

Stage 2b

Aged Care Rules

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About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provisions.

The UnitingCare Network is the largest network of social service providers in Australia, supporting 1.4 million people every year across 1,600 urban, rural and remote communities. We focus on articulating and meeting the needs of people at all stages of life and those that are most vulnerable.

The UnitingCare Aged Care Network is the largest not-for-profit aged care provider network in Australia. Our services support approximately 102,000 older people, comprising 8% of total residential beds and 8.5% of Home Care Packages nationally.

Introduction

UnitingCare Australia welcomes the opportunity to provide a submission on stage 2b of the Aged Care Rules ('Rules') consultation process. We note we recently provided a submission on Stage 2a of the Rules, focused on Support at Home funding.

This submission, prepared in consultation with the UnitingCare Network, provides feedback on Stage 2b provisions only, and does not provide any new feedback on provisions that were previously included in Stage 2a.

Topics to be addressed are the current level of accommodation supplement, and the process to enter into an agreement for a Higher Everyday Living Fee.

Accommodation Supplement

UnitingCare Australia is concerned that the accommodation supplement included in clause 230-15 the Rules, known formally as the '**building status amount**', is still only \$69.49 per resident, per day, and that's on the condition that at least 40% of residents at a residential home are supported. \$69.49 is insufficient to meet the costs to finance, build and maintain high quality residential care buildings. The amount of \$52.12 where supported residents are below 40% is disturbingly inadequate.

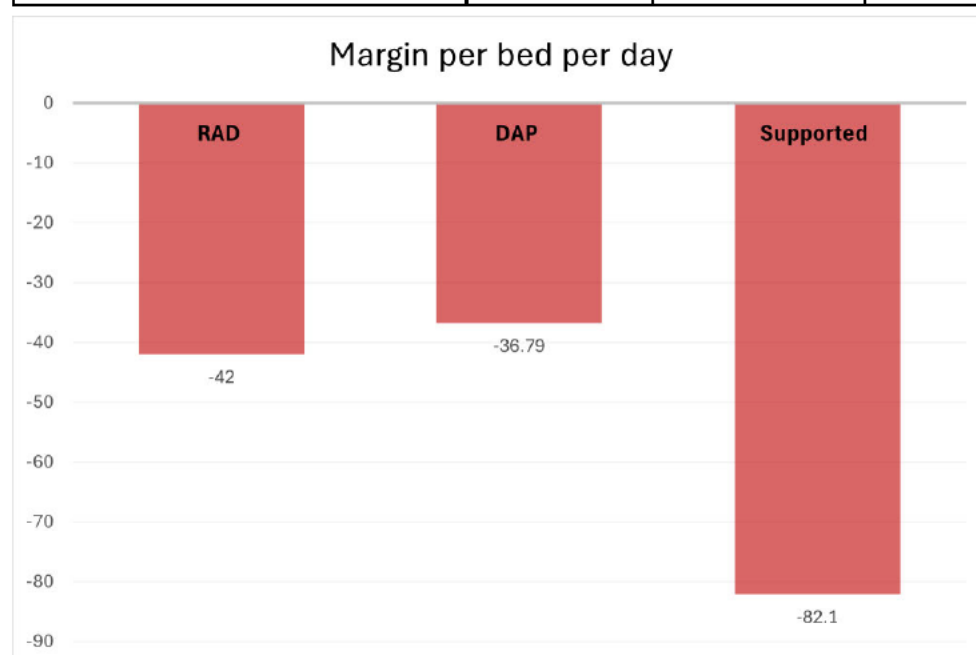
Importantly, we are concerned that the difference in the margins between supported, DAP and RAD paying residents will cause residential aged care providers already experiencing financial stress to minimise services to supported residents, including full pensioners.

