Australian Government

Department of Human Services

Child Support Agency

Medicare Australia

**Submission in response to**

**the Productivity Commission's Draft Report**
**Caring For Older Australians**

**from the Human Services Portfolio**

**21 March 2011**

## 1. Introduction

The Human Services Portfolio thanks the Productivity Commission for the opportunity to make a submission in response to its draft report, Caring For Older Australians (the Commission's Draft Report).

*Submission in response to the Commission's Draft Report*

The purpose of this submission is:

- to provide information on the Human Services Portfolio's expertise and capabilities;
- to explain how the draft recommendations of the Report, if implemented, would directly affect the existing operations of Human Services Portfolio; and
- by way of background, to explain the current role of the Human Services Portfolio in relation to delivering payments and services to older Australians.

*Human Services Portfolio*

The Human Services Portfolio brings together service delivery agencies, including Medicare Australia, Centrelink and the Department of Human Services. It delivers services to a customer base equal to the entire Australian population, including all older Australians. The Human Services Portfolio has infrastructure investment throughout Australia, including regional Australia. This infrastructure enables the delivery of services to older Australians such as payments for aged care services, assets and income testing for aged care services, information and advice across numerous programs, the Medicare Program, the Pharmaceutical Benefits Program, and the Age Pension.

The Human Services Portfolio's responsibility that is most relevant to the Commission's Draft Report is managing payments to approved aged care providers across a range of residential, community and flexible aged care programs. There are 4,770 aged care services which are managed by approximately 1,400 approved aged care providers receiving Australian Government aged care subsidy payments from Medicare Australia. In the year ended 30 June 2010, Medicare Australia processed more than 55,000 claims totalling $8.1 billion.

Since becoming responsible for the aged care payments function in 2005, Medicare Australia has responded to changing government priorities and program reforms. It has implemented payment system changes for two new aged care programs (Transition Care and Extended Aged Care at Home - Dementia), several major program changes (Aged Care Funding Instrument, Accommodation Charge and pension reforms) and rolled out online lodgement for residential and community care providers and Aged Care Assessment Teams.

The Human Services Portfolio manages:

- relationships with aged care providers and aged care recipients;
- a national network of access points (telephone, internet and over 500 shop fronts);

- advanced technology and data management skills (eg electronic payments systems); and
- brands that are trusted by members of the public and organisations, such as Medicare Australia and Centrelink.

## 2. The Human Services Portfolio's expertise and capabilities

If required, the Human Services Portfolio has expertise and capabilities that could be used to assist in achieving the objectives of the Commission's Draft Report in at least seven ways.

### 2.1 Efficient delivery of aged care payments

Medicare Australia's responsibilities include the processing and payment of subsidies for Community Aged Care Packages (CACP), Extended Aged Care At Home (EACH), Extended Aged Care At Home – Dementia (EACH-D), residential aged care and transition care. Medicare Australia does not currently process and pay subsidies for programs such as Home and Community Care (HACC), Multi Purpose Services or Innovative Care Services.

The Human Services Portfolio notes that the Commission's Draft Report recommends a model of care and support which offers a flexible range of services that meet older people's individual needs using a building block approach (basic support, personal care, specialised care and carer support).

The Productivity Commission would already be aware that Medicare Australia:

- has a competency in making aged care payments, in particular its efficient on-line claiming systems;
- already is the largest provider of aged care payment services in Australia;
- has existing relationships with care providers, and relevant data history;
- already delivers payments in accordance with building block rules based systems (eg the Aged Care Funding Instrument for residential care);
- has the ability to implement new rules based systems. For example, Medicare Australia administered the change in payments from the Residential Classification Scale to the Aged Care Funding Instrument in 2008; and
- may be able to offer multi-service aged care providers the ability to manage claims through one on-line portal, improving efficiency.

### 2.2 Administration of new financial products

The Human Services Portfolio notes that the Commission's Draft Report recommends the creation of two new financial products, an Australian Government backed age care equity release scheme (draft recommendation 7.1) and an Australian Pensioners Bond (draft recommendation 6.6).

