EXPLANATORY STATEMENT

National Health Act 1953

Continence Aids Payment Scheme 2020

The *National Health Act 1953* (the Act) relates to the provision of pharmaceutical, sickness and hospital benefits, as well as the provision of medical and dental services.

Section 12 of the Act provides that 'the Minister may, by legislative instrument, formulate a Continence Aids Payment Scheme, under which the Commonwealth makes payments as a contribution towards the cost of buying products that help manage incontinence.'

Background

The Continence Aids Payment Scheme (CAPS) was introduced on 1 July 2010, replacing the former Continence Aids Assistance Scheme (CAAS). Under CAAS the Commonwealth had a contract with a sole provider to provide continence aids (up to an annual value) to people with permanent and severe incontinence, provided they met the eligibility criteria. When CAPS came into effect, assistance for eligible persons changed from the physical supply of subsidised continence aids under CAAS to a monetary payment under CAPS intended to contribute toward the purchase of continence aids.

An annual or six monthly payment (indexed annually) is available to people five years of age and over who suffer from permanent and severe incontinence caused by particular kinds of conditions (listed in the Schedule to the instrument) and who satisfy other eligibility criteria set out in the instrument. The payments help to offset the costs of purchasing continence products from a supplier of choice by a person who satisfies the eligibility criteria (called a 'participating person' in the Scheme).

Where certain requirements have been met, the payments may be directed to an 'authorised payment recipient' for the participating person, namely:

- the person's legal representative;
- the person's Centrelink Payment Nominee;
- the person's Department of Veterans' Affairs Trustee;
- a responsible person who has been approved by the Secretary; or
- an organisation that is authorised, and agrees, to receive a CAPS payment as the person's agent.

This payment framework gives people with permanent and severe incontinence, their legal representatives and carers the flexibility to manage CAPS payments in the way that is most suited to their needs.

The CAPS payment is managed by the Department of Health and is administered by Services Australia. An applicant is required to complete and return to Services Australia a CAPS Application Form which, among other things, must include a statement prepared and signed by a health professional certifying that the applicant has been diagnosed by a doctor with an eligible neurological condition or eligible other condition, as the case may be, which has caused permanent and severe incontinence.

Subsection 12(3)(c) of the Act states '...the legislative instrument may provide for ... the amount of the contribution that is payable in each financial year in relation to a person who is participating in the scheme'.

From 1 July 2020 Australians who need continence aids will be able to receive the aids through either the National Disability Insurance Scheme (NDIS) or the CAPS. CAPS participants who are also eligible for the NDIS may choose to receive their continence supports from the NDIS or remain with CAPS.

Purpose

The Continence Aids Payment Scheme 2010 is due to sunset on 1 October 2020. The purpose of the Continence Aids Payment Scheme 2020 (the Instrument) is to repeal and replace the Continence Aids Payment Scheme 2010, as well as introduce the following amendments:

- increase the amount of the contribution that is payable to a participating person in line with the Consumer Price Index;
- amend the circumstances in which NDIS participants are ineligible to participate in the CAPS;
- introduce a requirement that participating persons must notify the Chief Executive Medicare of a change in their circumstances;
- update the definition of 'health professional' for the purposes of the Instrument to reflect the fact that a health professional providing a statement for the purposes of a participating person's application under the CAPS cannot be a family member of the participating person;
- remove the ability of the Chief Executive Medicare to determine a period longer than 28 days within which a person aggrieved by a decision made under section 6 or 9 of the Instrument may apply for review of the decision;
- update the list of eligible neurological conditions and eligible other conditions to use more appropriate terminology and categorisation of the conditions and to remove duplicate items; and
- remove any reference to the Continence Aids Assistance Scheme (CAAS).

Consultation

The Department and Health has consulted Services Australia, the agency responsible for administering CAPS for the Department of Health, on the proposed amendments. A review of the eligible neurological and other eligible conditions has been undertaken by a Medical Adviser at the Department of Health.

Indexation of the CAPS payment is calculated using a formula based on the indexation figures supplied by the Department of Finance. As this is in accordance with policy upon which consultation was undertaken in May 2020, it was considered unnecessary to undertake specific consultation with respect to this instrument.

