

Most Australian aged care homes are falling short of minimum care standards

June 28 2024, by Michael Woods and Nicole Sutton

Proportion of homes meeting their service-level care minute targets

Q4 2023, after the targets were mandated

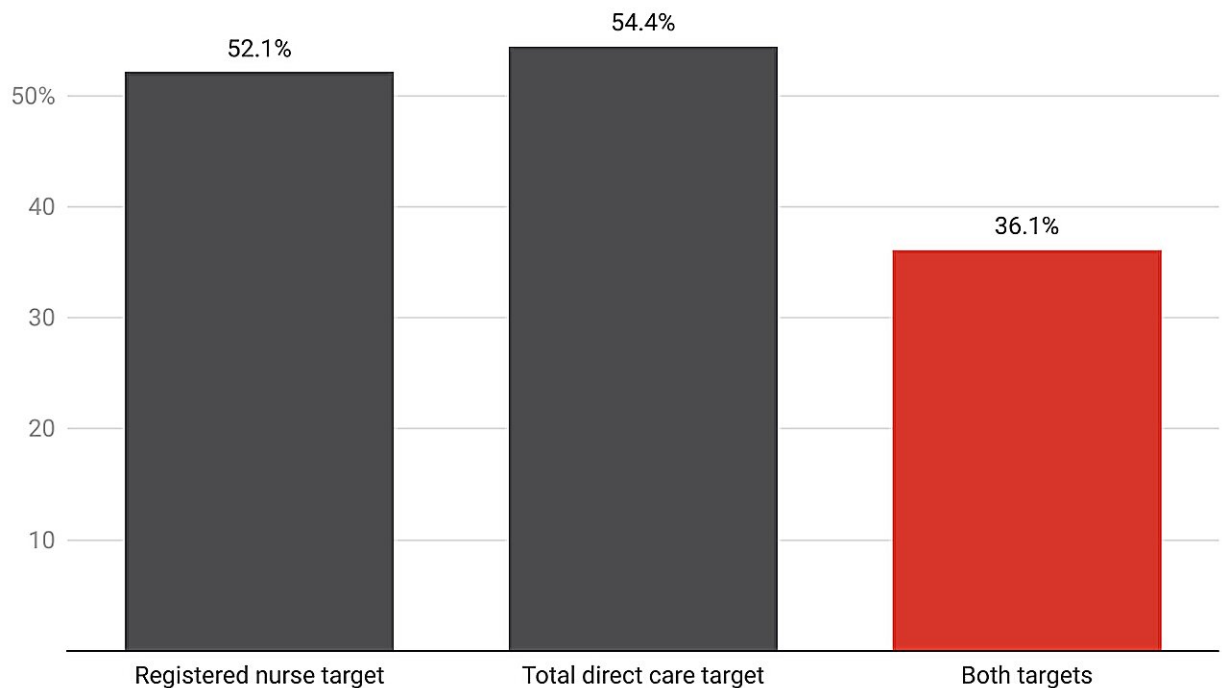


Chart: The Conversation • Source: UTS Ageing Research Collaborative (UARC) • Created with Datawrapper

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New [analysis](#) has revealed many Australian aged care residents are not

receiving the levels of care they need and are entitled to.

The [UTS Aging Research Collaborative](#), which we are involved in, recently released its 2023–24 mid-year report on [Australia's aged care sector](#).

A particular focus of this edition was on the level of direct care being delivered in aged care homes by nurses and personal care workers to residents. In sharing this analysis, we acknowledge there is a well-documented shortage of workers across the economy, with the unemployment rate at a [near-historical low](#). And even given these workforce pressures, many aged care providers are delivering very high levels of care.

But a significant number are not. Nearly two-thirds of aged care homes are failing to meet mandated levels of direct care. And yet taxpayers have paid millions of dollars to providers to deliver that care. Some providers are making large surpluses as a result.

New standards for direct care

In response to the findings of the [Royal Commission into Aged Care Quality and Safety](#), the federal government committed to setting minimum standards for the level of direct care time that residents were to receive. In 2022, all providers were given a year to raise their level of staffing to reach these standards and were funded to do so.

