

Aged Care Reform – what could it mean for me?

Australia's current aged care system provides support and care at home for older people as well as residential care services. The Commonwealth Government makes funding available for these services which can be provided by state and local government bodies, non government and private commercial organisations.

The current system was designed for a different era and is facing many problems. As a result many older people receive less support than they need or miss out altogether.

Aged care services are frequently difficult to access and their flexibility, quality and affordability vary a lot.

These problems have been recognised in a recently released report – *Caring for Older Australians* – prepared by the independent Productivity Commission. This report recommends comprehensive reform.

The Federal Government is considering the report and deciding what it should do to reform aged care.

That's why Minister for Mental Health and Ageing, Mark Butler, is holding a series of 'Conversations on Ageing'. He wants to hear from you about what matters as you get older and the sort of support and services that will help you most.

To assist this conversation COTA has produced this very brief summary of key elements of the *Caring for Older Australians* report.

Choice & Access

The key thing to know about the report is that it puts older people, and their carers, at the centre of the system, giving you more choice and control over the services you want to use.

The report recommends the establishment of an Australian Seniors Gateway Agency (Gateway) in every region of Australia. At the Gateway you can get information about positive and healthy ageing as well as being assessed for services to support you if you need them.

Once assessed as needing services you will be given an entitlement which outlines what you need and the level of funding available to support you. You use the entitlement to get the services you need.

The Gateway will also give you assistance and advice to choose:

- whether to have support and services at home or to move into a residential care service
- which service provider/s you want to use.

Other recommended reforms mean that aged care services should be easier to access. Government controls on how many services can be provided in any one area will be removed, over time, so that organisations can respond to consumer demand.

These changes will also make services better for people with dementia and people with special needs, such as people from diverse cultural and linguistic backgrounds.

Paying for Aged Care Services

Government will continue to be the main funder of aged care services and the report proposes that people who can afford to contribute to the cost of services do so.

The report says people with the same means, getting the same services, should pay the same wherever they live - which is not the case now.

Key points to know about the proposed payment system are:

- Government pays for the services you need if you are assessed as eligible and unable to afford them;
- Centrelink undertakes an assessment of your financial capacity, which includes your assets (including the value of your house) and income, and determines what you can afford to pay;
- Depending on what you can afford to pay you will be asked to contribute towards the cost of any *support and care* provided to you either at home or in a residential care home (the report suggests between 0% and 25%). The prices for the care you receive will be recommended by an independent Aged Care Commission;
- You won't pay more than a maximum amount for *support and care* over your lifetime (the report suggests a maximum of \$60,000). Once that limit is reached the Government will pay all your costs;
- If you enter residential care and can afford to pay you will also be asked to pay your *accommodation and living expenses*. You can pay with periodic payments (like rent) or you can choose to pay a one off lump sum which is refunded to your estate at the end of your time in care (called a Bond);
- *Accommodation* prices have to be made available publicly and linked to the cost of providing the accommodation.

You can choose however you want to meet these costs (both accommodation and support and care) and you don't have to sell your home. To assist you to meet your costs there are two new financial products:

➤ *The Australian Aged Care Home Credit Scheme*. A Government backed line of credit secured against your house, or your share of it.

A minimum level of equity in the house will be set and you can draw progressively down to that minimum to fund your aged care costs. The outstanding balance would become repayable upon your death except where there is a protected person (e.g. partner, dependent child or a carer) living in the house.

➤ *The Australian Age Pensioners Savings Account*. If you are a pensioner and wish to sell your home to move to other accommodation you can establish an account with the Government with some or all of the proceeds of the sale and use this to pay for your aged care services. The account would be exempt from the age pension income and assets test.

These reforms would make the costs and pricing of accommodation and care transparent and give you choices about how to pay for the aged care you need. It is important to remember that if you can't afford to pay the Government will pay your costs.

Consumer Protection

The report also recommends the establishment of the Australian Aged Care Commission which would:

- Accredite residential care providers;
- Undertake quality monitoring of community care services and publish the results;
- Manage and monitor processes to ensure people who can't afford to pay have access to the residential care services they need;
- Transparently recommend the prices for services to individuals and the funding Government provides; and
- Manage the Aged Care Complaints Scheme.

The Commission would be an independent body charged with ensuring the quality and pricing of services.

There will also be more funding for advocacy services available to assist you as well as the establishment of a Community Visitors program to support people who are receiving aged care services.

More Information

This is a very brief summary of a long and detailed report, but it covers the key points that relate to you. You can read the full report at: www.pc.gov.au/projects/inquiry/aged-care/report