Report on the impact of the
1 July 2014 financial reforms
on the aged care sector

Quarter ending 31 March 2015
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Executive Summary

Accommodation payments

Consumer choice of accommodation payment, July 2014 to March 2015, Australia

Over the period from July 2014 to March 2015, lump sum Refundable Accommodation Deposits/Contributions (RADs) remained the preferred method of making accommodation payments, with over 40% of residents opting for this choice of payment.

Overall pool of lump sum accommodation payments held or receivable, June 2014 to March 2015

The estimated overall pool of lump sum accommodation payments held or receivable as at March 2015 was $18.6 billion. Of this amount, 74% (or $13.8b) was bonds held or receivable, and $4.8 billion or 26% was RADs held or receivable. If the current growth rate is maintained, the total lump sum pool would rise to $19.8 billion, resulting in $3.0 billion growth in 2014-15 over 2013-14.
Access to care

Monthly trend in the total number of residential care recipients, July 2012 to March 2015

As noted in earlier reports there was a marked increase in permanent admissions to residential care pre 30 June 2014, followed by a decline in the immediately following months, before admissions started to gradually increase again. This was accompanied by an increase in respite admissions post 30 June 2014, which has since started to return towards trend levels. Nevertheless, respite admissions still remain higher than pre 30 June 2014.

Admission trend, Home Care by level, July 2013 to March 2015

Admissions to Home Care for the 9 months to March 2015 have been just over 22,600 in total. Admissions to Level 2 packages peaked in June 2014, then declined, but had started to increase again post December 2014. Admissions to Level 4 packages peaked in July 2014 but have generally remained consistent with trend. Admissions to Level 3 packages remained stable up to December 2014, but have increased since then.
1 Introduction

Overview

The reforms to residential care introduced on 1 July 2014 saw a number of significant changes. In particular:

- New accommodation payment arrangements were introduced for new residents in residential care, involving the removal of restrictions on daily charges in high care and allowing residents in high care to pay for their accommodation in lump sum form. Accompanying these changes were reforms to give residents full choice over how to pay for their accommodation. New residents can now pay in lump sum form via a Refundable Accommodation Deposit (RAD), in periodic form via a Daily Accommodation Payment (DAP) or in a combination of the two.

- Stronger means testing arrangements were introduced for new residents in residential care with a combined income and asset test now determining both means tested care fees and eligibility for Government support for accommodation costs.

- Stronger income testing arrangements were introduced for new consumers receiving Home Care Packages with the expectation that income tested care fees would now be charged uniformly across the sector.

The Government asked ACFA to monitor the impact of these changes on both providers and consumers and report regularly to Government. Monitoring activities have involved specific data collection through a survey on accommodation payments, analysis of administrative data available to the Department on admissions to residential and home care and engagement and feedback from the sector.

About this report

This report is the first quarterly report analysing data from January to March 2015. Since July 2014, ACFA has provided seven reports covering July 2014 to March 2015.
2 Data and methods

This report uses both survey data and DSS administrative data. A survey has been used to collect data specifically on choice of accommodation payment method and the changes in the lump sum accommodation payments held and receivable. The admissions and occupancy information and access to care data have been obtained from the Department’s standard administrative collection.

2.1 Survey of residential care providers

Since July 2014, a survey of residential care providers has been conducted to collect data on choice of accommodation payments, number of bonds held and their value. The survey to date has collected data on:

- The number of accommodation bonds held and their value as at 30 June 2014.
- The number of bonds/RADs held and their value at the end of the months of July 2014 to December 2014, and at the end of the March quarter of 2015.
- The proportion of RADs, DAPs and combination payment options chosen in the months July to December 2014, and at the end of the 2015 March quarter.

Survey description

The survey was conducted monthly from August 2014 to January 2015 covering the months of July to December 2014. The survey is now run quarterly. The first quarterly survey covers the period from January to March 2015. At the end of each quarter, every residential care provider is contacted by a survey agency to take part in the survey. The survey is completely voluntary. The survey uses a structured questionnaire to collect standard data from all residential care providers. Providers have the option of using either a hard copy questionnaire or an online version.

Response rate and Estimation Method

Of the 2,736 aged care services approached in May 2015, over 1,200 completed the survey. This represents a 44% response rate at service level, and 43% of total places. When estimating total lump sum payments for the entire sector, ACFA applies survey weights to estimate the total lump sum from survey results.