The Productivity Commission may already be aware that the Human Services Portfolio has:

- relevant identifying data about the care provider, the care recipient and the service being provided;
- the relevant financial data about how much the service is costing and who is paying;
- payment relationships (mostly by efficient electronic processes) with care providers;

- experience delivering a similar program, namely the Pension Loans Scheme;
- experience is delivering financial clearing house solutions. Medicare Australia administers the Small Business Superannuation Clearing House. Employers can register online, enabling superannuation contribution payments to be made in one transaction. The service is fast, free to business and efficient; and
- brands such as Medicare Australia and Centrelink that are trusted by the Australian public. Care recipients may feel safer knowing that the administration of financial assets and liabilities associated with their home (or a cash sum resulting from the sale thereof) will be administered by a well respected and trusted organisation.

### 2.3 The Human Services Portfolio distribution network

There appears to be an opportunity to deliver more integrated and efficient services to older Australians. The Human Services Portfolio's national network, which includes call centres, internet access and over 500 shop fronts, could be used for this purpose. This network is currently used to provide:

- access and information to a range of Government payments and services to all Australians, including the Age Pension, the Medicare program and the Pharmaceutical Benefits Scheme;
- convenient services at times of major change and emergency;
- accessible services to people from diverse cultural and linguistic backgrounds;
- information regarding services to members of the public, including older Australians. For example, Medicare Australia shop fronts are currently used for information on health topics such as immunization, dementia, mobility, prescriptions, and hearing assessments.

Using this network may be a sensible and cost-effective re-use of existing Government infrastructure.

### 2.4 Information clearing house

The Human Services Portfolio notes that the Commission's Draft Report proposes that the new Australian Aged Care Regulation Commission should maintain the national aged care information base (draft recommendation 12.1).

If required, the Human Services Portfolio could assist as it:

- manages a large existing repository of aged care data (it includes care providers, care recipients, services provided, funding details etc);
- has experience in developing and managing administrative and transactional data stores. For example, Medicare Australia develops a large volume of management, health, welfare and operational information products. Medicare Australia provides projection, estimation, sampling techniques and other statistical services to internal and external clients on most programs and initiatives administered by Medicare Australia;

- has experience in distributing statistics to the public in a timely manner. For example, Medicare Australia provides extensive data on its website (http://www.medicareaustralia.gov.au/about/stats/index.jsp) through the use of dynamic web page technology. These health-related statistics play a valuable role in assisting health professionals, researchers and journalists as well as the general public. Access to Medicare Australia statistics on the website is freely available to everyone and has proved to be popular, with approximately 50,000 hits per month. Users of the system can customise both the content and the format of their reports. The online charting facility allows trends in data to be easily identified and if necessary, further analysed by downloading into a spreadsheet. Additionally, more complex reports can be requested from Medicare Australia. Note that as aged care data currently sits on Department of Health and Ageing systems, Medicare Australia is therefore not able to provide aged care data to the public; and
- has experience in managing sensitive health care data, including compliance with privacy legislation and the process of de-identifying data.

### 2.5 Interpreter services

The Human Services Portfolio notes that the Commission's Draft Report proposes that the new Australian Aged Care Regulation Commission should take into account costs associated with catering for diversity, including ongoing and comprehensive interpreter services (draft recommendation 9.2).

The Human Services Portfolio has a national register of over 2,900 professional contract interpreters covering over 220 languages. During the year ended 30 June 2010, Centrelink provided:

- 60 customer service centres with sessional interpreters where there is a high demand for interpreting services in a particular language;
- at least 700 bilingual employees (this includes only staff who received Centrelink's Community Language Allowance);
- 60,623 on-site interpreter appointments;
- 98,480 phone interpreter appointments. This is in addition to the services provided by Centrelink's multilingual call centre; and
- 4,760 translations of customers' personal documents needed to process their Centrelink claims.

### 2.6 Expansion of courses

The Human Services Portfolio notes that the Commission's Draft Report proposes improved entitlements for carer education and training (draft recommendation 11.1) and the promotion of skill development through an expansion of courses for aged care workers (draft recommendation 11.3).

Medicare Australia currently delivers the Aged Care Eduction and Training Incentive Program. This program provides incentives of up to $5,000 to aged care workers who undertake further studies. Medicare Australia's role is to receive and assess applications, undertake any follow up with the applicant as required and make relevant payments.

