

Linking care funding to care minutes delivery in residential aged care

Department of Health, Disability and Aged Care



The policy problem and preferred policy approach

- The Royal Commission into Aged Care Quality and Safety Final Report (Royal Commission) found that staffing levels in residential aged care were inadequate to support quality care to older people, and recommended that government adopt minimum care time requirements to ensure consistent and adequate staffing across all aged care homes.
- In October 2023, the Australian Government introduced mandatory care minutes requirements and substantially increased funding to aged care providers (providers) to fund them to increase their staffing to meet these requirements.
- As of quarter 2 2024-25 only **37.4%** of aged care homes met both their total care minutes and registered nurse targets.
- This means that Government funding for care is not being used as intended and most aged care residents are not receiving the amount of care considered necessary by the Royal Commission to meet their personal and clinical care needs.
- To address this problem the Government will link funding to care minute compliance for homes operating in metropolitan areas and increase care minute reporting assurance requirements (option 3 in the Impact Analysis).



Impact Analysis

Impacts

- The percentage of aged care homes that meet their total care minutes targets is expected to be **9 percentage points** higher under the preferred option than without policy change. This means more older people will live in aged care homes that have staffing levels that are adequate to meet their personal and clinical care needs.
- Government is expected to directly save **\$221 million** over 4-years from 2024-25 through reduced funding to the sector where care minutes are not delivered.
- Overall linking care funding to care minutes with additional assurance arrangements is expected to deliver a net benefit of **\$12,716.2 million** over 4-years.

Who is impacted

| Individuals | Businesses | Community organisations |
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| Aged care residents are expected to receive an additional 264.6 million care minutes between 2024-25 and 2027-28. | For-profit providers will incur additional auditing/reporting costs of around \$1.78 million per year (in total across all for-profit providers). | Not-for-profit (NFP) providers will incur additional auditing/reporting costs of around \$3.16 million per year (in total across all NFP providers). Average costs per provider are expected to be the same across for-profit and NFP providers. The higher total costs for NFP providers are because there are more of them. |



Other considerations and implementation

The other policy options considered were to keep the status quo and to link funding without additional assurance which would result in a lower net benefit than the preferred policy response. Linking care funding to care minutes without assurance would risk some providers misreporting, rather than increasing their care minutes.

The preferred policy will be implemented from October 2025 jointly by the Department of Health, Disability and Ageing and Services Australia with ongoing engagement with sector stakeholders.