



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

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Assistance to aged care sector to implement new funding model

The Minister for Ageing, Mrs Justine Elliot, today announced more than \$3 million in direct support for the nation's aged care sector to help them adapt to the new funding model – which comes into effect later this month.

Mrs Elliot made the announcement at the 2008 Aged Care Queensland State Conference at the Gold Coast.

The new funding changes take effect on 20 March and the framework is known as the Aged Care Funding Instrument (ACFI).

It replaces the Resident Classification Scale (RCS) as the means of allocating Australian Government care subsidy to homes.

The ACFI will ensure more funding is directed towards providing better care for frail older Australians with complex care needs.

The Federal Government will be providing more than \$380 million over four years in additional funding for care with the introduction of the ACFI.

Existing residents will only move to the new system if they receive more under the ACFI than they do under the current system. No existing resident will receive less.

Mrs Elliot also announced a panel of independent business advisors would be established to assist aged care homes to manage the change to the new funding arrangements.

The advisors would be engaged to provide direct services to aged care homes that may need assistance.

In addition, the Federal Government said it would review the ACFI in 18 months.

As well as the introduction of the ACFI to determine funding for care, changes are also being made to accommodation payments and income-tested care fees.

The laws for these changes had bi-partisan support in the Federal Parliament when it was passed last month. Mrs Elliot paid tribute to the Shadow Minister for Ageing, Mrs Margaret May, for her support for the laws.

Those who can afford to contribute more to the cost of their accommodation and care will be asked to contribute more.

Those people who are unable to pay more will be protected, with the amount the Australian Government contributes in subsidies towards accommodation and care costs to also be increased.

For the first time, self-funded retirees will be treated the same as pensioners with respect to their income and assets.

No existing resident will pay more as a result of these changes and some will even pay less. It is expected that about 45 per cent of self-funded retirees will pay less under the new arrangements.

The reforms to accommodation payments will deliver an additional estimated \$751 million over four years to Australia's residential aged care sector, including more than \$480 million in higher government payments. This is in addition to the increased funding for care provided for the introduction of the ACFI.

Once fully phased in, the increases to accommodation payments will deliver more than \$300 million per year in additional revenue, mostly for high care.

It also gives greater certainty, allowing services to plan better for the future, and to invest more in the development of new buildings, better amenities and greater safety for residents.

An information hotline – **1800 500 853** – is already available to help providers with this transition and the Department of Health and Ageing will work closely with them to help with the new system.

Aged Care in Australia – the facts

The Department of Health and Ageing oversees more than 2870 accredited nursing homes with 167,070 aged care beds across Australia, providing permanent residential care each year to one in every ten Australians aged 70 or over.

There are 1.9 million Australians aged 70 years and over, comprising 9.3 per cent of the population. The average age of people entering residential care is 82.

For more information, contact Mrs Elliot's office on (02) 6277 7280