## 2.7 Embracing technological advances

The Human Services Portfolio notes that the Commission’s Draft Report proposes that the Australian Aged Care Regulation Commission should explore the case for embracing technological advances in receiving and transmitting information from and to providers. This could be facilitated by imposing a requirement that all providers submit key reports electronically (draft recommendation 12.6).

Medicare Australia has significant experience in delivering on-line infrastructure. It has electronic channels with approved providers that could be leveraged to avoid duplication and therefore deliver better value for money to Government. Medicare Australia's channels are secure with all data protected through Public Key Infrastructure or the use of Medicare Australia's aged care online claiming website. Both options provide high level security systems for the transmission of electronic data.

## 3. <u>Impact of the recommendations on the Human Services Portfolio</u>

The Human Services Portfolio would need to assess the impacts of implementing the draft recommendations using existing infrastructure. However, two scenarios would require the accelerated updating of older infrastructure such as the Department of Health and Ageing's claims processing systems which Medicare Australia uses to make payments to care providers:

- implementation of any of draft recommendations 6.1, 6.2, 6.9 or 8.2, each of which would require significant systems changes; or
- the sum of a number of draft recommendations, including 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.10, 8.3 and 14.1, which combined would require significant systems changes.

In these two scenarios, investment may need to be made to develop a contemporary claims processing system solution that:

- is more scaleable and can assist in delivering the large scale changes recommended in the Commission's Draft Report;
- provides improved software and staff support;
- provides improved functionality, including real time processing to support better on-line claiming;
- has a more flexible rules engine software; and
- is more integrated with Medicare Australia's existing information assets.

### 3.1 Comments on draft recommendations

*Draft recommendation 6.1 and 6.2*

The Commission's Draft Report recommends separate subsidies (costs paid by the Australian Government) and co-contributions (costs paid by the care recipient) should exist for the major cost components of aged care, namely care, everyday living expenses and accommodation. This would allow prices to better reflect underlying costs, enable better targeting of subsidies to those in need and overcome inconsistencies and inequities between different forms of care.

As a result of this recommendation, Medicare Australia would need to create new rules across two systems (SPARC and CACP/MERLIN), particularly for CACP, EACH, EACH-D and flexible care, in order to determine the correct payments. Medicare Australia would need to invest in new infrastructure to deal with the proposed changes. Note that Medicare Australia has change experience, having implemented major payments system changes to accommodate the Aged Care Funding Instrument, income testing and accommodation charge reforms in 2008. This recommendation is similar to the Aged Care Funding Instrument change as it too unpacks the different cost components of care.

*Draft recommendation 6.9*

The Commission's Draft Report recommends that a comprehensive means test should be applied in determining care recipients' co-contributions for approved care services across community and residential care. This will facilitate greater

consistency in co-contributions across community and residential care and ensure that people with the same wealth are treated equally.

The impact of this recommendation in terms of the changes required to supporting infrastructure would be quite high, with:

- Medicare potentially having to significantly expand its rules based system to pick up this assessing requirement; and
- Centrelink likely to have an increase in the volume of requests for income and assets tests for aged care.

### 3.2 Further comments on draft recommendations

*Draft recommendation 6.3*

The Commission's Draft Report recommends that restrictions on the number of community care packages and residential bed licences should be removed over a five year period. Bed licences are issued by the Department of Health and Ageing and are needed to operate a residential bed. Payments to approved aged care providers made by Medicare Australia are currently limited to the number of places approved by the Department of Health and Ageing. Removing the restriction on the number of approved places removes an important system control (matching places per facility to the number of payments made per facility). Medicare Australia may need to review the controls in place in order to manage program risk. The Commission may wish to provide further guidance as to how this could be achieved.

*Draft recommendation 6.4*

The Commission's Draft Report recommends regulatory restrictions on accommodation payments for residential care. Accommodation payments are the equivalent of rent, mortgage payments and related expenses such as home maintenance and take three forms: either as a periodic payment (accommodation charge), a lump sum (an interest free loan to a provider known as a bond) or a combination of both. The Draft Report recommends removing the bond retention amount (a $307.50 monthly fee taken from the bond amount) and the cap on accommodation charges (currently capped at $28.72 per day).

Medicare Australia's current role is to set the accommodation charge, but has no role in the negotiation and payment of bonds between the care provider and the care recipient. If Medicare Australia was required to administer the new rules, it would need to implement new system rules to determine the amount of the accommodation payment.