Data quality

Less than half of all aged care services have consistently participated in the survey over the survey waves. Care should be taken when interpreting the survey estimates to represent the entire aged care resident population, as characteristics of the residents of services who responded to the surveys may be different to characteristics of the residents of services who did not respond to the surveys.

2.2 Administrative data

The data for monitoring admissions, occupancy and access to care come from the Department’s administrative data. Some aged care services may not yet have lodged all potential claims, and hence there is a possibility of some under coverage for the most recent periods in particular.
3 Accommodation payments

This section monitors the impact of the new accommodation payment arrangements. ACFA has identified two primary areas of focus for monitoring the impacts of the accommodation payment arrangements.

The first is the overall change in lump sum payments held or receivable by providers. Care recipients who would have previously entered care with an agreement to pay a lump sum accommodation bond now have the flexibility to choose how they pay for their accommodation (RAD, DAP or combination) after moving into care when they have security of tenure. If incoming residents have a preference for DAPs, this could potentially leave providers who have thin equity, where the capital infrastructure is largely funded by bonds, potentially exposed to liquidity problems if there is an outflow of lump sum accommodation payments. On the other hand, residents who would have formerly been limited to paying by periodic payment, now have the option to pay by lump sum. This is likely to see an increase in the overall amount of lump sum payments held by the sector.

The second is the overall change in the price that providers can now receive for providing accommodation. The pricing regime has been significantly deregulated. For many providers there is potential uplift in accommodation prices, particularly for those services that previously provided non-extra service high care. The new arrangements give residents entering care more transparency in what is on offer and they can use this information to better choose accommodation that suits their needs. Further, the higher accommodation supplement for new and significantly refurbished homes will provide a better return for eligible providers choosing to take supported residents.

As more data becomes available ACFA will expand its monitoring to both areas of interest described above. The data currently available is collected through a survey of providers and focuses on lump sum payments (the first area of focus outlined above). The results of this survey are discussed in the sub-sections that follow.

Prior to 1 July 2014 there were concerns expressed by the sector that there would be a ‘flight from bonds’. ACFA has monitored this situation through the accommodation payment survey and by seeking feedback from the sector. Both aspects of this monitoring indicate that, at this stage, this concern has not been realised and in fact there has been a continued growth in lump sum payments.

This chapter reports the trend of consumer choice on accommodation post July 2014. Total lump sum payments; both held and receivable at the end of each quarter, and growth of the overall pool of lump sum payments, are also examined.
3.1 Choice of accommodation payment

Figure 1 Consumer choice of accommodation payment, July 2014 to March 2015, Australia

Over the period from 1 July 2014 to 31 March 2015, lump sum Refundable Accommodation Deposits/Contributions (RADs) remained the preferred method of making accommodation payments, with over 40% of residents opting for this choice of payment. At the national level, the choices have remained fairly stable over the period between 1 July 2014 and 31 March 2015.

3.2 Changes to the lump sum pool post July 2014

Figure 2 Overall pool of lump sum accommodation payments held or receivable, June 2014 to March 2015, Australia
The estimated overall pool of lump sum accommodation payments held or receivable as at March 2015 was $18.6 billion. Of this overall pool, 74% or $13.8 billion was bonds held or receivable, and the remaining 26% or $4.8 billion was RADs held or receivable (Figure 2).

Viewed as a trend from July 2014 to March 2015, the lump sum pool increased at an annual rate of 15%. The quarter to quarter increase from January 2015 to March 2015 was estimated at 7%.

If the next quarterly growth in the total lump sum pool continues to grow at a similar rate as the current quarter, the total lump sum pool would rise to $19.8 billion, resulting in a 2014/15 financial year rise of over $3.0 billion.

