

## EXPLANATORY STATEMENT

*Issued by the authority of the Minister for Ageing*

### *AGED CARE ACT 1997*

#### *Determination under Subsection 48-1(3)*

#### *Aged Care (Community Care Subsidy Amount) Determination 2009 (No. 1)*

Subsection 48-1(3) of the *Aged Care Act 1997* (the Act) provides that the amount of community care subsidy that is payable to an approved provider in respect of a day is the amount determined by the Minister by legislative instrument; or worked out in accordance with a method determined by the Minister by legislative instrument.

In accordance with paragraph 48-1(3)(b) of the Act, the *Determination of the amount of Community Care Subsidy under subsection 48-1(3)* (the Determination) specifies the method for working out the amount of community care subsidy payable under section 47-1 of the Act for a day in respect of a community care recipient.

The Determination applies from 1 July 2009 and, from that date, revokes the *Determination of the amount of Community Care Subsidy under subsection 48-1(3)* (ACA Ch. 3 No. 18/2008).

Clause 5 sets out the amount of Community Care Subsidy payable under section 47-1 of the Act for in respect of a community care recipient in respect of a day.

Subclause 5(a) states the amount of the basic subsidy

Subclause 5(b) provides for an additional daily amount of community care subsidy to be paid to an approved provider of community care who provides community care to a care recipient who resides in rural and remote locations, provided that location has an Accessibility / Remoteness Index of Australia (ARIA) score of 3.52 or more.

Under the ARIA, each suburb and town in Australia is allocated an ARIA score based on its accessibility and remoteness. ARIA scores for all Australian locations are contained in the document entitled *Viability Funding — ARIA scores for locations as at 30 July 1999*, published by the Commonwealth Department of Health and Ageing. The Department will verify the location of a care recipient by reference to the postcode of the suburb or town in which the care recipient resides.

The more remote the community care recipient's residential location, the higher the ARIA score for that location and the higher the amount of additional community care subsidy payable to the approved provider in respect of that care recipient. This approach reflects the higher costs involved in operating community care aged services in rural and remote areas, including the higher costs associated with attracting and retaining staff.

If the ARIA score for a community care recipient's residential location is less than 3.52 no additional daily amount of community care subsidy is payable in respect of the care recipient and the amount of community care subsidy payable in respect of the care recipient is \$35.41 (as specified in Step 2).

However, where the ARIA score for a community care recipient's residential location is 3.52 or more, the table in Step 1 (and the Determination) sets out the additional daily amount that is payable in respect of that care recipient. The additional daily amount set out in the table in Step 1 is added to the basic daily amount of community care subsidy, which the Determination specifies is \$35.41.

Approved providers who are eligible to receive an additional amount of community care subsidy in respect of a community care recipient will receive the additional amount of subsidy through Medicare Australia's payment systems.

### **Consultation**

As the indexation of the subsidy uses well established formula based on the Consumer Price Index and Wage Cost Index 9, and is in accordance with policy upon which extensive consultation was undertaken, no specific consultation was undertaken with respect to this instrument.

Information about the increase in the amount of the subsidy will be disseminated via print and electronic media to approved providers.