*Draft recommendation 6.5*

The Commission's Draft Report recommends that providers should continue making a proportion of their residential accommodation available to supported residents (those with lower assets), with this obligation to be tradeable between providers.

This recommendation indicates the need for a register of supported resident obligations by provider. Consideration may need to be given to the establishment of a register that is user friendly for providers, and flexible enough to allow for possible future policy changes.

*Draft recommendation 6.6*

The Commission's Draft Report recommends establishing an Australian Pensioners Bond scheme that should allow age pensioners to purchase a bond from the Australian Government on the sale of their primary residence. Assisting older Australians to draw on their housing wealth means they could contribute more to the cost of their care.

Centrelink would need to update its assessment rules to ensure the Australian Pensioners Bond is not included in the age pension assets and income tests. Note that the current assessment rules exclude the family home from the assets calculations for aged care under some circumstances.

*Draft recommendation 6.7*

The Commission's Draft Report recommends that the Australian Government's contribution for the approved basic standard of residential care accommodation for supported residents should be set on a regional basis where there are significant regional cost variations. This will ensure that prices better reflect underlying costs.

Medicare Australia currently determines and pays residential care providers the Australian Government's accommodation contribution for supported residents. To implement this recommendation Medicare Australia would need to create new system rules reflect the regional variations of these contributions.

*Draft recommendation 6.8*

The Commission's Draft Report recommends that the regulatory restrictions on additional services ('hotel like' services) should be removed and that the extra service category of licence should be abolished. Extra services are a residential licence category that provides higher quality services to residents for higher fees. This change should ensure that any recipient wanting additional everyday living services can purchase them.

Over time Medicare Australia would need to remove the existing extra service funding rules.

*Draft recommendation 6.10*

The Commission's Draft Report recommends that a lifetime stop-loss limit should be applied to care recipients' co-contributions towards the cost of Government subsidised care. Once the limit has been reached, no further co-contributions would be required from the care recipient. This should protect individuals from very high out-of-pocket costs of care.

Medicare Australia would need to create new system rules to reflect the stop-loss limit and would need to collect co-contributions data from aged care services that it does not make payments for (eg HACC, MPS etc) in order to apply this rule. If Medicare Australia was responsible for making a broader range of payments for Government subsidised aged care, then the care recipient co-contribution payments may be known.

*Draft recommendation 8.3*

The Commission's Draft Report recommends that residential and community care providers should receive appropriate case mix payments for delivering palliative and end-of-life care. These services are essential to
secure a more continuous care system.

Additional funding for palliative and end-of-life care would require Medicare Australia to implement new system rules to support these payments.

*Draft recommendation 14.1*

The Commission's Draft Report recommends that the Australian Government should grandfather current users of care services, including those in residential aged care facilities, and relevant financial arrangements of some of the providers of aged care services. This provides protection to existing aged care consumers and providers from disruptive change.

Grandfathering existing rules means increased complexity for both providers and Medicare Australia, with multiple sets of rules running in parallel in order to determine payments. Whilst adding administrative complexity to the system, Medicare Australia could manage this impact as it currently operates multiple sets of grandfathered rules dating back to 1997. Note that the costs of maintenance increase with each new layer of business rules. These costs are incurred by both Government and providers, who are increasing relying on business management systems to run their operations.

## 4. Background

The Human Services Portfolio currently delivers a wide range of services to older Australians, including:

- aged care payments processing;
- income and assets testing for aged care;
- the Age Pension;
- the Medicare program;
- the Pharmaceutical Benefits Scheme;
- Department of Veteran's Affairs claims processing;
- the National Bowel Cancer Screening Program;
- the Continence Aids Payment Scheme;
- the Aged Care Education and Training Incentive;
- the Commonwealth Seniors Health Card;
- the Financial Information Service; and
- The Pension Loans Scheme.

Medicare Australia manages payments to approved aged care providers across a range of residential, community and flexible aged care programs. Medicare Australia has made significant investments in infrastructure in order to provide timely and accurate payments with a focus on service and administrative efficiency. Customer research indicates that 95 per cent of aged care providers are highly satisfied with the service offered by Medicare Australia.