### 3.3 Accommodation payment by geography

**Table 1 Survey coverage by service location, March 2015**

<table>
<thead>
<tr>
<th></th>
<th>Major City</th>
<th>Inner Regional</th>
<th>Outer Regional/Very Remote</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (n, %)</td>
<td>696 (41%)</td>
<td>270 (41%)</td>
<td>184 (47%)</td>
<td>1,150 (42%)</td>
</tr>
<tr>
<td>Places (n, %)</td>
<td>54,556 (41%)</td>
<td>16,664 (40%)</td>
<td>7,745 (40%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>

**Figure 3 Consumer choice of accommodation payment, July 2014 to March 2015, by location**
Although at a national level, accommodation payment choices have varied very little during July 2014 to March 2015, some fluctuations can be seen at the regional level. There is a continued greater preference for RADs in major cities. Inner regional areas showed a lesser preference for RADs in the March quarter of 2015 (Figure 3). All three service locations (major city, inner regional and outer regional/remote) recorded a positive quarterly growth in lump sum payments held or receivable in March 2015 (Table 2).

### 3.4 Accommodation payment by service ownership

#### Table 3 Survey coverage by ownership type, March 2015

<table>
<thead>
<tr>
<th>Services (n, %)</th>
<th>Not-For-Profit</th>
<th>For-Profit</th>
<th>Government</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>759 (47%)</td>
<td>245 (29%)</td>
<td>146 (54%)</td>
<td>1,150 (42%)</td>
<td></td>
</tr>
<tr>
<td>Places (n, %)</td>
<td>53,219 (49%)</td>
<td>20,185 (29%)</td>
<td>5,561 (57%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Major City</th>
<th>Inner Regional</th>
<th>Outer Regional / Very Remote</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>6.9%</td>
<td>6.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>10.3%</td>
<td>14.9%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Table 2 Lump sums value growth by service location, March 2015
Figure 4 Consumer choice of accommodation payment, July 2014 to March 2015, by ownership type

Table 4 Lump sums value growth by ownership type, March 2015

<table>
<thead>
<tr>
<th></th>
<th>Not-For-Profit</th>
<th>For-Profit</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>5.9%</td>
<td>8.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>10.6%</td>
<td>11.0%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

The prudential data on bonds for the year 2013-14 (prior to the reform) had shown that 47% of the residents from for-profit providers had paid bonds, compared to 39% and 26% from not-for-profit and government owned providers respectively. The March 2015 survey data showed that residents of services operating on a for-profit basis still prefer RADs over other payment types; with more than half preferring this payment type.

The survey data also shows that there is an increasing preference for RADs for residents of government run services from 1 July 2014. Preferences of payment type for residents in not-for-profit services have been relatively stable over time (Figure 4). The quarterly growth (from December 2014 to March 2015) in lump sum payments held or receivable was highest in the Government sector followed by the for-profit sector.
3.5 Accommodation payment by care type

Table 5 Survey coverage by Care Type, March 2015

<table>
<thead>
<tr>
<th></th>
<th>High Care</th>
<th>Mixed Care</th>
<th>Low Care</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (n, %)</td>
<td>823 (41%)</td>
<td>284 (47%)</td>
<td>43 (40%)</td>
<td>1,150 (42%)</td>
</tr>
<tr>
<td>Places (n, %)</td>
<td>60,854 (41%)</td>
<td>16,508 (47%)</td>
<td>1,603 (41%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>

Figure 5 Consumer choice of accommodation payment, July 2014 to March 2015, by care type

Table 6 Lump sums value growth by Care Type, March 2015

<table>
<thead>
<tr>
<th></th>
<th>High Care</th>
<th>Mixed Care</th>
<th>Low Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>7.3%</td>
<td>6.1%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>9.9%</td>
<td>14.4%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

The impact of accommodation payment choices varies between providers by the type of care traditionally offered, noting that former low care places would have been characterised by payment of lump sum bonds prior to 1 July 2014 and (non-extra service) high care facilities would have been characterised by daily accommodation charges. High and low care classifications of services in this report are based on over 70% of care days being delivered with an ACFI classification of
high or low care respectively prior to July 2014. While the high-low care distinction was removed from 1 July 2014 it is still used in this report for comparison purposes.

In March 2015, RADs were the preferred method of accommodation payment across all former care types; 41%, 47% and 46% respectively for high, mixed and low care (Figure 5). The preference of payment types has remained stable for high care and trended toward combination payments for mixed care. In recent quarters, RAD has been the preferred method for low care. Between June 2014 and March 2015, all care types recorded an increase in lump sum values. However, the quarterly growth (from December 2014 to March 2015) was negative (-2.3%) for low care.

