



The
Department
of Health

Guide to combining aged care services

Information for approved providers applying to combine services

September 2016

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1. Introduction

This guide will assist and guide approved providers considering combining aged care services. The term 'combining' has been used throughout this guide to describe the process whereby the conditions of allocation relating to particular places are varied allowing two services to become one.

Whether or not to combine aged care services is a business decision for approved providers. Combining aged care services may assist in reducing some administrative costs. However, in some circumstances it may have a financial impact, such as where a combined residential service is no longer eligible for a supplement (or supplements) that one or more of the previous services were entitled to (e.g., the viability supplement or the significant refurbishment supplement).

In making this business decision, the technical ICT impacts will also need to be considered. Services combined in the Department of Human Services' aged care payments system cannot be uncombined, and the way services are displayed on the My Aged Care website will need to be considered.

It is **strongly** recommended that approved providers discuss their intention to combine services with the relevant State or Territory Office prior to submitting an application. This will save time spent completing the application if, for practical/technical reasons, the proposal is not achievable. It is also recommended that approved providers seek independent financial advice when considering combining services.

2. The process of combining services

Applications to combine residential aged care services or home care services provided through the Home Care Packages Programme must be made to the relevant State or Territory Office of the Commonwealth Department of Health, through a completed '[Application to vary conditions of allocation](https://agedcare.health.gov.au/ageing-and-aged-care-for-providers-forms/application-to-vary-conditions-of-allocation)' form available at: <https://agedcare.health.gov.au/ageing-and-aged-care-for-providers-forms/application-to-vary-conditions-of-allocation>.

The application must be made at least 60 days, or such other period as the Secretary determines, before the day on which the approved provider proposes for the combination to take effect. The Department must approve or reject the application and notify the approved provider, at least 14 days before the proposed variation day. The variation day **must** be the **first day of a month**.

Once approved, the procedure to combine services entails moving current care recipient records and the approved places in the Aged Care Payment System from one or more services to the 'continuing' service. Whilst the approved provider can nominate which service is going to be the continuing service, this nomination may be affected by technical constraints of the payment system. As a result the service that becomes the continuing service is subject to the Department's discretion.

For services provided through the Home Care Packages Programme, it may be necessary to create a new, separate service to amalgamate the clients and places into.

For more detailed information on varying conditions of allocation, please visit the [Guide to Aged Care Law online](http://guides.dss.gov.au/guide-aged-care-law/5/3/7) at: <http://guides.dss.gov.au/guide-aged-care-law/5/3/7>.

3. General requirements for combining services

The Department must be satisfied that the approved provider has met the requirements specified in Division 17 of the *Aged Care Act 1997* and Part 8 of the *Allocation Principles 2014*. This includes due consideration of care recipients' user rights and complaints. In addition to the above, approved providers seeking to combine services must meet the following requirements:

- The same approved provider must operate the services;
- The services must not be subject to sanctions;
- The requested variation day must be the first day of a month; and
- The application must be made at least 60 days prior to the requested variation day (unless the Secretary approves a shorter period).

Additional requirements apply for residential aged care services and home care services which are outlined below under **Combining residential aged care services** and **Combining home care package services**.

4. General matters for consideration when combining aged care services

Below are matters that need to be considered when combining aged care services that apply to **both** residential care services and home care services. Specific issues also apply to particular services, which are outlined in the following sections: **Matters for consideration when combining residential aged care services** and **Matters for consideration when combining home care package services**.

- **Once services are combined in the Aged Care Payment System by the Department of Human Services, the process cannot be reversed in the system and the services cannot be 'un-combined'.**
- The combined service will need to submit only one monthly claim form. Consequently, it will receive one monthly advance and claim adjustment payment.
- The applicant is responsible for notifying the Department of Human Services if there are to be any changes to arrangements for payments of subsidies, such as bank account details or authorised signatories.
- The list of key personnel for the combined service may need to be updated. These changes must be sent to the Department of Health. This information can be sent to keypersonnel@health.gov.au. The [Notification of Changes to Key Personnel Form](#) is available at <https://agedcare.health.gov.au/ageing-and-aged-care-aged-care-funding-approved-provider-information/change-of-role-of-a-key-personnel-within-an-approved-provider>.

Note:

The combining process **cannot** be used as a trigger for new fee arrangements to be applied to care recipients. Care recipients that were in Residential Care or received a Home Care Package before 1 July 2014 will continue to pay the costs under the old fee arrangements. If a care recipient was in Residential Care or Home Care on 30 June 2014 and they move to a new Residential Care or Home Care Package provider on or after 1 July 2014 (and do not spend more than 28 days outside of care, other than on leave), they can **elect** to be subject to the new fees and payment arrangements that came into effect on 1 July 2014. To make this choice, they will need to complete the [Continuing Care Recipient Opting into the New Aged Care Arrangements from 1 July 2014 form](#) at <http://www.humanservices.gov.au/spw/customer/forms/resources/ac022-1408en.pdf> and submit it to their provider **before** they move services.