Medicare Australia's responsibilities include the processing and payment of:

- residential aged care subsidy and associated supplements;
- residential respite subsidy and associated supplements;
- Community Aged Care Packages (CACP) subsidy and associated supplements; and
- flexible aged care subsidies:
    - Extended Aged Care at Home (EACH) subsidy and associated supplements;
    - Extended Aged Care at Home – Dementia (EACH-D) subsidy and associated supplements; and
    - Transition care subsidy.

Medicare Australia does not currently process and pay subsidies for services such as Home and Community Care (HACC), Multi Purpose Services or Innovative Care Services. However, Medicare Australia's infrastructure would have the capacity to support the making of these payments with additional investment in information systems.

Medicare Australia also:

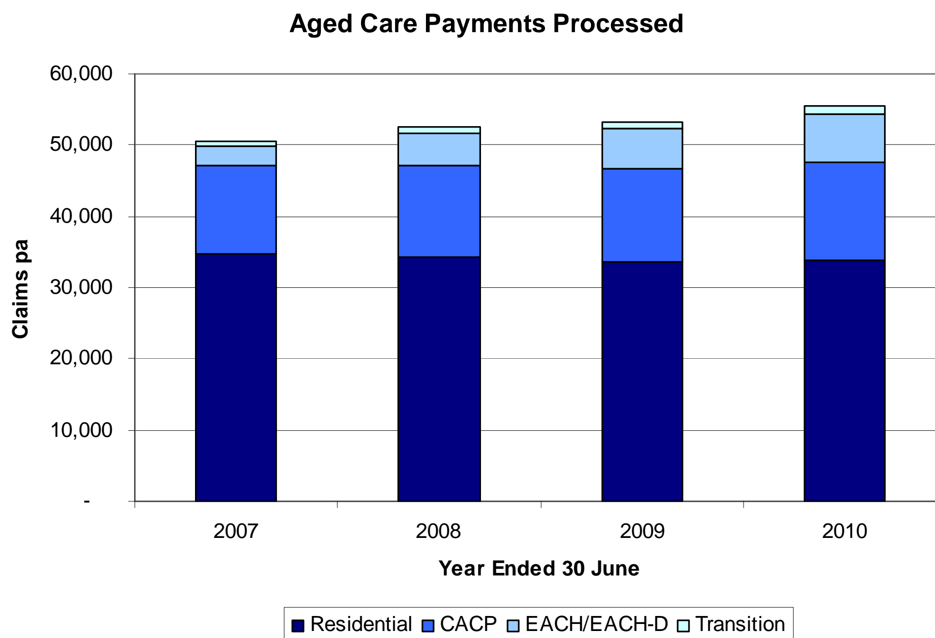
- processes the assessments undertaken by the Aged Care Assessment Teams of older Australians that are approved for Australian Government funded aged care services (known as Aged Care Client Records);
- records nominees of care recipients in residential care; and
- provides and multi channel online gateway and electronic newsletter to the aged care sector.

These payments are made on behalf of the Department of Health and Ageing and the Department of Veteran Affairs. This responsibility was transferred from the Department of Health and Ageing to Medicare Australia in 2005 and continues to operate under a Business Practice Agreement.

Medicare Australia is funded by the Department of Health and Ageing for this function rather than through a direct appropriation. Medicare Australia has achieved savings and efficiencies through the take-up of online claiming.

In delivering aged care payments, Medicare Australia is governed by the *Aged Care Act 1997* and the *Aged Care Principles 19*97, which comprise over 900 pages of complex legislation.

There are around 4,770 aged care services which are managed by approximately 1,400 approved aged care providers receiving government aged care subsidy payments from Medicare Australia. In the year ended 30 June 2010, Medicare Australia processed more than 55,000 claims totalling $8.1 billion. Claim volume has grown on average by 3.1 per cent per annum over the past three years.




Claim volume has varied over the past three years:

- Residential care claim volume has fallen 1 per cent per annum as the number of facilities declines (note that total number of beds have increased as the size of facilities has increased);

- CACP claim volume has grown 4 per cent per annum in line with growth in demand for aged care services;
- EACH and EACH-D claim volume has grown 34 per cent per annum as the Australian Government has rapidly expanded funding for this service; and
- Transition care claim volume has increased 21 per cent per annum from a low base.

