



## FACT SHEET 2

# Residential Aged Care

### What is Residential Care?

- Residential Aged Care facilities provide accommodation, personal care and nursing services to people who can no longer manage to live in their own home.
- Residential Aged Care facilities cater for people assessed with both high and low care needs. Residential services also provide respite services.
- At June 2006 there were 2931 mainstream residential aged care services, providing around 164,000 places, 94 multipurpose services providing around 1950 residential places and 22 Indigenous services providing another 330 residential care places (AIHW 2007: 8).
- 72 per cent of aged care residents are women (ABS Cat No 4102.0, 2006).
- 30.7 per cent of Australians aged 85 years and over are in residential care (ABS Cat No 4102.0, 2006).
- The Commonwealth Government contributed \$5.7billion to residential aged care in 2006-7 (RGS 2008: 13.13). In 1999-2000, Commonwealth expenditure on residential aged care was \$3.6 billion. Australian Government real expenditure by both the Department of Health and Ageing and the Department of Veterans Affairs on residential aged care services per person in the aged care target population (persons 70 years and over and Indigenous persons 50 years and over) was little changed between 2002-3 (\$2775) and 2006-7 (\$2788) (RGS 2008: 13.58).

### History of Residential Care in Australia

- Residential Aged Care originated with friendly societies, churches and charitable organisations in the late nineteenth century, but it was not until the 1950s that the Commonwealth Government began providing grants to the voluntary aged accommodation sector.
- Government subsidies increased in 1962 to assist older people with nursing home fees. This resulted in growth in the aged care industry and an increase in the number of private nursing homes providing predominantly high care. By 1972, private providers administered 54 per cent of nursing home beds.
- In an effort to control the number of admissions to nursing homes and the growth of nursing home accommodation, the Commonwealth Government introduced reforms in 1972. This legislation encouraged the growth of low care hostel accommodation for the aged, providing an alternative to the high care accommodation of nursing homes. Financial assistance to the community sector was also increased to encourage community based services for older people.
- The Hawke government established the Aged Care Assessment Program in 1984 and introduced reforms to the aged care industry including the introduction of the Home and Community Care Program (HACC) as an alternative to residential care as well as increasing funding to encourage the expansion of hostels. In 1985 a benchmark of 100 residential places (60 low care hostel places and 40 high care nursing home places) per 1000 people aged 70 and over was introduced. In 1992, reflecting the increased emphasis on community care, this benchmark was revised to include Community Aged Care Packages (CACPs).
- In 1997, the Howard government introduced the Aged Care Act (1997), which, with amendments, still regulates the aged care industry. In a shift towards a user-pays system the government introduced a new regime of increased fees and charges and various other measures.