Commencement

This Instrument commences on 1 July 2020.

Reliance on subsection 33(3) of the Acts Interpretation Act 1901

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

This Instrument is a legislative instrument for the purposes of the *Legislation Act 2003*. Details of this Instrument are set out in Attachment A.

Details of the Continence Aids Payment Scheme 2020

Section 1 Name of Instrument

Section 1 states that the name of the instrument is the *Continence Aids Payment Scheme* 2020.

Section 2 Commencement

Section 2 sets out the commencement date of the instrument.

Section 3 Repeal and maintenance

Subsection 3(1) repeals the *Continence Aids Payment Scheme 2010*.

Subsection 3(2) confirms that the new instrument maintains in existence the Continence Aids Payment Scheme formulated by the *Continence Aids Payment Scheme 2010*.

Section 4 Interpretation

Subsection 4(1) lists the terms that are defined for the purpose of the Scheme.

The person for whom a CAPS payment will be made is a person who suffers from 'permanent and severe incontinence' which is caused by an 'eligible neurological condition' or an 'eligible other condition'. Those key terms, among others, are defined in subsection 3(1) of the Scheme.

Where a person submits an application to receive payments under the CAPS, it must include a statement prepared and signed by a health professional that the applicant has been diagnosed by a doctor with an eligible neurological condition or eligible other condition which has caused permanent and severe incontinence. To avoid the making of false claims or the possibility of any conflicts of interest arising, the health professional preparing the statement should not be a family member of the applicant. This item and Item 2 provide for revised definitions of key terms to give effect to this policy. The requirement will also be specified on the approved application form.

Subsections 4(2) and 4(3) are intended to clarify that the Scheme does not seek to affect, or in any way vary, the operation of State or Territory laws concerning the role and powers of a legal representative. A person who is recognised under a State or Territory law as a person's legal representative (such as a guardian or attorney acting under a power of attorney) is recognised by the Scheme as someone who can act for, and on behalf of, the participating person.

Section 5 Eligibility criteria

In order to participate in the Scheme and to be the beneficiary of a CAPS payment, a person must satisfy the eligibility criteria set out in section 5. The threshold eligibility test is set out in paragraph 5(1)(a) and requires that a person suffer from 'permanent and severe incontinence'. This is a defined term.

The 'permanent and severe incontinence' must be caused by an 'eligible neurological condition' or an 'eligible other condition'. Parts 1 and 2 of the Schedule list the conditions that are recognised as an 'eligible neurological condition' or an 'eligible other condition'.

A person who has 'permanent and severe incontinence' that is caused by an 'eligible other condition' must also:

- hold a pensioner concession card issued under Division 1 of Part 2A.1 of the *Social Security Act 1991* or be the dependant of a holder of a pensioner concession card, as defined in section 6A of the *Social Security Act 1991*; or
- hold a Department of Veterans' Affairs Pensioner Concession Card or entitlement, whether as a primary cardholder or a dependant of a cardholder.

To be eligible for a CAPS payment, the person must also satisfy the citizenship or residency requirements set out in paragraph 5(1)(b).

Finally, paragraph 5(1)(c) provides that the person must not be ineligible to participate in the Scheme. Subsection 5(2) lists the categories of people who are not eligible to participate in the Scheme. This provision operates to exclude certain people from receiving CAPS payments.

Paragraph 5(2)(d) provides that a person who is a participant in the NDIS and whose NDIS plan makes provision for continence aids to be funded under the NDIS is not eligible to participate in the Scheme. The purpose of the paragraph is to ensure that NDIS participants do not receive double funding of continence aids through the NDIS and the CAPS. Prior to 1 July 2020 an applicant was ineligible to receive payments under CAPS if they had a NDIS plan containing a statement specifying that 'reasonable and necessary supports (that include continence aids) will be funded under the NDIS'. However, the National Disability Insurance Agency is not able to provide this level of data to Services Australia for the purposes of it assessing an application. In order for the description of the ineligibility criterion to accurately reflect, and align with, the administrative processes in place for assessing applications for the CAPS, the description of the criterion has been changed so that applicants who are participants in the NDIS and whose NDIS plan contains a consumables budget that includes continence aids will now cease to be eligible as participants of the CAPS. A consumables budget that includes continence aids will serve as evidence that reasonable and necessary support for continence aids will be funded under the NDIS.