*Infrastructure to deliver services*

Medicare Australia's infrastructure to deliver aged care payments consists of:

- the Department of Health and Ageing's claims processing systems;
- Medicare Australia's information systems for on-line claiming;
- experienced staff with knowledge of the current legislation and complex payment rules (The *Aged Care Act 1997* and supporting legal instruments determine what aged care services are subsidised and the rates of subsidy. The formulas for determining subsidies are complex for residential care, but simpler for non-residential care services. Medicare Australia understands these algorithms and manages rule based systems that accurately deliver payments in accordance with the algorithms);
- existing relationships with stakeholders, including aged care providers; and
- operating processes.

The claims processing systems reside on the Department of Health and Ageing's mainframe environment but are maintained and operated by Medicare Australia. These systems incorporate the business rules in line with the regulatory requirements and:

- calculate the subsidies and supplements payable directly to providers;
- determine co-contribution payments (what the care recipient pays); and
- include full grand-parenting provisions.

The claims processing systems are becoming increasingly difficult to support because the systems are based on older technologies that are expensive to maintain. There are inherent risks in continuing to meet future policy needs which are based on payment flexibility. Government investment may be required to develop a solution that delivers:

- a more scaleable solution to assist in delivering the large scale changes recommended in the Commission's Draft Report;
- increased availability of skilled resources to work on a more contemporary system;
- improved functionality, including real time processing;
- a more flexible rules engine software; and
- a solution that is more integrated with Medicare Australia's existing information assets.

Medicare Australia has approximately 85 staff delivering the aged care payment service, of which 50 are processing claims lodged via the manual and online channels (down from 85). Medicare Australia's staff have skills in:

- efficiently managing the aged care payments process;
- improving the payment process through technology;
- managing stakeholders;
- adapting to change. Since becoming responsible for the aged care payments function in 2005, Medicare Australia has implemented two new aged care programs (Transition Care and Extended Aged Care at Home - Dementia), several major program changes (Aged Care Funding Instrument, Accommodation Charge and pension reforms) and rolled out online lodgement for residential and community care providers and Aged Care Assessment Teams; and
- legislative interpretation and implementation, with an in-depth understanding of the relevant legislation.

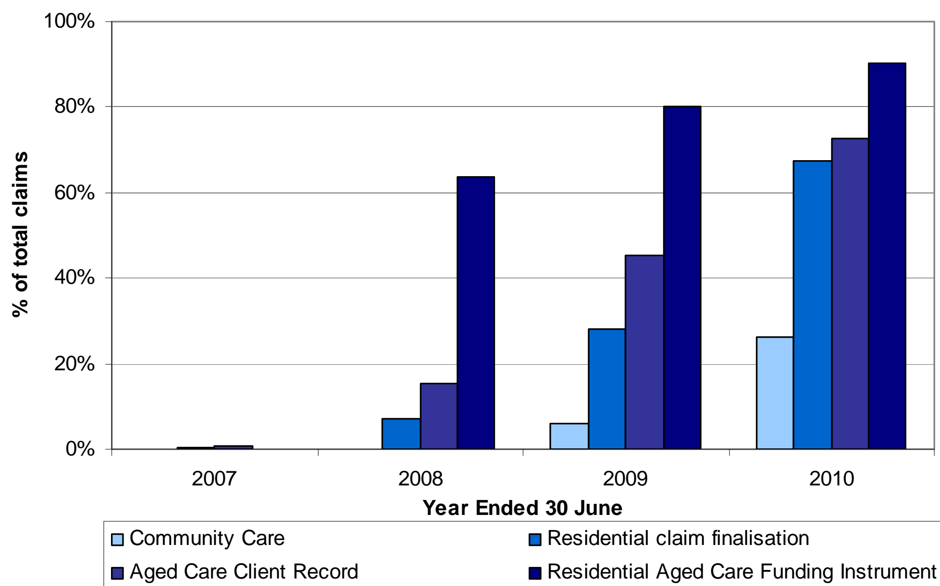
*On-line claiming*

Since 2006, Medicare Australia has invested to develop and implement a secure online claiming solution which provides accuracy and efficiency benefits to the Australian Government and the aged care sector. The service allows aged care providers to lodge, view and finalise residential and community care claims. Specifically providers can:

- check on the processing status of transmitted web forms;
- view current or historical claim details;
- view or download the current and historical payment statements;
- search and view care recipient information through a care recipient profile;
- lodge, update and delete web forms; and
- view Aged Care Client Records.