These [standards](#) require a sector-wide average of 200 minutes of direct care per person per day (from registered and enrolled nurses and personal care workers). And 40 minutes of this care has to be delivered by a [registered nurse](#). The minimum level each resident should receive varies above or below that 200 minutes depending on their assessed needs.

These standards became mandatory on [October 1 2023](#). For the first three months after the targets were mandated, only half of all providers met or exceeded either of their care targets (the total direct care minutes or the registered nurse target). Only 36% met both.

This was a small increase from the previous quarter, but some providers still fell well short.

Proportion of homes meeting their service-level care minute targets over time

As a proportion of all aged care homes

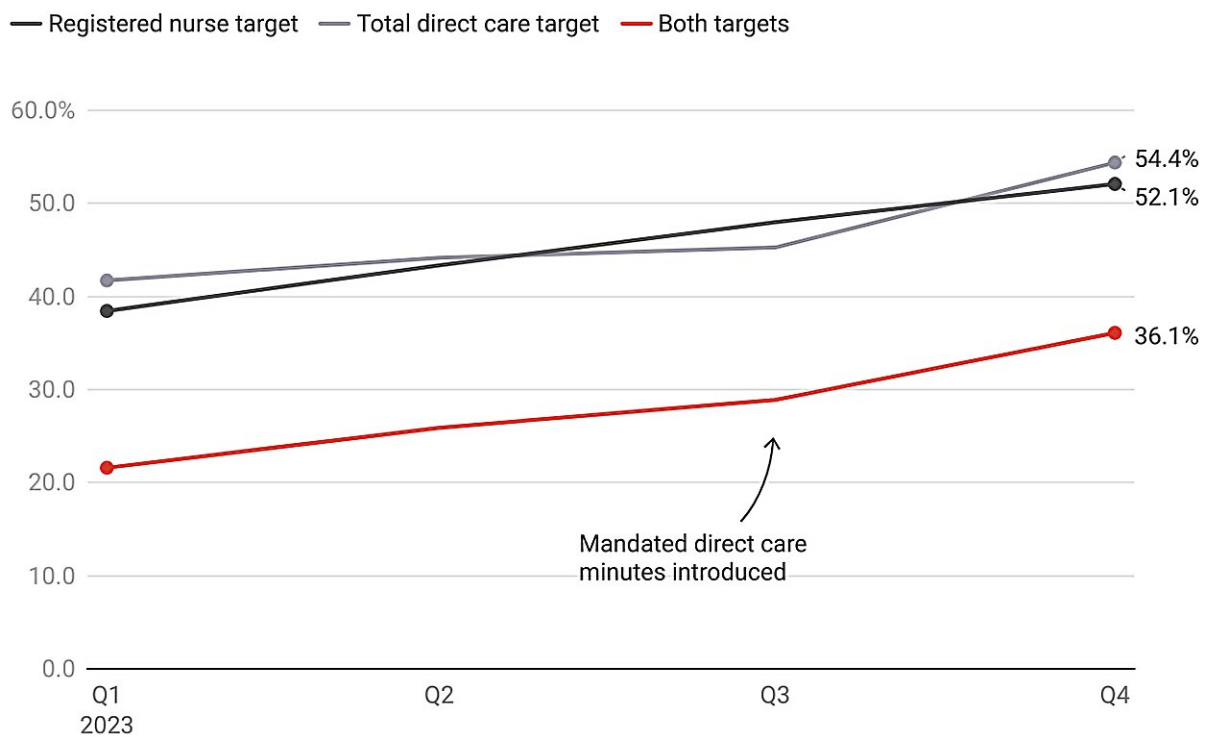


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Funding the costs of care

Residential aged care is funded for three main activities:

- direct care such as nursing and personal care, including bathing, dressing, toileting and personal grooming (almost wholly funded by taxpayers)
- everyday living services such as food, laundry and cleaning (paid mainly by residents and capped at [85% of the single age pension](#))
- accommodation (paid by the government for those of limited means and self-funded by those with higher incomes and wealth).

On the advice of the [Independent Health and Aged Care Pricing Authority](#), the government has increased the direct care funding for each resident living in an aged care home. The assumption is the home will spend that money to employ enough staff to meet its care level targets.