To minimise the risk of inadvertently ceasing CAPS recipients who are not covered by their NDIS plan, Services Australia will write to all CAPS participants transitioned to the NDIS to advise them that their CAPS payments will be ceased.

A person who is eligible to participate in the Scheme, and whose application has been accepted under section 6, is a 'participating person'.

Section 6 Application to participate in the Scheme

An application to participate in the Scheme is to be made to the Chief Executive Medicare on an approved form (subsection 6(1) and paragraph 6(2)(b)).

Paragraph 6(2)(c) requires that applications be supported by a statement prepared and signed by a health professional. That statement must certify that the person (the applicant in this context) has been diagnosed by a doctor with an 'eligible neurological condition' or 'eligible other condition' which has caused permanent and severe incontinence.

Applications must also be supported by the appropriate information or other documents (as identified in the approved form).

Section 7 Notification to Chief Executive Medicare

Section 7 imposes notification requirements on a participating person, a legal representative or an authorised representative in the event they become aware that the participating person no longer meets the eligibility criteria. It also imposes notification requirements on a legal representative or an authorised representative in the event they become aware of the death of the participating person.

Section 8 Requirement to notify change of circumstances

Section 8 introduces a new requirement on participating persons under the Scheme. The new provision requires participating persons to notify the Chief Executive Medicare of changes in their circumstances. If the participating person is unable to handle their own affairs, it is then the responsibility of the legal representative/nominee to notify the change of circumstances as it can affect the person's eligibility for CAPS.

Section 9 Decision that a person has ceased to be eligible

The Chief Executive Medicare is authorised to make a decision, by determination in writing, that a participating person does not meet the eligibility criteria. The power to make that decision is not conditional upon the Chief Executive Medicare first receiving notification of a change in circumstance under sections 7 or 8.

The Note to section 9 states that the Act provides that if the Chief Executive Medicare decides that a participating person is not eligible to participate in the scheme, he or she must give the person a signed notice that includes the reasons for the decision and advising that the person may apply to the Chief Executive Medicare for a review of the decision. The application for review of the decision is dealt with in section 25 of the Instrument.

Section 10 When participation ceases to have effect

In the event that the Chief Executive Medicare has been notified, under section 7 of the Instrument, that a person no longer meets the eligibility requirements, that person ceases to participate in the Scheme as at the date the person no longer met the eligibility criteria. Alternatively, the Chief Executive Medicare may specify the date on which a person ceases to participate in the Scheme in a determination made under section 9.

Section 11 Amount of CAPS payment

Subsection 11(1) substitutes a new amount for the CAPS payment for the 2020-21 financial year from \$609.70 to \$623.80 in accordance with the Consumer Price Index.

Subsection 11(2) permits the CAPS payment amount to be calculated on a pro rata basis. Where an application is received after the financial year has started, and the application relates to a participating person, the CAPS payment amount that is payable to that person, for that financial year, will be calculated by reference to the remaining number of days in the financial year.

Subsection 11(3) clarifies that a participating person may not receive more than the amount of the CAPS payment for a financial year in any one financial year or more than one payment for the same period in financial year.

Section 12 Payment procedure

A CAPS payment is to be paid to a participating person, to an authorised payment recipient (if an authorised payment recipient has been nominated in an approved form) or, if the participating person has died, to that person's estate.

A CAPS payment will ordinarily be paid as a single transaction. However, people may elect to receive the CAPS payment in two instalments provided they complete the relevant part of the approved form (see also section 13).

All CAPS payments will be made by way of electronic funds transfer to the bank account nominated to the Chief Executive Medicare in the approved form.

Section 13 Payment by instalments

Section 13 allows a person to elect to have the CAPS payment for a financial year paid in two instalments.

Under subsection 13(2) if a person is a participating person at the beginning of the financial year, the first instalment of the CAPS payment (being half of the amount of the CAPS payment nominated in section 11) will be paid by 30 July in that financial year. The second instalment will be the remaining half of the CAPS payment and will be paid by 31 January in that financial year.

