

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 2007.

(ACA Ch. 3 No 9/2007)

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 2007.

All residential care subsidy rates are indexed on 1 July each year. The index incorporates movements in wage costs and non-wage costs. The wage costs component is calculated using the annualised dollar figure of the October 2006 Federal Minimum Wage decision of the Australian Fair Pay Commission expressed as a proportion of the (latest available) Average Weekly Ordinary Time Earnings at the time of the AFPC decision. The non-wage costs index is based on the Consumer Price Index exclusive of the impact of A New Tax System consistent with a whole of government decision.

Consultation

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

NOTES ON SECTIONS

Sections 1 and 2 set out the name of the Determination and its commencement date of 1 July 2007.

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. 3 No. 17/2006)*.

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

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

Section 9 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 10 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 11 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 12 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 13 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).