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Aged Care Fees
Residential and Flexible Aged Care Division
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Consultation Paper – Additional Service Fees in Residential Aged Care

Dear Sir/Madam

Thank you for the opportunity to comment on the consultation paper proposing changes to regulatory arrangements concerning additional service fees in residential aged care.

CHA notes that the proposed changes concern price disclosure provisions; restrictions on low means residents agreeing to fees for additional services; time limits on additional service fee agreements; and review provisions concerning capacity to benefit from additional services. Each of these is addressed below.

Mandatory Disclosure of Additional Service Fees

CHA supports the proposal that aged care homes be required to disclose on My Aged Care whether or not they offer additional services, whether fees for additional services are mandatory or voluntary, and to include directions on My Aged Care to websites or printed material that provide details about the services and fees.

CHA also supports the provision that agreed prices may only be increased in line with increases in the consumer price index. CHA notes that this would not preclude the parties agreeing prices for new services not included in the original agreement at any time.

Low means residents (fully and partially supported)

CHA notes the proposal that low means residents would not be permitted to agree to fees for additional services until they have entered care. CHA also notes that the principle behind this regulation is to protect access to residential aged care services by low means residents in a supply constrained service environment. In general, in the absence of complementary reforms recommended by CHA in its recent [Aged Care Update](#) of fees for additional services, CHA would



not object to this principle, but does not support the definition of low means resident that has been proposed.

While not objecting to the principle being applied to fully supported residents, CHA does not support the application of this provision to partially supported residents. The Commonwealth has already acknowledged through its own means testing and consumer contribution policies that partially supported residents can make a partial contribution towards their aged care costs. On this basis, it is logical that they could also be expected to be able to agree to make a partial contribution towards the cost of additional services provided in the aged care home. This provision would make it more viable for mainstream aged care homes to provide additional services for all residents regardless of means, and aligns well with the mission based motives of mainstream Catholic aged care homes.

CHA also notes that the proposal not to allow low means residents to agree to fees for additional services until they have entered care makes it problematic for providers operating additional service only homes and wings catering for demand by high-end consumers seeking significantly superior services, which poses challenges if non-fee paying residents are neighbours and use the extra services, such as dining rooms. While the provision that fees for additional services can be mandatory for non-supported residents goes some way to addressing this matter, a problem that arises is when, post admission, a resident is means tested as low means. Security of tenure provisions need to be modified to deal with such situations.

Security of tenure provisions should also be modified/clarified to allow a provider to relocate a resident in an additional service only wing, who wishes to opt out of additional services for reasons other than 'capacity to benefit', to a non-additional service only part of the aged care home. Similarly, if the entire aged care home is an additional service only home, the provider should be able to request and assist the person to relocate to another aged care home.

Another modification to arrangements to cater for community expectations for higher quality services would be to allow low means residents to agree to fees for additional services before entering care when the family (sons or daughters) agree to pay the fees. We are advised that this is not an unusual situation, and reflects the economic success in Australia of the children of earlier generations, and is one way for children to give back to their parents in their hour of need.

Time limited additional service fee agreements

CHA is firmly of the view that agreements to fees for additional services should apply for the duration of residence, subject to each individual's capacity to benefit from the service (as discussed below). Opt out provisions add administrative complexity and cost which would be reflected in prices and reduces the capacity of mainstream services to cross-subsidise for low means residents.

It is also considered that incapacity to benefit as a result of increasing frailty, associated with reduced length of stay, is more likely to be the primary driver for seeking to terminate services.

Reviewing additional service fee agreements

CHA does not support time-based reviews of agreements in order to address the existing regulatory requirement that a resident must be able to benefit from the service because the review timing may not coincide with the event leading to incapacity. Regular reviews would be an inefficient means of addressing this issue and would add to costs and the price of services, and the capacity to cross subsidise low means residents.

CHA strongly recommends instead that the review of 'capacity to benefit' should coincide with re-assessment for funding purposes, which would normally could be expected to coincide with a significant change in frailty and cognition status that may impact on capacity to benefit from additional services. In addition, the resident and family should be able to request an assessment at any time.

Review of arrangements

CHA notes that the current proposed regulatory arrangements for additional service fees have been developed having regard to the current aged care system. Given the reforms already in prospect, such as the removal of the ACAR for residential places, the prospect for further reform stemming from the Royal Commission, and the rising community expectations for higher quality aged care services, CHA considers that the regulatory arrangements applied now should be subject to formal review within two years to assess their continuing appropriateness and relevance.

We would be pleased to elaborate on any of the above. Please contact Nick Mersiades on 0417 689 626 or at nickm@cha.org.au.

Yours faithfully



Pat Garcia
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Catholic Health Australia

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