3.6 Accommodation payment by facility size

Table 7 Survey coverage by facility size, March 2015

<table>
<thead>
<tr>
<th></th>
<th>1–49 places</th>
<th>50–99 places</th>
<th>100+ places</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services (n, %)</strong></td>
<td>416 (45%)</td>
<td>508 (42%)</td>
<td>226 (37%)</td>
<td>1,150 (42%)</td>
</tr>
<tr>
<td><strong>Places (n, %)</strong></td>
<td>14,126 (46%)</td>
<td>35,437 (43%)</td>
<td>29,402 (37%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>

Figure 6 Consumer choice of accommodation payment, July 2014 to March 2015, by facility size
Among the smaller sized services (1-49 places), between July 2014 and March 2015 the proportion of residents choosing to pay by RADs increased by about 8 percentage points. The proportion of residents in middle sized services (50-99 places) and in larger sized services (100+ places) choosing RADs has been relatively stable in recent quarters (Figure 6). Services of all facility size groups recorded a positive growth in lump sum values since June 2013 (Table 8).

3.7 Accommodation payment by provider size

Table 9 Survey coverage by provider size, March 2015

<table>
<thead>
<tr>
<th>Services (n, %)</th>
<th>Single home</th>
<th>Two-Six homes</th>
<th>Seven or more homes</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (n, %)</td>
<td>231 (35%)</td>
<td>119 (40%)</td>
<td>40 (51%)</td>
<td>390 (38%)</td>
</tr>
<tr>
<td>Places (n, %)</td>
<td>16,699 (37%)</td>
<td>19,340 (36%)</td>
<td>49,426 (48%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>

Figure 7 Consumer choice of accommodation payment, July 2014 to March 2015, by provider size

Table 8 Lump sums value growth by facility size, March 2015

<table>
<thead>
<tr>
<th></th>
<th>1-49 places</th>
<th>50-99 places</th>
<th>100+ places</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>5.5%</td>
<td>4.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>14.4%</td>
<td>11.1%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>
Table 10 Lump sums value growth by provider size, March 2015

<table>
<thead>
<tr>
<th></th>
<th>Single home</th>
<th>Two–Six homes</th>
<th>Seven or more homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>7.6%</td>
<td>12.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>11.9%</td>
<td>12.9%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

In March 2015, RADs continued to be the preferred method of payment among all three groups of providers; with 50%, 40% and 39% respectively for residents of providers operating one, two to six, and seven or more homes. From December 2014 to March 2015, there was a notable increase of 9 percentage point in the preference for RADs among residents of providers who only operate a single home (Figure 7). Providers with large number of homes (seven or more) recorded still significant but lower growth in lump sum value than those with fewer homes (Table 10).

3.8 Accommodation payment by extra service

Table 11 Survey coverage by extra service status, March 2015

<table>
<thead>
<tr>
<th></th>
<th>Extra Service</th>
<th>Mixed</th>
<th>Non Extra Service</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (n, %)</td>
<td>27 (26%)</td>
<td>17 (23%)</td>
<td>1,106 (43%)</td>
<td>1,150 (42%)</td>
</tr>
<tr>
<td>Places (n, %)</td>
<td>2,066 (25%)</td>
<td>2,300 (28%)</td>
<td>74,559 (43%)</td>
<td>78,965 (41%)</td>
</tr>
</tbody>
</table>
Table 12 Lump sums value growth by extra service status, March 2015

<table>
<thead>
<tr>
<th></th>
<th>Extra Service</th>
<th>Mixed</th>
<th>Non Extra Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2014 to March 2015</td>
<td>14.8%</td>
<td>8.7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>June 2014 to March 2015</td>
<td>-3.0%</td>
<td>4.5%</td>
<td>13.3%</td>
</tr>
</tbody>
</table>

Extra service and non-extra service classifications used in this report are based on over 70% of care days being delivered to residents occupying an extra service or non-extra service place respectively. Under the previous arrangements (pre 1 July 2014), a resident entering a high care extra service place could be asked to pay a lump sum bond.

RADs are clearly the preferred accommodation payment option in extra service, accounting for 70% of all payment types (Figure 8). All extra service categories recorded a quarterly growth in lump sum values. However, services providing extra services recorded a negative growth (-3%) in lump sum values between June 2014 and March 2015 (Table 12). It is however worth noting that there were only 26% of extra service facilities providing data which could potentially lead to fluctuations.
4 Access to care

The 1 July 2014 changes introduced new means testing arrangements for home care and residential care, and new accommodation payment arrangements in residential care. These changes have the potential to impact on access to care.

