

# AGED CARE REFORMS REVEALED

## A SNAPSHOT OF THE AREAS OF SIGNIFICANT CHANGE ANNOUNCED IN THE 2021 FEDERAL BUDGET

This Budget foreshadows significant change for the aged care sector. The Government has announced a \$17.7 billion package that also contains serious reforms in response to the recommendations of the Royal Commission into Aged Care Quality and Safety (Royal Commission). These reforms are intended to provide greater choice for residents, more competition among providers and greater accountability for the quality of care. We expect many aged care providers, and related industries, will see opportunities for growth or divestment as the regulatory landscape evolves over the next 5 years. For some providers, increased regulatory burden or scrutiny may motivate consolidation or exit from the sector; for others, there may be opportunities to expand and collaborate.

Increased data collection, reporting and transparency requirements are anticipated to increase the use of technology by residential aged care and home care providers and telehealth services will be expanded. These measures offer a range of opportunities for technology providers to the sector. Improved focus on providing information about the quality of care will give consumers of aged care services and their families a greater ability to make informed choices.



### Star Ratings & Technology

- Government measures to make the aged care sector more transparent, with increased independent oversight and more accountability, are in line with recommendations made by the Royal Commission and will result in an increased emphasis on the role of data and analytics in the sector.
- Providers will have to provide monthly care statements for residents.
- A new star rating system will inform residents and families about the quality of aged care services, increasing the information on which users of aged care services base their decisions and encouraging more competition between providers.
- These measures offer opportunities for technology service providers to assist the aged care sector with analytic and compliance measures.



### Quality & Oversight

- Immediate measures will be implemented to improve quality of care in dementia, diversity, food and nutrition services.
- The Australian Commission on Safety & Quality in Health Care will develop stronger clinical care standards.
- Increasing funding to enable the Aged Care Quality & Safety Commission to conduct 1,500 more site audits and enforce regulation of physical and chemical restraints, addressing issues exposed by the Royal Commission.
- Increased capacity for dementia care and palliative care services.
- Improving residents' access to primary health services (including through telehealth and out of hours triage services) and allied services such as dental, physio and mental health.



### New Act and Regulatory Framework

- The Government has announced that it will develop a new, consumer focused Aged Care Act to underpin the wide-ranging reforms and it will undertake a consultation process in relation to the proposed legislation. There will, however, be interim amendments for the measures being introduced sooner.
- A new independent Inspector-General of Aged Care will be appointed to oversee the aged care sector.
- A new National Aged Care Advisory Council will operate to advise the Government and older people will have a voice to Government through the Council of Elders. Members of the Council of Elders will have diverse views and experiences and will be expected to consult the community in advising the Government on the needs of senior Australians, their families and carers.



## Increased Funding and Home Care

- In line with the recommendations of the Royal Commission, the Government has increased the basic care fee by \$10 per person per day.
- An additional 80,000 home care packages worth \$6.5 billion will be offered to individuals over the next two years in an effort to assist clear the current waitlist backlog of over 120,000.



## Additional Care

- Staff will be required to spend at least 200 minutes of care for each resident each day, including 40 minutes with a registered nurse. Further, one registered nurse will need to be on shift at every facility, for a minimum of 16 hours a day. \$7.8 billion over the next 3 years has been made available for this initiative.
- The government intends to grow the aged care workforce by 18,000 new personal care workers through bonus payments for registered nurses who stay with a provider for over 12 months, along with funding for 33,000 new training places for workers to attain level III certificates and a \$9.8 million campaign to raise awareness of job opportunities in the sector. There has not, however, been additional funding to support higher wages generally for the sector.



## Funding Model

- Starting from 1 July 2024, aged care 'approved places' will no longer be allocated to providers through the 'Aged Care Approvals Round'. Instead places will be allocated directly to individuals enabling providers to meet demand directly from residents. This change will have a fundamental impact on competition between providers and change the way providers plan and provide for bed numbers.
- The changes to approved places allocation are expected to drive consumer choice and shift the current balance of incentives for aged care providers to provide a quality product with high standards of care.
- The Government has announced the introduction of the Australian National Aged Care Classification (AN-ACC) model to be implemented from 1 October 2022. This will replace the current Aged Care Funding Instrument model.
- The AN-ACC model will incorporate both fixed and variable funding aspects to ensure that individuals receive targeted funding to meet their direct needs.

---

We will be following this closely and will be sharing further insights in the coming weeks. If you would like to discuss any aspects of the above please don't hesitate to call us.



**Matthew Swinn**  
**Health Sector Lead**

matthew.swinn@au.kwm.com  
T +61 3 9643 4389



**Kim O'Connell**  
**Partner**

kim.oconnell@au.kwm.com  
T +61 2 9296 2188



**Chris Wheeler**  
**Partner**

chris.wheeler@au.kwm.com  
T + 61 2 6217 6081