

**Consultation paper**

**Additional service fees in residential aged care**

# Additional service fees in residential aged care

### Context

Additional service fees (ASF) are increasingly being utilised by residential aged care providers as a way to enhance their service offering and diversify revenue streams. By agreement with the resident an aged care provider can charge an additional fee for care and services over and above those that they are required to supply under aged care legislation (*Quality of Care Principles 2014* Schedule 1 – Care and services for residential care services).

Typical examples of services that can attract ASF include pay TV, hairdressing, alcohol, access to an onsite pool, gym or movie theatre. Multiple services are often provided as a package.

There is a lack of clarity and transparency for both residents and providers in relation to ASF.

ASF also exist within home care, however, these fees operate in a different context and are not being considered in this paper.

### What changes are being considered?

This paper seeks comment on a number of proposals designed to provide greater certainty, transparency, consumer choice and protection, through:

* publishing of ASF by providers;
* restrictions on low means residents agreeing to pay ASF;
* time limits for ASF agreements; and
* review requirements for ASF.

### Current arrangements

Legislation specifies the fees and charges that a residential aged care provider can charge a resident. The majority of resident fees (basic daily fee, means-tested care fee, accommodation payments and extra service fees) are well prescribed in legislation and detailed agreement and publishing requirements apply to fees such as accommodation payments and extra service fees. No such detailed requirements apply for ASF.

ASF are negotiated between the provider and the resident – that is, both parties agree – there is informed financial consent and standard consumer rights and protections apply. However, residents often do not have an opportunity to consider and compare these potential services and costs prior to meeting with a provider. Publication of this information will allow potential residents to have a better understanding of the nature and cost of these services, and their rights in respect of these services.

Any resident can agree to pay an ASF, including as a condition of becoming a resident at a facility, that is, a mandatory fee. That agreement can be for the entire time that the resident is at that facility.

Providers are required to ensure that a resident can benefit from additional services before charging an ASF, however, it is not prescribed in legislation how regularly this must be done or the process that must be undertaken.

# Proposals

### Mandatory disclosure of ASF

Requiring the consistent, clear disclosure of information on ASF will assist consumers in understanding their rights, in understanding the options that are available to them, in comparing services and in making informed decisions. It will also assist providers in promoting the services that they provide.

Under this proposal, in order to charge an ASF the following information would need to be disclosed on:

* My Aged Care:
	+ whether ASF are offered. This must include a disclosure either way;
	+ if ASF are offered, then whether they are mandatory (must be paid to enter the home) or voluntary (a resident can elect to pay); and
	+ where to find information on the ASF. This will be a link to the provider’s website if they have one, or in printed materials; and
* The provider’s website, if it has one, or in printed materials:
	+ a clear description of the ASF;
	+ the price, and if packaged, the total value of ASF (package price) and an allocation of that price for each service within the package;
	+ whether they are mandatory (even if there is a choice between different ASF)
	+ the arrangements that will apply when a resident is unable to use the services (e.g. a reduction in price, substitution of services etc.)

Changes in agreed price:

* A provider cannot charge a price that is higher than the published ASF price on the day that the ASF are agreed and can increase an agreed price in line with increases in the consumer price index, similar to the indexation of approved accommodation prices.

### Example - My Aged Care information

*(for a provider offering additional services that must be paid to enter the home)*

|  |  |
| --- | --- |
| **Additional care and services available at additional cost** | We provide additional services for a fee.All non low‑means residents must agree to purchase a minimum amount of additional services in order to enter the home, unless it can be demonstrated they cannot be used. Low means residents may choose to purchase additional services once they have entered the home.Additional service fees are not the same as extra service fees, which do not apply to this room.We offer additional services as a bundle or on an individual basis.For more detailed information on the additional services we provide, including service description, availability and costs - please visit **[provider website address]** |

### Low means residents

A provider and either a resident or a potential resident can enter into an agreement regarding ASF regardless of the person’s financial circumstances. Some providers require a person to agree to purchase additional services in order to become a resident at a facility and the Department considers this is acceptable under current legislation. While some providers either discount or waive an ASF for certain residents, e.g. low means residents, in other cases it can mean that a resident of limited means is paying an ASF. In some cases this is paid by family members.

Under this proposal, a low means resident (fully or partially supported) could not agree to pay an ASF until they had entered care. As a result, a low means resident can make a reasoned decision as to whether they desire the additional services and whether they, or a third party, can afford the ASF.

Providers would retain the ability to decide who they admit as a resident but cannot require a low means person to agree to ASF in order to be admitted. If they choose to accept the low means person they would be doing so knowing that the low means resident may choose not to pay any ASF.

Providers would continue to be able to require a non low-means resident to agree to ASF as a condition of entry prior to entering the facility.

### Time limited ASF agreements

ASF agreements are generally in place for the entire time that a resident is in a facility. A resident may not be able to opt out and while the other ASF requirements are being met they are required to pay the ASF whether they use the additional service or not (unless they do not have the capacity to use the service).

Recognising that a person’s wants and needs may change over time, notwithstanding their continued ability to benefit from a service, this proposal would mean that after a period of time the agreement would cease and the provider and the resident may choose to enter into another agreement.

The maximum allowable length of time for an agreement would need to take into account a provider’s costs in establishing and providing the service for that resident, e.g. six months.

### Reviewing ASF provided to a resident

One of the requirements that must be met when providing additional services and charging a fee is that a resident must be able to benefit from that service. The legislation does not prescribe how a provider ensures that this is the case.

This proposal would implement a regular, formal, review period e.g. 3 months (in addition to an ongoing requirement) and would require the active involvement of the resident and/or their representative in the assessment. It would also allow the resident to request an assessment at any time.

# We are seeking your feedback

The Department is seeking feedback on the proposed measures outlined in this paper.

This consultation paper is open for comment until 17 December 2019. Feedback can be sent by email to AgedCareFeesandPayments@health.gov.au or by post to:

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