument.

Industry has been consulted in December 2005 through the Aged Care Advisory Committee (ACAC). ACAC greatly welcomed the Budget Measure, in recognition of the need for increased residential respite which would be achieved through the new payment. They were supportive of the implementation approach and payment methodology.