Under subsection 13(3), if an application for a CAPS payment is received after 1 July, but before 1 January in a financial year, and the application has been approved:

- The first instalment will be a pro rata amount calculated for the period starting from the date the application was received and ending on 31 December (inclusive) for that financial year. The first instalment will be paid within 30 days of the approval of the application.
- The amount of the second instalment will be the remaining amount of the CAPS payment for that financial year. The second instalment will be paid in the second half of the financial year, but by no later than 31 January.

Under subsection 13(4), if an application for a CAPS payment is received after 31 December, and the application has been approved, the CAPS payment will be calculated as a pro rata amount for that financial year. It will be paid within 30 days of the application being approved.

In the event that a person ceases to participate in the Scheme prior to 1 January in a financial year, subsection 13(5) states that the second instalment is not payable.

Section 14 Payment to approved person

The Chief Executive Medicare must make a CAPS payment for a participating person (called an approved person for the purposes of this section).

The amount of the CAPS payment will be determined by section 11.

An approved person is entitled to continue to receive a CAPS payment in each financial year following the financial year in which their application is approved, provided that the person has not ceased to participate in the Scheme.

The timeframes in which CAPS payments are to be made are set out in subsection 14(3) and depend on whether the person is a participating person at the beginning of the financial year, has elected to be paid in instalments, or makes an application for a CAPS payment after the financial year has started.

Section 15 Notification of details of payments

The Chief Executive Medicare will issue a written statement setting out the details of a CAPS payment. Statements will be issued to:

- the participating person; or
- the participating person's correspondence recipient; and
- if the payment was made to an organisation on behalf of a participating person, to that organisation.

Section 16 Interpretation

Part 4 of the Scheme makes provision for a person (an 'assisted person') who is unable to act on his or her own behalf due to a physical or mental impairment. Section 16 defines the term 'assisted person'.

Section 17 Ceasing representation of a person

Section 17 sets out the circumstances in which a person will no longer be regarded, for the purposes of this Scheme, as representing an assisted person.

If a person was recognised as representing an assisted person under social security or veterans' entitlements law, and has sought to rely on that representative arrangement for the purposes of this Scheme, in the event that the person ceases to be a representative under those laws, the person also ceases to represent the assisted person for the purposes of the Scheme.

Paragraph (b) confirms that if a person may authorise another to do something in accordance with Part 4 of the Scheme, that person may also revoke the authorisation. A revocation must be notified to the Chief Executive Medicare, in writing.

Paragraph (c) confirms that a person who has been authorised to act on another's behalf, may terminate the authorised representative arrangement. The person must notify the Chief Executive Medicare, in writing, that they have ended the representative arrangement.

Section 18 Authorised representative

Section 18 establishes an arrangement whereby an assisted person, who does not have a legal representative, may nevertheless be represented for the purposes of the Scheme. Under subsection 18(2) an authorised representative may include:

- the assisted person's correspondence nominee appointed under section 123C of the Social Security (Administration) Act 1999; or
- the assisted person's Department of Veterans' Affairs (DVA) trustee, as recognised by DVA for the purposes of veterans' entitlements (see the Veterans' Entitlements Act 1986); or
- if the person does not have a representative mentioned in paragraph (a) or (b)—a responsible person approved as an authorised representative under section 21.

The intention of section 18 is that an authorised representative may complete and sign a CAPS payment application form for an assisted person and can nominate themselves as the assisted person's authorised representative. However, subsection 18(2) makes it clear that an authorised representative will not be the assisted person's representative for the purposes of receiving CAPS payments. This provision must be read in conjunction with section 20, and in particular, subsection 20(2).

Subsection 18(4) imposes an obligation on an authorised representative to act in the interests of the assisted person.

Section 19 Correspondence recipient

Section 19 provides flexibility in terms of designating a person who is to receive correspondence that is directed to an applicant, or a participating person, in connection with the Scheme. This is in recognition of the fact that a number of people may contribute to the care of a person with permanent and severe incontinence and that it may be more convenient for one of those people to receive CAPS related correspondence.

