



## **SENATOR THE HON MITCH FIFIELD**

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ASSISTANT MINISTER FOR SOCIAL SERVICES  
MANAGER OF GOVERNMENT BUSINESS IN THE SENATE  
SENATOR FOR VICTORIA

### **MEDIA RELEASE**

20 November 2013

#### **Simpler pricing for residential aged care**

The Australian Government will cut red tape for residential aged care providers by simplifying the pricing system that begins next financial year, while ensuring consumers receive clear information on accommodation prices.

Assistant Minister for Social Services, Senator Mitch Fifield, said the Government is focussed on streamlining administrative processes and cutting red tape, to ensure paperwork does not impact the delivery of care.

“The Government will scrap the previous government’s requirements for providers to follow a prescriptive process in setting prices, and the need to document and certify that process,” Senator Fifield said.

“The pricing guidelines were confusing and cumbersome, with providers having to determine and document in detail whether a list of factors, such as the number of lights, type of flooring or view, impacted on their cost.

“This Government recognises the importance of a transparent and open system, without excessive red tape.

“We are still providing clear pricing and accommodation information to ensure consumers and their families can make fully informed choices.

“Under our changes, providers will be required to publish all accommodation prices and information about their facility on the My Aged Care website, their own website, and in documentation given to prospective residents.

“Prices that begin on 1 July 2014 will be published from 19 May 2014, giving consumers notice of prices and payment options.

“The Government is also protecting consumers from unjustifiably high prices.

“We will ensure any refundable deposit greater than \$550,000, or daily payment equivalent, will need to be approved by the Aged Care Pricing Commissioner.

“In line with the Aged Care Financing Authority’s original recommendation, about five per cent of proposed prices will require an application to the Commissioner. The threshold will be reviewed by Government after 12 months.

“The Aged Care Pricing Commissioner is Ms Kim Cull, who has recently commenced in the role. Ms Cull will begin receiving applications from 31 January 2014, and will soon consult with the sector on the application process and forms.

“We will consult with aged care providers on establishing industry guidelines for setting accommodation prices and the process for providers to claim a higher level of Government accommodation supplement after a significant refurbishment.

“These changes will not only make the sector more transparent and competitive, but they will reduce the administrative burden on providers, leaving them free to do what they do best—delivering high-quality, dignified care to older Australians.”

*ENDS*

**These are some examples of what the former government expected providers to decipher in price setting:**

Example 1:

In a group of rooms with different room sizes, the smallest room in the group has 12 metres of floor space. The maximum amount of accommodation payment must be based on providing 12 square metres of floor space, and the description of the group would say “at least 12 square metres of floor space”.

Example 2:

In a group of rooms where some, but not all rooms, have five lights and all other rooms have more lights, if the numbers of lights does not affect the method to determine the maximum amount of accommodation payment, then the description of rooms in the group need not mention the number of lights.

Example 3:

In a group of rooms, the floors are covered with different coloured carpets and the carpeted rooms are valued above another group of rooms with vinyl floors. The same maximum amount of accommodation payment will be set for each and every room in the group. The description of the group may state that the rooms having “carpeted floors” and need not specify that the rooms have “red carpet or blue carpet”. Alternatively, if the carpets did not affect the method for setting the accommodation payment for the rooms in the group, the provider may choose to omit carpet from the description.

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