We note that \$69.49 is the accommodation supplement currently legislated under section 64J of the *Aged Care (Subsidy, Fees and Payments) Determination 2014*. The drafting of the new Aged Care Rules presents an opportunity to increase this supplement, both to reduce the extent of the financial loss providers are currently realising for supported residents and be on par with what providers would receive through Daily Accommodation Payments (DAP) or the interest earnings/opportunity cost and 2% retention from Refundable Accommodation Deposits (RAD).

The below table and graph show the difference in margins between different cohorts of residents. These figures are a real example from a provider in the UnitingCare Network receiving a 6% return on investment (supplemented by a 2% RAD retention or receiving a DAP at the MPIR of 8.38%).

Accommodation pricing example

Resident Profile	RAD	DAP	Supported
Number of residents	16 (40%)	8 (20%)	16 (40%)
RAD Room price	\$500,000	\$500,000	N/A
Revenue and expenses			
Revenue per bed per day	\$109.59	\$114.79	\$69.49
Expenses per bed per day	\$151.59	\$151.59	\$151.59
Margin			
Per bed per day	- \$42.00	- \$36.79	- \$82.10
Per bed per annum	- \$15,329	- \$13,429	- \$29,965



These figures show that the revenue received including a 2% RAD retention policy, while welcome, risks supported residents being left behind. Providers in the UnitingCare Network are committed to providing quality care to those who need it, though financial imperatives may influence providers in the sector to choose residents that are in a position to pay a RAD, or a DAP, over supported residents.

While we note that supported resident ratios outlined on the department's website are designed to ensure that providers take in a certain percentage of supported residents, (<https://www.health.gov.au/our-work/residential-aged-care/responsibilities-of-residential-aged-care-providers>) we query whether they will be legislated in the new Aged Care Rules or enforced in any way. At this stage, they only appear on the department's website, and it's unclear whether they are enforced. We advocate that legislating and maintaining these ratios, as well as increasing the accommodation supplement, will be crucial for the safety net in aged care.

Higher Everyday Living Fee

UnitingCare Australia is pleased that providers will have the option to offer higher everyday living services, though we advocate for greater flexibility for individuals to enter into agreements. We also call for consistent regulations and messaging across the Rules, the Act and departmental guidance as to how providers can engage consumers in this process.

In the UnitingCare Australia submission on the Aged Care Bill 2024, lodged with the Community Affairs Senate Committee, we outlined that the provision of additional services is best enabled when providers are able to have up-front and clear discussions with individuals about services and activities available within the residential home. This was in response to section 284(5) of the Act which states that a provider must not, before the individual's start day, ask the individual to pay a higher everyday living fee, or offer to enter a higher everyday living arrangement.

In the Rules, clause 284-5(4)(b) states that a provider must not enter into a higher everyday living agreement unless the provider gives the individual a list of all the funded aged care services for which the provider charges higher everyday living fees. This is supported by the departmental fact sheet which outlines that providers must inform residents of all possible fees before entering care.

While this is a sensible and welcome requirement, there is a risk of conflation as some individuals and their families may interpret a price list as a request or an offer to enter into an agreement. This may result in dissatisfaction and confusion, as well

as complaints that providers are forcing individuals into an agreement, when they may just be informing them of prices and service offerings. We urge for the Department and the Commission to take this into account when the new Act begins and ensure that providers and individuals are supported to understand this process fully.

Finally, we note that some individuals may wish to enter a higher everyday living agreement *before* entering a facility. While the policy in the Act has been finalised, this process should be monitored and reviewed. We advocate that individuals should be supported to enter an agreement before admission, particularly if they want reassurance that services can be accessed from day one. Once a resident is admitted under the new Act, there may be delays with securing supporters, family members and relevant staff all at once to execute an agreement in a timely manner. If an agreement cannot be entered until admission, then it should be executed as soon as possible afterwards.

Conclusion

UnitingCare Australia acknowledges the efforts that have gone into preparing these Rules for public consultation. Thank you for your considering this submission, and we welcome the opportunity to discuss these matters further.