## Place Numbers and Ratios

- Since 2004, aged care places have been allocated at a ratio of 108 places (residential, transition, Multi Purpose Services, CACPs and Extended Aged Care at Home (EACH), and EACH Dementia (EACHD) packages) for every 1000 people 70 years and over, and Indigenous people aged 50 years and over, in a prescribed service region. The ratio will increase to 113 per 1000 by 2011 (Santoro 2007; RGS 2008: 13.9). Places are allocated according to the assessed level of frailty and/or functional disability. Of the 113 places, 88 will be for residential aged care (44 high, 44 low care) (RGS 2008: 13.9; AIHW 2007: 3). The remaining 25 places will be for Packaged Care.
- At June 2006 the actual allocation of residential aged care places across Australia was 85.6 places per 1000 persons 70 and over and Indigenous persons aged 50 and over (AIHW 2007: 3). There may be a time lag of up to (but not exceeding) two years between allocation and operation of places.
- Provision rates in 2006 were highest in South Australia and lowest in the ACT.
- In June 2006 there were around 72,600 people in predominantly high care services, around 14,400 in predominantly low care facilities and around 80,000 in mixed high/low facilities. The high proportion in mixed high/low facilities reflects the move towards 'ageing in place' (RGS 2008: 13.19).
- Across any year, there are admissions and exits from residential aged care. Taking this into account, 202,500 people received permanent care in residential facilities in 2006-7., equivalent to 10.6 per cent of people aged 70 or over (RGS 2008: 13.63).
- The national average length of stay as a permanent resident, measured in 2006, was 146 weeks (just under three years) (AIHW 2007: 27).
- Over 38,000 people were admitted to residential facilities for respite care in 2006-7, equivalent to 2.0 per cent of Australians aged 70 years or over (RGS 2008: 13.63).
- The number of mainstream services (i.e, not counting Indigenous-specific services and Multi Purpose Services) has declined from 3015 providers of residential aged care in 1998 to 2931 in 2006 (AIHW 2007: 8). The average number of beds per facility has increased from 46.6 in 1998 to 60.0 in 2006. 32 per cent of services now have over 60 beds (AIHW 2007: 8). 81 per cent of services in very remote locations have fewer than 20 beds (AIHW 2007: 9).
- At June 2007, religious organisations provided 29.5 per cent of residential aged care beds, for-profit private organisations provided 32.5 per cent, community-based organisations provided 14.5 per cent, and not-for-profit charitable organisations provided 16.0 per cent. State, Territory and local governments provided the remaining 7.5 per cent of beds (RGS 2008: 13.7).
- In the last decade the proportion of residential beds provided by private for-profit providers has risen from 24 per cent to 32.5 per cent (RGS 2008: 13.7). Private facilities are particularly strongly featured in Victoria and WA (RGS 2008: 13.8).
- In 2006 a new transition program commenced to provide more appropriate care for older patients in hospital waiting for discharge to a residential aged care facility. 595 transition places provided time-limited care for 6,500 people in 2006-7 (RGS 2008 13.11, 13.63; AIHW 2007: 2).
- Residential aged care facilities can apply to provide 'Extra Services' consisting of hotel-type services. Residents pay an additional fee for these extra services which may be offered throughout the home or in a distinct part of the home. The type of care provided, and the standard of care, remains the same throughout the facility. Existing residents must not be penalised or otherwise discriminated against by the granting of Extra Services status. Extra Service status is granted only when other standard services are available within the district covered by the service. A cap of 15 per cent of places within a region now applies to Extra Service provision, but other socio-economic factors are taken into account.

## The Aged Care Funding Instrument (ACFI)

- Residential aged care subsidies are allocated through the Aged Care Funding Instrument (ACFI) which came into effect in March 2008. The ACFI identifies changes in core measurable needs, enabling a timely response to the changing care cost of individuals at residential care facilities.
- The ACFI delivers funding in a way that reflects overall resident dependency, rather than basing funding on the services already provided to residents, as was the case under the superseded Resident Classification Scale (RCS). ACFI is more responsive to changes in residents' care needs.
- The ACFI assesses residents in three domains (Activities of daily living; Behaviour supplement; Complex health care supplement) at three funded levels within each domain (low, medium, high). The ACFI is specifically a funding instrument and does not double as a care planning or care monitoring instrument.
- The ACFI has been introduced with a 'grandparent clause' to enable a transition between the Resident Classification Scale (RCS) and the ACFI.
- The Department provides answers to Frequently Asked Questions on ACFI at [http://www.health.gov.au/internet/main/publishing.nsf/Content/C78B2B9CA7EECF5FCA2573F600053D1E/\\$File/FAQs%20v1.4.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/C78B2B9CA7EECF5FCA2573F600053D1E/$File/FAQs%20v1.4.pdf)<sup>1</sup>.

## Assessment and Level of Care

- Before people can be approved to receive residential or community care they must be assessed as eligible by an Aged Care Assessment Service (ACAS). Aged Care Assessment Teams (ACATs) are comprised of health professionals, and can approve a person to receive residential and/or community care.
- To determine whether a person is eligible for residential care, ACATs consider the person's medical, physical, psychological and social circumstances.
- A needs match (high or low) is expected when residents take up vacant bed places, but residents will often remain within the same 'ageing in place' services as their care needs rating change over time.