Approved Providers are to ensure that care recipients paying costs under the old fee arrangements are **fully informed** of the post-1 July 2014 fee arrangements and the 28 day outside of care requirement, before the care recipient makes a decision on their preferred fees and payment option.

- If the care recipient changes the type of care they receive, such as leaving a Home Care Package and moving into Residential Care, they will be subject to the 1 July 2014 fee arrangements.
- If the care recipient exits care for more than 28 days, they will be subject to the 1 July 2014 fee arrangements.

5. Combining residential aged care services

Combining residential aged care services is the administrative process whereby two or more residential aged care services, located adjacent to each other, are combined into one aged care service. A combined aged care service is treated as a variation of an existing service, not as a new service.

The purpose of the combining process is to circumvent administrative requirements arising out of the process of discharging residents from the closing service and then re-admitting them to the continuing service.

The continuing service retains its Residential Aged Care Service ID (RACS ID) and accreditation status.

Requirements for combining residential aged care services:

- The services to be combined must be currently accredited;
- The services must be physically adjacent (on the same site or sharing a common boundary) to one another;
- A continuing service must be nominated, noting that the Department reserves the right to select the continuing service which may not be the service nominated by the provider;
- All outstanding Aged Care Funding Instrument (ACFI) appraisals, Aged Care Entry Record (ACER) and claim forms for subsidies need to be submitted to the Department of Human Services before the services are combined in the aged care payment system. If the forms are not submitted, this will prevent the services from being combined in the aged care payment system; and
- If one of the services to be combined has Extra Service Status (ESS) and the approved provider wishes to retain ESS, the service which has ESS will need to be the continuing service. ESS is not transferrable when places are moved to another service e.g. by combining, *unless* both services already have ESS.

6. Matters for consideration when combining residential aged care services

In addition to the matters set out in the above section, **General matters for consideration when combining aged care services**, approved providers need to be aware of the following when combining residential aged care services.

- The combined residential service is not considered a 'new' service and the process does not impact residential care fees or accommodation payments for existing clients. The accreditation status of a continuing service will continue to apply. The Australian Aged Care Quality Agency may conduct an accreditation review audit once the services have been combined. Where an accreditation site audit is scheduled within six months of the Department receiving an application to combine, the Agency may decide to wait until the accreditation site audit is undertaken rather than undertake a review audit.
- Consistent with the implementation of full cost recovery of accreditation services for residential aged care homes, services may be eligible for a discounted accreditation fee in certain circumstances. A discount will apply to accreditation fees payable by small residential aged care homes with fewer than 25 places, as well as those who receive the viability supplement.
- Residents do not need ACFI reappraisals as part of the combining process.
- Any accommodation bond or refundable accommodation deposit balances for residents of the service(s) to be closed in the aged care payment system, will be automatically rolled over by agreement (part 3A.2 of the Act), between the provider and the resident. There is no change to the bond or refundable accommodation deposit status of the resident, and therefore there is no requirement to have a new bond or accommodation agreement made.
- Security of tenure rights for each resident, as provided by section 56-1 of the Act and Division 2 of the *User Rights Principles 2014*, must be adhered to and protected. Each resident's status remains the same. Existing residents have security of tenure while the service remains operational and can meet the residents' assessed care needs.
- The status of existing residents, who entered care prior to 1 October 1997, will not alter when services are combined. For example, existing residents in the combined service cannot be charged any new accommodation payments, nor can they be asked to pay a daily accommodation contribution or bond if they were not required to do so before the services were combined. There is no change required to the resident agreement.
- Approved providers may receive different supplements, or lose their eligibility to receive supplements. The various supplements are listed below, together with the considerations that should be made. For further information on supplements contact SubsidiesandSupplements@health.gov.au.

Viability Supplement: Approved providers should consider if they will remain eligible or receive a lower level of funding for the viability supplement, as the size of a service impacts on the scoring used to assess eligibility and payment rates for the supplement. The combined service's entitlement to the viability supplement post combining will be reassessed under the 2005 scheme viability supplement rules (services that previously qualified for the grandfathered schemes would cease to be eligible under the 1997 and 2001 rules).

In the 2016-17 Budget, new viability supplement arrangements were announced to

commence from 1 January 2017. Services that combine from this date may be subject to these new rules. The eligibility criteria and level of funding that will be available under the 2017 scheme differs from the 2005 scheme. Services are advised to assess whether they are eligible for funding under the 2017 scheme (including services that have previously not been eligible for funding) prior to combining.

Residential aged care services may be eligible for a discounted accreditation fee where the service is in receipt of the viability supplement. Further information can be obtained from the Australian Aged Care Quality Agency.

- **Viability Supplement Expansion Component and Homeless Supplement:** Approved providers that have registered for the viability supplement expansion component and/or homeless supplement should note that combining may impact upon the service meeting their 50 per cent ratios for:

- low care need care recipients (moderately accessible, remote and very remote services only);
- Aboriginal and Torres Strait Islander care recipients with complex behavioural needs; and
- homeless care recipients with complex behavioural needs.

Services that do not meet these ratios will not be eligible for the additional points available under the expansion component of the viability supplement or the homeless supplement.