4.1 Residential care

ACFA observed two marked impacts on access to residential care:

- Increased admissions to permanent care pre 1 July 2014, followed by a decline in admissions in the immediately following months.
- Increased admissions to respite care post 30 June 2014.

4.1.1. Historical trend in admission to residential care

Figure 9 Monthly trends in the number of care recipients, July 2012 to March 2015

Observing the trend over time, the highest number of permanent care recipients was observed in June 2014, with a decline in the months that followed (Figure 9). Historically, up until May 2014, the number of respite care recipients was fairly stable, representing around 2.3% of all care recipients. However, post 30 June 2014, the proportion of respite care residents has increased to over 2.5% of all care recipients.
In Figure 10, monthly admissions to permanent care—first and total—are shown for the period from July 2013 to March 2015. The graph highlights:

- Total admissions to residential care started to pick up from May 2014 and peaked on June 2014.
- Most of the increase in total admissions was as a result of new residents being admitted (as opposed to transfers from other facilities).
- There was a sharp drop in total admissions in July 2014, as a result of a sharp drop in new residents being admitted to residential care.
- The transfer admission number is fairly stable, showing a small decrease recently.
When monthly admissions data for permanent and respite care are analysed to monitor the effect of 1 July 2014 reforms, the following observations are made (Figure 11):

- Admissions to permanent care immediately prior to July 2014 increased significantly. This is likely to reflect a move by consumers to enter care before 1 July 2014 to ‘lock in’ pre 1 July 2014 arrangements for accommodation payments and means tested care fees and thus avoid potentially higher payments and fees under the 1 July 2014 reforms.
- The admissions data also shows that the number of admissions to respite care has slightly increased post 30 June 2014 compared to the historical monthly trend. This likely reflected in part transitional administrative issues arising from delays in DHS processing of means test assessments. In addition, there is the potential for a shift in behaviour to have occurred with some consumers and some providers preferring that consumers enter as respite care while financial arrangements are settled before moving into permanent care. Only the basic daily fee is payable in respite care – no means tested care fees or accommodation payments are payable.
- Historically, the numbers of first time admissions to permanent care have been between 4,500 and 5,500.
- The monthly respite care admission numbers have consistently been higher than the number of new admissions to permanent care. However, the numbers have been fluctuating just over 5,000 a month up until June 2014, but since then gone up to around 5,500 a month.
Since September 2014, the gap between numbers of admissions to respite care and numbers of first admissions to permanent care has widened; reflecting higher admissions to respite care.

4.1.2 Admission by geographical classification – state and region

Figure 12 Monthly trends in admission to permanent residential care by state/territory, July 2013 to March 2015
The monthly trend of admissions to residential aged care by state/territory is shown in Figure 12. As with the national trend presented in Figure 10, there was a spike in permanent admissions in June 2014 followed by a sharp drop in July 2014, and the data for more recent months show a return to historical trends.

**Figure 13 Trends in admission to permanent residential care by remoteness, July 2013 to March 2015**

Admissions to permanent residential care by location are presented in Figure 13. The trend in admissions post 30 June 2014 are very similar across different locations with a sudden jump in admissions in the June quarter of 2014, followed by a decline in admissions the following quarter.
4.2 Respite care

A person needing care may access residential respite for up to 63 days each financial year. This time can be extended in lots of 21 days if an assessment finds that this extra time is necessary. Accommodation payments and means tested care fees are not charged for residential respite care though the basic daily fee can be charged.