## Resident Fees and Charges

- Residents of government-subsidised residential aged care facilities pay fees which contribute to the ongoing and capital costs of residential care. Fee levels are means tested.
- People entering low level care can be asked to pay a refundable accommodation bond whilst people entering high level care can be asked to pay a capped daily accommodation charge. These bonds and charges are based on an income test. The additional funds raised through income testing is used to offset Government subsidies and, in the case of bonds, to meet ongoing capital costs.

The fee scale for residents entering aged care can be located at the Department of Health and Ageing website at: <http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-finance-resfees.htm>

Additional information about residential aged care costs and fees is available at Centrelink Offices or via the Centrelink website at:

[http://www.centrelink.gov.au/internet/internet.nsf/payments/res\\_aged\\_care.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/res_aged_care.htm) .

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<sup>1</sup> All websites current at May 2008.

## Special Needs Groups

- While all services are required by legislation to provide culturally appropriate care, the National Aboriginal and Torres Strait Islander Flexible Aged Care Program provides 617 specific service places, located as close as possible to home communities. These are not funded under the Aged Care Act (RGS 2008: 13.12).
- Various population groups are recognised as 'Special Needs' groups under the *Aged Care Act 1997*: Indigenous people, people born in non-English speaking countries, people in rural and remote Australia, people who are financially and/or socially disadvantaged, veterans, and veteran widows and widowers. The Act has an objective that members of these groups achieve 'equitable access' to community and residential aged care (RGS 2008: 13.31). Around one third of new residents admitted to residential aged care are concessional or assisted residents (RGS 2008: 13.34-13.35).
- Government planning benchmarks require that a minimum proportion of residential places are reserved for financially disadvantaged citizens (RGS 2008: 13.32).
- Indigenous people are under-represented in residential aged care. Indigenous people are represented in residential care nationally at a rate of 22.2 per 1000 Indigenous people 50 years and over, as against 77.7 persons per 1000 persons 70 years and over for the Australian population as a whole (RGS 2008: 13.34). They are over-represented (in terms of their proportion in the whole population, but not in terms of assessed need) in community care.
- People from non-English speaking backgrounds are represented at a rate of 48.1 per 1000 persons aged 70 and over, as against 77.7 persons per 1000 persons 70 years and over for the Australian population as a whole (RGS 2008: 13.34). They are also under-represented in community care (RGS 2008: 13.32-13.33).

## Performance Benchmarks and Unmet Need

- Nationally, in 2006-7, almost 80 per cent of persons formally assessed as needing high care were admitted to a residential facility within 3 months of the assessment. 54 per cent were admitted within one month and 25 per cent were admitted within one week of the assessment (RGS 2008: 13.41).
- 60 per cent of those assessed for low care entered a residential facility within 3 months (RGS 2008: 13.41).
- A significant measure of unmet need is the proportion of people aged 70 and over (Indigenous people aged 50 years and over) who remain in hospital for 35 days or longer 'awaiting admission to residential care'. In 2005-6 this figure was 19.9 per cent (RGS 2008: 13.48).
- At June 2007, 92.2 per cent of residential aged care services had been granted an accreditation approval of three years or more, indicating a very high level of compliance with quality assurance (RGS 2008: 13.51).

## References

- Commonwealth of Australia (Productivity Commission) *Aged Care Services*, chapter 13, in *Report on Government Services 2008*. [RGS 2008]
- Australian Institute of Health and Welfare *Residential aged care in Australia 2005-2006: a statistical overview* (June 2007) [AIHW 2007]
- Australian Bureau of Statistics *Australian Social Trends, 2006* (Catalogue No. 4102.0 [Summary]) [ABS 2006]
- Department of Health and Ageing *New Funding Model for Residential Aged Care*.  
<http://www.health.gov.au/internet/main/publishing.nsf/Content/New+Funding+Model+for+Residential+Aged+Care-1>
- Santoro, Santo Ministerial Press Release, Tuesday, 13 February, 2007 "A special message to the staff and managers of Australia's aged care services".