- **Accommodation Supplement:** Approved providers should note that the rate of accommodation supplement payable may change, particularly if a service is currently meeting the 40 per cent supported resident ratio and as a result is receiving a higher rate of accommodation supplement. On combining services, depending on the mix of care recipients, there is no guarantee that the service will continue to meet the 40 per cent supported resident ratio, which may affect your eligibility for the accommodation supplement.
- **Higher Accommodation Supplement:** Approved providers should note that a service may become ineligible for higher accommodation supplement if it relocates or combines with another service. In the event the service combines with another service that has not been newly built or determined to be significantly refurbished on or after 20 April 2012, the combined service will be deemed ineligible.
- However, if the supplement is revoked due to a service combining with a service that is not eligible to receive the higher accommodation supplement, the combined service may be eligible to apply for the higher accommodation supplement based on refurbishment work previously undertaken in the separate services.
- It is the approved provider's responsibility to meet the Building Code of Australia's requirements applicable in the state or territory where the services are located. The Department may refer to relevant government authorities to seek information in relation to a service's compliance with the Building Code of Australia requirements.
- **Capital Grants:** If an aged care service, which has received a capital grant in the past 15 years, is combined with a service which has ESS, there will be capital grant repayment implications. Any repayment will be calculated in accordance with the

Subsidy Principles 2014 and will be based on the amount of the capital grant, when it was made and the proportion of places with ESS within the combined service.

- Services with ESS are not eligible for residential care (capital) grant funding under the Act. For further information on Capital Grants contact capstasklist@health.gov.au.

7. Combining home care package services

From February 2017, funding for a home care package will follow the consumer. This will make it easier for consumers to select an approved provider and to change their provider should they wish to do so. The current requirement for providers to apply for home care places will be removed, significantly reducing red tape. There may also be changes to the process for a provider wishing to vary their home care services. Information on the changes will continue to be provided throughout 2016 through the [Increasing Choice website](https://agedcare.health.gov.au/increasing-choice-in-home-care): at <https://agedcare.health.gov.au/increasing-choice-in-home-care>

Given the imminence of these reforms, approved providers considering combining home care packages should discuss the process with their state office before submitting an application.

Combining home care package services is the administrative process whereby two or more services, are combined into one service.

When combining home care package services, approved providers will need to discharge clients from the ceasing service and re-admit them into the combined service. All existing conditions transfer with the client into the combined service. The Department will contact the applicant to discuss the implications.

All services being combined must be up to the same claim month.

8. Matters for consideration when combining home care package services

In addition to the general matters set out in the above section, **Matters for consideration when combining aged care services**, approved providers need to be aware of the following when combining home care package services.

- Once services are combined on the Aged Care Payments System, **the process cannot be reversed**. The combining of home care package services is unlike residential care in that home care package approved providers must discharge clients from the closing service and then re-admit them to the continuing service.
- Care recipients impacted by the combining of services are **not treated as new care recipients**. Systems processing involves discharging care recipients from the closing service before admitting them to the new service. Care recipients retain their care recipient ID and all historical information.
- After approval, the relevant forms (such as Aged Care Entry Records and up-to-date claim forms for subsidy) must be submitted to the Department of Human Services before the services can be combined on the aged care payment systems. Once this occurs, the Department of Human Services will contact the approved provider advising when they will receive subsidy payments and the new claim form to be used for the combined service. [Department of Human Services'](https://www.humanservices.gov.au/health-professionals/forms) forms can be accessed at the following link: <https://www.humanservices.gov.au/health-professionals/forms>.

- Currently, the process for combining home care services is not automated. On its completion, it is important to monitor payments closely to ensure that subsidies are provided correctly. If payment issues occur, please notify the Department of Human Services as soon as possible via email aged.care.liaison@humanservices.gov.au or on 1800 195 206.
- Only one monthly claim form will need to be submitted for the combined service. The combined service will receive one advance and one claim adjustment per month.
- The security of tenure rights for each care recipient, as provided for in Section 56-2 of the Act and Part 3 Division 2 of the *User Rights Principles 2014*, must be adhered to and protected.
- Providers registered for online claiming need to be registered against both the open and closed services to be able to see the care recipient history.

9. Additional Information & Contacts

If you have any questions about combining services, please phone 1300 653 227 and ask to speak with a Departmental Officer in aged care in your state or territory or email:

State and Territory Offices

State and Territory Office	email
ACT / New South Wales	NSWplaces@health.gov.au
Victoria	VICplaces@health.gov.au
Queensland	QLDplaces@health.gov.au
South Australia	SAPlaces@health.gov.au
Western Australia	WAPlaces@health.gov.au
Tasmania	TASplaces@health.gov.au
Northern Territory	NTplaces@health.gov.au

Other contacts

Other contacts	email
Capital Grants	CAPSTaskList@health.gov.au
Subsidies and Supplements	SubsidiesandSupplements@health.gov.au
Aged Care Reform Enquiries	AgedCareReformEnquiries@health.gov.au
Department of Human Services Aged Care Liaison	aged.care.liaison@humanservices.gov.au