The report shows the difference between each aged care home's average funding for direct care and its expenditure on that activity. Comparing the mid-year results for the past three years, in 2021 and 2022 homes produced, on average, a small surplus where revenue was slightly greater than wages and other expenses. This situation, where funding is just above costs, is the intended result of the new pricing reforms.

Average direct care result of residential aged care homes

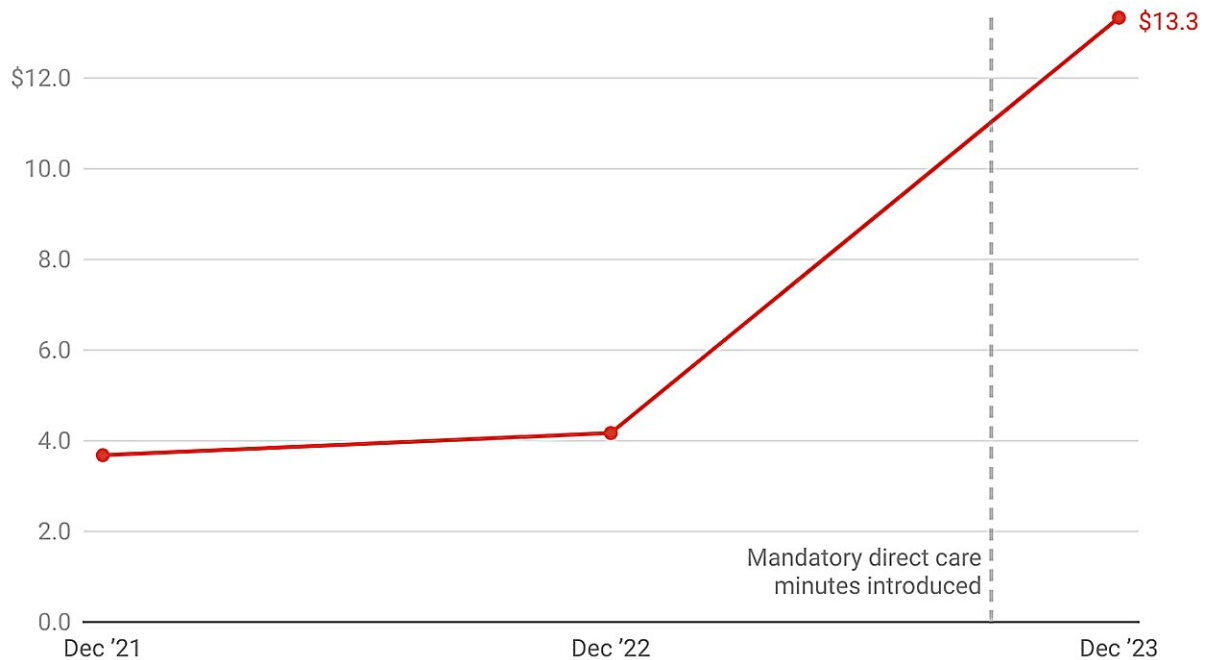


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But things have changed for the most recent period. The government has significantly increased funding to meet the costs of staffing to achieve the mandatory care levels. It has also increased funding in light of the pay rises to direct care staff, primarily nurses and personal care workers, which was decided by the [Fair Work Commission](#).

This taxpayer funding has been provided to each home regardless of whether they are employing the required number of staff.

Because of the failure of some providers to meet their mandated targets to December 2023, the sector, on average, generated a significant direct care surplus of more than A\$13 per resident per day. Some providers

have been using the money to cross-subsidize losses they incur for their everyday living services and accommodation.

Which homes are not meeting their targets?

We found homes that were not delivering their mandatory care minutes were, on average, achieving significant financial benefits from their direct care activities. Homes that had staffing care levels well above their required number were making a loss from their direct care.

Further, the homes that were not delivering their mandatory care minutes were more often in metropolitan and larger regional centers. They were also more likely to be operated by for-profit providers.

In essence, while we acknowledge the tight labor market and the effort many homes are making to meet or exceed their mandatory requirements, a large number of residents are not receiving the care they need. This also means taxpayers are [funding](#) direct care that is not being delivered.

With the minimum sector average level of direct care [due to rise](#) to 215 minutes per resident per day on October 1 this year (and registered nurse care to rise to 44 minutes), this situation may get even worse.

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