The person for whose benefit the CAPS payment is to be made (i.e. the applicant or the participating person) or that person's legal representative or authorised representative, may nominate the correspondence recipient.

Section 20 Authorised payment recipient

Section 20 establishes a framework under which a CAPS payment may be paid to a person other than the participating person or the participating person's legal representative (called an authorised payment recipient in this section).

The intention of this section is to ensure that a CAPS payment made in respect of a person who is eligible to participate in the Scheme is directed to a person who is best placed to help the assisted person to use the funds to purchase continence and continence related products. An authorised payment recipient may be:

- the person who is the assisted person's payment nominee for the purposes of the social security law;
- the person who is the assisted person's trustee or agent for the purposes of veterans' entitlement law;
- a responsible person approved as an authorised payment recipient under section 21; or
- an organisation authorised in accordance with subsection 22(2).

Paragraph 20(2)(b) makes it clear that the person's legal representative may override arrangements whereby a CAPS payment is to be made to an authorised payment recipient acting as the agent of the assisted person.

Section 21 Responsible person for a participating person

An individual may be approved to act as an assisted person's or minor's authorised representative and/ or authorised payment recipient for the purposes of the Scheme. The term 'assisted person' is defined at section 16.

The approval is to be made by the Secretary and is conditional upon the Secretary being satisfied that:

- if there are already existing representative arrangements in place, that the existing representative (i.e. the legal representative or the authorised representative) does not object to the individual's approval as a responsible person; and
- the individual seeking to be approved as a responsible person contributes to the person's care, or provides assistance to the person; and
- the approval of the individual as a responsible person where the approval is for the receipt of a CAPS payment is for the benefit of the person; and
- the individual seeking to be approved as the responsible person will only use the funds as a contribution towards the cost of purchasing continence and continence related products for the assisted person.

The Secretary can revoke the approval of a person as a responsible person at any time, if the Secretary thinks it appropriate, having regard to the factors set out above.

Section 22 Organisations authorised to receive CAPS payments

Section 22 permits an arrangement whereby:

- an applicant or a participating person; or
- an assisted person's legal representative; or
- an assisted person's authorised representative or an authorised payment recipient (other than an organisation);

may authorise a CAPS payment to be paid to an organisation.

The Chief Executive Medicare is to be notified of the authorisation of this payment arrangement, in the approved form, along with the organisation's agreement to receive a CAPS payment as an agent of the person to whom the payment relates.

If an organisation agrees to receive a CAPS payment, subsection 22(4) imposes a number of obligations with which the organisation must comply. Those obligations include, for example:

- assisting the person to use the CAPS payment to obtain appropriate continence aids;
- informing the person of any unused CAPS payment amount 30 days before the end of the financial year to which the payment relates;
- refunding any unused portions of a CAPS payment; and
- informing the Chief Executive Medicare if the organisation becomes aware that the person does not meet the eligibility criteria.

The organisation must also keep records which detail the amount of a CAPS payment received, when the payment was received and how the CAPS payment has been used. The organisation must also be in a position to inform the participating person, or their authorised representative, about how the CAPS payment has been used. This would include providing a balance of any unused portion of the CAPS payment.

The Secretary has the power, under subsection 22(7), to direct the Chief Executive Medicare, in writing, not to make a CAPS payment to an organisation. This power is available if the Secretary is satisfied that the payment arrangement is not operating for the benefit of the participating person or the organisation has failed to comply with its obligations under the Scheme. The participating person and the organisation concerned will be notified of action taken by the Secretary under subsection 22(7).

Under subsection 22(8), if a direction is given under subsection 22(7), the Chief Executive Medicare must comply with the direction and the Secretary must inform the participating person and the organisation in writing that the organisation is no longer able to act as the authorised payment recipient.

Section 23 Debts

If a CAPS payment has been paid in respect of a person who is not a participating person, or is no longer a participating person, the payment amount is a debt due to the Commonwealth and is recoverable by the Chief Executive Medicare.

Section 24 Investigations

In order to ensure that an applicant or a participating person is eligible to participate in the Scheme, the Chief Executive Medicare is authorised to conduct investigations relevant to ascertaining the person's eligibility. It is anticipated that the conduct of investigations will

include the collection of personal information relevant to determining whether the person meets the eligibility requirements.