Medicare Australia encourages aged care providers to use the full range of electronic claiming events to finalise a monthly claim. However, a barrier to further take up is some providers not completely eliminating paper from their business model and in their dealings with Medicare Australia. For example, a residential aged care provider may only lodge Aged Care Funding Instrument events electronically and rely on paper based records to lodge other events such as admission details and the finalisation of the monthly claim.

Medicare Australia has grown on-line claiming and information lodgement exponentially over the past three years.




Medicare Australia is committed to increasing take-up and has made improvements to its on-line claiming systems as a result of customer feedback.

Medicare Australia recognises the final missing component to the aged care online system is flexible care (EACH, EACH-D and transition care, as defined under the legislation). The full potential of take-up will not be realised until flexible care is included as part of the online system. Medicare Australia has the infrastructure and experience, including existing on-line relationships with providers, to rapidly deploy an online system for flexible care. This could occur with a relatively modest investment.

Aged care providers are able to transmit claim related data through three different channels:

- the business to business channel allows aged care services and assessment teams to interact with Medicare Australia using integrated software developed by a software vendor. This channel transmits one event at a time for processing (an 'event' is a business activity that has occurred in an aged care service, for example a care recipient entering care). Software vendors integrate the information and tools provided by Medicare Australia into their own solution for the signing and transmission of the electronic data. Services using this channel need to use software that has been approved for use by Medicare Australia;

- the file upload channel allows aged care services to create a file using integrated software developed by a software vendor. The file is then transmitted electronically by authorised staff through the aged care online claiming website. Each file transmitted by the service may contain up to 50 events. Services using the file upload channel will need to use software that has been approved for use by Medicare Australia. Services need to have access to the aged care online claiming website in order to transmit electronic data and check the processing status of the data; or

- the web forms channel allows aged care services to enter selected aged care information directly into a web form and transmit this information electronically to Medicare Australia. Services using this channel do not need to have specially developed software.

Medicare Australia's on-line claiming is secure as all data is protected through:

- Public Key Infrastructure, which is a set of procedures and technology that provides security and confidentiality for electronic business; or

- the on-line claiming website, which uses authenticated access control and passwords.

Both options provide high level security systems for the transmission of electronic data.

*Assurance*

Medicare Australia manages an assurance framework that ensures statutory obligations are being met and that the program performance is sound. The framework includes:

- a program risk management plan;
- program integrity controls including testing daily occupancy rates based on the number of approved places;
- annual compliance reviews of residential aged care facilities testing the payments for claims made;
- internal audit reviews;
- an independent program integrity review;
- an audit of annual financial statements by the Australian National Audit Office; and
- an annual customer satisfaction research.

**4.1 Income and assets testing for aged care**

Centrelink conducts income and assets testing for Centrelink customers and self funded retirees entering aged care. This allows accommodation costs and additional income tested fees to be calculated. In the year ended 30 June 2010, Centrelink performed approximately 45,000 assets assessments and 56,000 income assessments.

Income testing is performed after admission advice has been received by Centrelink from Medicare Australia. Income testing generally occurs automatically for Centrelink customers using information held on its systems. Centrelink has specialist systems and a team of eight staff who manage this process. Income assessment results are provided to Medicare Australia to enable income tested fees to be calculated.

Assets testing is usually performed before a care recipient enters care. Centrelink has specialist systems and a team who process assets assessments. Many assessments require follow up action, including obtaining more information from the customer or a property valuation by the Australian

Valuation Office. When assessments are completed, a results letter is sent to the applicant to inform them of their assessed assets. If the recipient enters residential low care, the result enables them to negotiate an accommodation bond amount with their aged care provider. If the recipient enters residential high care, Medicare Australia calculates the maximum amount of the accommodation charge and any subsidy payable to the provider.

### 4.2 Age Pension

The Age Pension is a safety net for older Australians who are not able to fully provide for themselves in retirement. Centrelink pays the Age Pension to approximately 2.2 million older Australians, comprising 57 million transactions worth $31.8 billion.

