

**27 June 2018**

## **AGED CARE INDEXATION WILL DO LITTLE TO ENSURE SUSTAINABILITY**

The aged care subsidy indexation rates released today while welcome will do little to provide sustainability for significant numbers of aged care providers currently in financial stress.

Data released by StewartBrown last week showed that 43 per cent of residential aged care facilities experienced a financial loss in the last nine months (to March 31, 2018) up from 41 per cent in the December quarter. This rises to 58 per cent in outer regional, remote and very remote facilities.

The Aged Care Funding Instrument (ACFI) indexation increase of 1.4 per cent in the “Activities of Daily Living” and “Behaviour” domains and 0.7 per cent increase in “Complex Health Care” follows an indexation freeze in 2017-18 in all domains.

“There has been a growing trend of residential aged care providers making a loss, particularly those in remote and rural areas,” Pat Sparrow CEO Aged & Community Services Australia said.

“There were a range of budget initiatives to provide financial support but overall they still don’t address the issue of the deteriorating financial health of providers - attributed by StewartBrown to a combination of the ACFI freeze in 2017-18, amendments to ACFI which commenced in January 2017, and the increasing costs of direct care.

“StewartBrown data has found there has been an increase in care labour costs of 4 per cent since June 2017 with over half of this attributed to additional costs and hours worked in both care management and allied health staffing.

“The StewartBrown data also shows there are declining results for Home Care Package (HCP) providers making level 1 and 2 HCPS very marginal and today’s indexation announcement of 1.4 per cent just does not keep up with increasing costs of care delivery.

“We need a serious overhaul of the financing approach to aged care so that the costs of care can be met. This can only be achieved through a combination of taxpayer funding and individual contributions from those who can afford it.

“That is why a funding model – based on real delivery costs – needs to be developed. This would result in additional funding which could then be indexed appropriately to keep pace with inevitable cost increases.

“Estimates suggest Australia will need another 83,500 beds over the next 10 years to meet the rising demand, and with over 100,000 people waiting for home care packages now, funding needs to be addressed as part of a longer-term sustainability strategy.

“ACSA will continue strongly advocating for appropriate funding and an adequate mechanism for annual indexation,” Ms Sparrow said.

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**Daily ACFI subsidy rate changes from 1 July 2018:**

		<b>1 July 2017</b>	<b>1 July 2018</b>	<b>% change</b>
Activities of daily living	Nil	\$0.00	\$0.00	0.00%
	Low	\$36.65	\$37.16	1.39%
	Medium	\$79.80	\$80.92	1.40%
	High	\$110.55	\$112.10	1.40%
Behaviour	Nil	\$0.00	\$0.00	0.00%
	Low	\$8.37	\$8.49	1.43%
	Medium	\$17.36	\$17.60	1.38%
	High	\$36.19	\$36.70	1.41%
Complex Health Care	Nil	\$0.00	\$0.00	0.00%
	Low	\$16.37	\$16.48	0.67%
	Medium	\$46.62	\$46.95	0.71%
	High	\$67.32	\$67.79	0.70%

**Daily home care subsidy rates changes from 1 July 2018**

	<b>1 July 2017</b>	<b>1 July 2018</b>	<b>% change</b>
Level 1	\$22.35	\$22.66	1.39%
Level 2	\$40.65	\$41.22	1.40%
Level 3	\$89.37	\$90.62	1.40%
Level 4	\$135.87	\$137.77	1.40%