4.2.1 Admissions and discharges in respite care

Figure 14 Residential respite care admissions, discharges and total number of respite care residents, July 2013 to March 2015

The data on residential respite care admissions from June 2013 to March 2015 shows that a normal range for admissions is around 5,000 to 6,000 residents, except for the month of September 2014 when admissions peaked at about 6,500 residents. The graph shows (Figure 14) that the number of respite care residents was decreasing until June 2014. Monthly discharges from residential respite care show a similar pattern to admissions, with one exception — the long term trend of admissions to, and discharges from respite care, shows a structural break at 1 July 2014, the start of the reform. In the month of June 2014, there was a small increase in discharge number over the previous month, followed by a large decrease in discharges in July 2014. In trend terms, more respite residents were admitted in the months immediately following June 2014 while fewer residents were discharged during the same period giving rise to the largest number of residents in respite care in August 2014. However, the total number of residents in respite care has since returned towards trend levels but remains higher than in previous years. ACFA will continue to monitor respite care admission data to see if this represents a permanent rather than transitional shift.
4.3 Occupancy in permanent care

The occupancy rate is defined as the number of days in care as a proportion of available bed days. Occupancy can thus vary both with changes to the numerator (the number of days in care which is affected by both admissions and departures) and with changes to the denominator (the number of available bed days which is affected by allocation and operationalisation of places).

4.3.1 Overall occupancy

Figure 15 Daily average numbers of bed days, care days and occupancy rate, July 2013 to March 2015

The overall yearly occupancy rates in permanent residential care for the past five years have been between 92% and 93%. At a national level, there has been very little change in occupancy, with less than 0.3 percentage point difference in any two successive years.

Reflecting the trend in admissions identified earlier, occupancy increased before 30 June 2014 then decreased in the immediately following months and has slowly started to trend upwards since to just below 93%, as can be seen in Figure 15.
4.3.1 Occupancy by service ownership

Figure 16 Trends in occupancy to permanent residential aged care, July 2013 to March 2015, by ownership type

The daily average number of available bed days and the daily average number of claim days are plotted in Figure 16. The graph shows that both available bed days and average care days have been increasing since August 2014.

When occupancy is analysed by ownership type, the not-for-profit sector have the highest among all ownership types (Figure 16). Looking at the trend, occupancy in government and not-for-profit sector is trending slightly downward, while for-profit occupancy is more stable.
5 Access to Home Care

The home care occupancy data relies on the claims data submitted by service providers. As at the end of May 2015, claims processed for December 2014, January, February and March 2015 as a proportion of all claims expected were 92%, 83%, 65% and 20% respectively. The home care occupancy results should therefore be treated with caution, especially for more recent months.

5.1 Home care admissions

Figure 17 Admission trend, Home Care by level, July 2013 to March 2015

The home care admission data shows that as of March 2015, there had been over 26,400 admissions since 30 June 2014.

In terms of admission trend, Levels 2 and 3 have increased slightly in the last quarter (January to March 2015), while Level 4 admissions declined and Level 1 remained flat (Figure 17).
5.2 Home Care occupancy by package level

The occupancy rate is defined as the number of recipients divided by the number of available packages. Occupancy can thus vary both with changes to the numerator (the number of recipients) and denominator (the number of available package days which is affected by allocation and operationalisation of places).

In analysing occupancy data the allocation of additional home care places in December 2014 from the Aged Care Approvals Round disproportionately increased the denominator resulting in an across the board reduction in the occupancy ratio. Unlike residential aged care places, home care places are assumed to become operational as soon as they are allocated.

**Figure 18 Home care occupancy trend by package level, July 2013 to March 2015**

Nationally, occupancy remained relatively stable up to December 2014 when the reduction in the ratio mentioned above is noticeable. Since then occupancy has again remained relatively stable. When occupancy rate is analysed by package level, Level 3 and 4 packages showed a increase post 30 June 2014 up until December 2014 followed by a decline since then (Figure 18).

**Figure 19 Home care occupancy trend by state, July 2013 to March 2015**

At state level, there was generally a drop in occupancy rate in December 2014, followed by an increase in most states/territories except Queensland. However comparing December 2014 with previous months may not yield any conclusive results due to the fact that the ACAR release in December caused a disproportionate increase in the number of available places.
6 Support for the sector and consumer in transition

In April 2014 KPMG started delivering transitional business advisory services to residential aged care providers. The advisory services are fully-subsidised by the Government and are intended to support providers through the transition to the new accommodation payments system. Delivery of these advisory services to residential aged care providers ended on 30 June 2015.

As at 31 March 2015, KPMG had received 848 basic enquiries and had received 77 applications for more detailed advice.

Usage of the service declined considerably since December 2014 with basic enquiries running at approximately half the pre December rate. The vast majority of applications for detailed advice were received in the first six months of the service, with the last six months yielding only 10 of the 77 applications.