A person receiving the Age Pension may qualify for other services such as:

- a Pensioner Concession Card, which entitles the holder to reduced cost medicines under the Pharmaceutical Benefits Scheme;
- a Pension Supplement, which is paid to pensioners to help meet the costs of daily household and living expenses (eg utility bills); and
- Rent Assistance and Remote Area Allowance.

### 4.3 Medicare Program

The Medicare program ensures that all Australians have access to free or low cost medical, optometric and hospital care. Medicare Australia administers Medicare program enrolments and benefits payments to medical, hospital and allied health providers through its network of Medicare office and on-line claiming solutions.

In the year ended 30 June 2010, Medicare Australia processed 308 million services worth more than $15 billion.

### 4.4 Pharmaceutical Benefits Scheme

The Pharmaceutical Benefits Scheme subsidises the cost of listed prescription medicine, making them more affordable for all Australians. Around 80 per cent of prescriptions dispensed in Australia are subsidised. Medicare Australia:

- processes pharmacists' claims;
- administers safety net arrangements;
- approves authority prescriptions;
- approves pharmacists (and certain doctors) to supply PBS medicines;
- approves private hospitals (and participating public hospitals) to supply medicines to eligible patients; and
- administers various payments under the Fifth Community Pharmacy Agreement between the Australian Government and the Pharmacy Guild of Australia.

In the year ended 30 June 2010, Medicare Australia processed 198 million services worth $8.3 billion.

### 4.5 Department of Veteran's Affairs claims processing

Medicare Australia processes claims on behalf of the Department of Veterans' Affairs. It assesses claims and makes payments to medical, hospital and allied health providers (including Community Nursing) who treat eligible veterans, their spouses and dependants.

In the year ended 30 June 2010, Medicare Australia produced 61,329 Veterans' Affairs cards and processed 21.7 million services worth $2.1 billion.

### 4.6 National Bowel Cancer Screening Program

The National Bowel Cancer Screening Program aims to reduce the morbidity and mortality associated with bowel cancer. Medicare Australia administers the National Bowel Cancer Screening Register which issues invitations to participate in the Program, records participant's details, issues reminder letters and operates a program information line.

During the year ended 30 June 2010, Medicare Australia sent invitations to 515,593 eligible people to participate in the program.

### 4.7 Continence Aids Payment Scheme

The Continence Aids Payment Scheme provides a payment to assist eligible people who have permanent and severe incontinence to meet some of the costs of purchasing continence products. The payment is made by Medicare Australia directly to the client's nominated bank account.

Since 1 July 2010 Medicare Australia has processed 104,373 payments for 84,930 customers totalling $39 million.

### 4.8 Aged Care Education and Training Incentive Program

Medicare Australia delivers the Aged Care Eduction and Training Incentive Program. The program provides incentives of up to $5,000 to aged care workers who undertake further studies to enhance their career as a personal care worker, an enrolled nurse or a registered nurse within the aged care sector. This program works towards promoting skill development for aged care workers and provides financial assistance of out-of-pocket expenses for workers to undertake such education.

### 4.9 Commonwealth Seniors Health Card

The Commonwealth Seniors Health Card is available to self funded retirees to help with the cost of prescription medicines and other health services. Holders of the card are also entitled to the Seniors Supplement, which is paid to help meet the costs of daily household and living expenses. There are currently 276,000 Commonwealth Seniors Health Card holders.

### 4.10 Financial Information Service

Centrelink's Financial Information Service provides information to assist people in making sound financial decisions for their retirement. This includes

accommodation options and costs for residential aged care. In the year ended 30 June 2010, the Financial Information Service conducted approximately 90,000 interviews, fielded 132,000 phone enquiries, conducted seminars for 83,000 participants and participated in 3,200 outreach activities.

### 4.11 Pension Loans Scheme

This scheme enables older Australians who only receive a part pension, or who cannot get a pension because either their income or assets are over the limits (but not both), to access capital tied up in their assets. The Pension Loans Scheme is a voluntary arrangement. Any amount paid is a loan which must be secured against real estate in Australia owned by the customer. Interest is calculated on outstanding debts. The loan must be repaid if the person dies or the secured property is sold. There were 710 Pensioner Loan Scheme loans outstanding as at 30 June 2010.