Section 25 Review of decisions

A person who is aggrieved by a decision regarding participation in the Scheme (under section 6), or a decision that the person has ceased to be eligible to participate in the Scheme (under section 9), may ask the Chief Executive Medicare to review that decision.

Subsection 25(2) sets out how an application for review is to be made. Paragraph 25(2)(a) no longer contains the discretion formerly afforded to the Chief Executive Medicare to determine a period longer than the usual 28-day period within which a person aggrieved by a decision made under section 6 or 9 of the Instrument may apply for review of the decision.

Schedule

Parts 1 and 2 of the Schedule list the conditions that are recognised as an 'eligible neurological condition' or an 'eligible other condition'. The list has been revised to include more accurate terminology and categorisation of the conditions and removes duplicate conditions.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Continence Aids Payment Scheme Amendment Instrument 2020

This Instrument is compatible with the human rights and freedoms recognised or declared in the International Instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Instrument

The Continence Aids Payment Scheme (CAPS) makes a monetary payment to an eligible person which is intended to contribute to their costs in purchasing continence aids.

The purpose of the *Continence Aids Payment Scheme 2020* (the Instrument) is to repeal and replace the *Continence Aids Payment Scheme 2010*, as well as introduce the following amendments:

- increase the amount of the contribution that is payable to a participating person in line with the Consumer Price Index;
- amend the circumstances in which NDIS participants are ineligible to participate in the CAPS;
- introduce a requirement that participating persons must notify the Chief Executive Medicare of a change in their circumstances;
- update the definition of 'health professional' for the purposes of the Instrument to reflect the fact that a health professional providing a statement for the purposes of a participating person's application under the CAPS cannot be a family member of the participating person;
- remove the ability of the Chief Executive Medicare to determine a period longer than 28 days within which a person aggrieved by a decision made under section 6 or 9 of the Instrument may apply for review of the decision;
- update the list of eligible neurological conditions and eligible other conditions to use more appropriate terminology and categorisation of the conditions and to remove duplicate items; and
- remove any reference to Continence Aids Assistance Scheme (CAAS).

Human rights implications

This Instrument engages the right to equality and non-discrimination contained in Article 2(2) of the International Covenant on Economic, Social and Cultural Rights and the right to health contained in Article 12 of that covenant. This Instrument also engages the rights of people

with disabilities in the Covenant on the Rights of Persons with Disabilities, especially articles 3(b) and 4 which require Parties to ensure and promote the full realization of all human rights and fundamental freedoms for all persons with disabilities without discrimination of any kind on the basis of disability.

The Instrument limits the rights of people with disabilities by excluding from participation in the CAPS people who are participants in the NDIS whose NDIS plan contains a consumables budget (that includes continence aids) as evidence that reasonable and necessary support the reasonable and necessary supports will be funded under the NDIS.

This limitation on the right to equality and non-discrimination is designed to achieve the legitimate objective of ensuring that a person who is receiving continence aids as part of a care package subsidised by the Commonwealth under the *National Disability Insurance Scheme Act 2013* does not also receive a payment from the Commonwealth under the *National Health Act 1953* which is intended as a contribution towards the purchase of continence aids, which would be a form of 'double-dipping'.

This Instrument engages but does not limit the rights to health and to non-discrimination on the basis of disability. A care recipient who is excluded from participation in the CAPS, will be provided with the continence aids he or she requires to assist in maintaining the highest attainable standard of physical and mental health as part of the NDIS package of care and services he or she is receiving.

This Instrument contributes towards the realisation of rights contained in articles 11 and 12 of the International Covenant on Economic Social and Cultural Rights, specifically the right of everyone to an adequate standard of living and to the enjoyment of the highest attainable standard of physical and mental health.

This Instrument increases the amount paid to eligible persons under the CAPS. The increase is in accordance with the Consumer Price Index. The increased amount helps to ensure that the level of payment made to participating persons is maintained.

Conclusion

This Instrument is compatible with human rights as, to the extent that it limits the right to equality and non-discrimination, the limitation is reasonable, necessary and proportionate.