

## EXPLANATORY STATEMENT

Issued by the authority of the Minister for Mental Health and Ageing

*Aged Care Act 1997*

*Classification Amendment Principles 2012*

The *Aged Care Act 1997* (the Act) provides for the funding of aged care services. Part 2.4 of the Act is about the classification of care recipients. Care recipients who are approved under Part 2.3 of the Act for residential care are classified according to the level of care they need.

Section 96-1 of the Act allows the Minister to make Principles providing for various matters required or permitted by a Part or section of the Act. Among the Principles made under section 96-1 are the *Classification Principles 1997* (the Classification Principles).

Persons who are approved under the Act to provide residential aged care services (approved providers) can be eligible to receive funding in respect of the care they provide to approved care recipients.

A care recipient's classification affects the amount of funding payable to an approved provider for providing care to the care recipient. The Classification Principles deal with a number of aspects of the classification of care recipients. Specifically, Schedules 1 and 2 of the Classification Principles outline the scores and thresholds used to classify the care needs of the care recipient. Funding amounts paid to providers for each care recipient are then determined based on these scores.

The purpose of the *Classification Amendment Principles 2012* (the Classification Amendment Principles) is to implement changes to Schedule 1 of the Classification Principles, which details the scores for question ratings. Specifically, it seeks to revise the scores for question 3 (personal hygiene) listed in Part 1 - activities of daily living domain; and revise the matrix at Part 3 - complex health care domain.

The changes will commence on 1 December 2012. However, these arrangements do not apply to classifications that were in effect prior to 1 July 2012.

### **Consultation**

On 20 April 2012, as part of the *Living Longer Living Better* aged care reform package the Government announced it would moderate growth in the ACFI. These changes followed significant increases to residential care subsidies (\$2.3 billion over four years) being estimated as required during the 2011-12 financial year.

The Department of Health and Ageing consulted closely with the sector through the ACFI Monitoring Group between December 2011 and March 2012. The Department also consulted in detail with aged care provider and consumer representatives between April 2012 and June 2012. The Department has also established an ongoing monitoring group comprising representatives of providers, consumers and clinicians. This will help to ensure that the changes work as intended.

### **Regulation impact statement (RIS)**

The Office of Best Practice Regulation has advised that no Regulation Impact Statement is required (RIS ID 14482).

### **Further details**

Further details on the Classification Amendment Principles are in the [Attachment](#).

This instrument commences on 1 December 2012.

The Classification Amendment Principles are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

**Details of the *Classification Amendment Principles 2012***

**Clause 1 – Name of Principles**

Clause 1 states that the name of the Amending Principles is the *Classification Amendment Principles 2012* (the Classification Amendment Principles).

**Clause 2 - Commencement**

Clause 2 states that the Principles will commence on 1 December 2012.

**Clause 3 – Amendment of the *Classification Principles 1997***

Clause 3 states that Schedule 1 amends the *Classification Principles 1997*.

**Clause 4 – Application of *Classification Principles 1997* as amended by these Principles**

Clause 4 outlines the application of the Classification Principles as amended by the Classification Amendment Principles. In essence, clause 4 means that the new scores and thresholds will apply in the future to:

- Classifications of care recipients who entered care after 1 July 2012;
- Renewals of classifications for care recipients whose classifications expire on or after 1 July 2012;
- Renewals of classifications for care recipients whose reappraisals were done on the initiative of the approved provider and were received by the Secretary on or after 1 July 2012;
- Changes in classification on or after 1 July 2012 where the previous classification was incorrect or inaccurate.

The application of the Classification Amendment Principles is not retrospective as it applies to those classifications done after 1 December 2012 onwards. It therefore does not take effect before the date on which it will be registered, for the purposes of subsection 12(2) of the *Legislative Instruments Act 2003*.

**Clause 5 - Application of *Classification Principles 1997* as in force immediately before commencement.**

Clause 5 outlines the application of Classification Principles immediately before commencement. In essence, clause 5 provides that the amendments will not apply to:

- Classifications of care recipients who entered care before 1 July 2012;

- Renewals of classifications for care recipients whose classifications expire before 1 July 2012;
- Renewals of classifications for care recipients whose reappraisals were done on the initiative of the approved provider and were received by the Secretary before 1 July 2012;
- Any changes in classification before 1 July 2012 carried out on the basis that the previous classification was incorrect or inaccurate.

## **Schedule 1 Amendments**

### **Item 1**

Item 1 substitutes a new Schedule 1 to the Classification Principles. This Schedule provides the Scores for question ratings for the purposes of section 9.3B of the Classification Principles (Procedure for determining classification level – non-respite care).

The Scores for Question 3 (Personal hygiene) have been revised. These Scores will go towards determining the level for the Activities of Daily Living.

The Complex Health Care score for residents who score a D in question 11 (Medication) and an A in question 12 (Complex health care) has also been reduced.

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

### ***Classification Amendment Principles 2012***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview of the Legislative Instrument**

The purpose of the *Classification Amendment Principles 2012* is to implement changes to Schedule 1 of the *Classification Principles 1997*, which details the scores for question ratings. Specifically, it seeks to revise the scores for question 3 (personal hygiene) listed in Part 1 - activities of daily living domain; and revise the matrix at Part 3 - complex health care domain. These scores are used to determine the classification of care recipients under the Aged Care Funding Instrument based on their assessed care needs. Aged care providers are funded based on the classification of care recipients using this instrument.

### **Human Rights Implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

**Mark Butler**  
**Minister for Mental Health and Ageing**