

13 December 2024

Department of Health and Aged Care
Canberra
ACT 2601
Email: StarRatings@Health.gov.au

Department of Health and Aged Care - Design Changes to Star Ratings Feedback

National Seniors Australia (NSA) welcomes the opportunity to provide feedback to the Department of Health and Aged Care on proposed design changes to Star Ratings. NSA is the leading advocacy organisation for older Australians. Through our research and advocacy activities, NSA defends, protects and promotes the interests of older Australians, including self-funded retirees, pensioners, part-pensioners, veterans, and carers.

Providing high-quality aged care is essential for ensuring that older Australians can live dignified, safe, and meaningful lives. Older Australians, their families and loved ones require clear and simple guidance when selecting a residential care home. The star rating system was developed in response to the findings of the Royal Commission, which recommended creating a transparent system of ratings to support older Australians and their families make informed comparisons of the quality and safety of aged care services and providers¹.

Star ratings are just one tool to give people confidence they will receive safe, high-quality services that adapt to their changing needs, ensuring their safety and security. Star ratings do not replace regulatory oversight, an aged care home should be providing adequate quality of care to be considered by prospective residents, their family or carers.

The Star Rating system should operate to distil complex information about the performance of aged care homes in a way that is intelligible to older people and their families. This system must be easy to navigate and straightforward. Ultimately, star ratings should operate in such a way that encourages aged care homes to undertake continuous improvement in the delivery of services to meet residents' care needs.

¹ [Aged Care Commission Final Report, Recommendation 24.](#)

Unfortunately, the current Star Rating system does not fully meet the standards that NSA believes are necessary for older Australians and their families when selecting aged care services, nor is it operating optimally to encourage quality and safety improvement.

For older Australians and their families to make informed decisions, the information provided by the star rating system must be reliable, allowing proper assessment. This includes holding a residential care home accountable for failures to deliver service quality and safety.

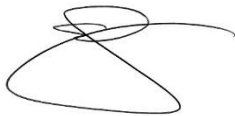
Our submission makes the following key recommendations to improve the Star Ratings system:

- Integrate provider-level impacts in the star ratings
- Ensure identified compliance failures are visible on the MyAgedCare website and included in the formulation of the Compliance rating so that any failures are visible to star rating users while these remain
- Cap the Staffing rating at 2 stars when not meeting care minute targets
- Include the 24/7 registered nurse requirement into calculation of the Staffing rating
- Apply a decimal approach to the overall star rating (e.g. 2.2, 4.6) rather than half stars.

Substantive feedback on each of these recommendations is provided at the end of this submission.

We thank you for the opportunity to provide this feedback and welcome any further opportunities to do so in the future.

Yours Sincerely

A handwritten signature in black ink, appearing to be 'Chris Grice', with a stylized, looping flourish at the end.

Chris Grice

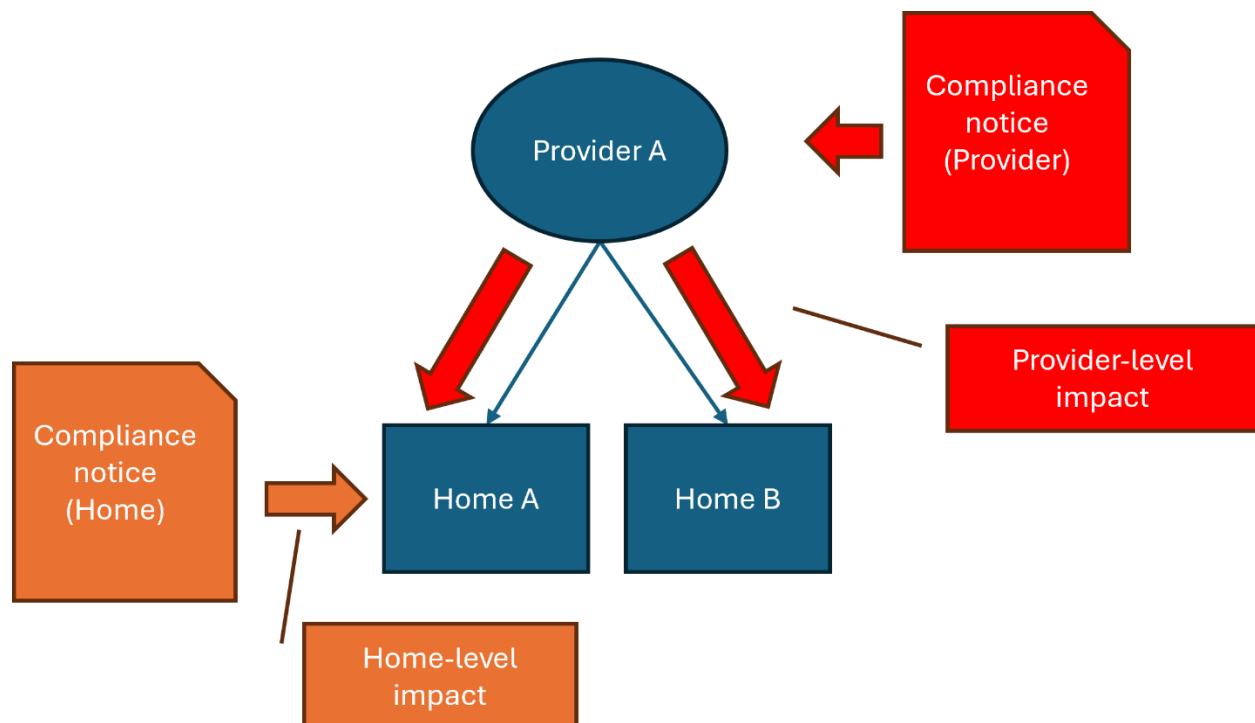
Chief Executive Officer

Provider-Level Attribution

1. Does the inclusion of provider-level impacts on the compliance rating appropriately signal the quality of care delivered at an individual aged care home?

While the term 'provider-level impact' is not clearly defined in the consultation paper, we understand this to be where a systemic compliance issue is identified as relating to a provider which runs several residential aged care homes. As opposed to the current system, where compliance is determined at the level of the separate home. To enable consumer understanding of provider level impacts, it would have been beneficial if examples of the types of non-compliance subject to provider-level notices were set out in the consultation paper.

Fig 1: Diagram of home-level and provider-level compliance notice impacts



Our position is that provider-level impacts should be included in the star ratings. Systems, management, and oversight are important functions, and non-compliance at the level of the provider in the quality and safety of homes operating under a provider is highly relevant. As such, provider-level impacts should be disclosed to potential consumers and be public-facing to encourage compliance and continuous improvement.

The significance of systems thinking is crucial for enhancing care quality and resident outcomes, while also enhancing regulation, accountability, and financial stability. The inclusion of provider-level impacts on the compliance rating assists in understanding the quality of care delivered at an individual aged care home.

NSA supports including provider-level impacts in the compliance ratings as this will more accurately reflect the quality of the systems used to provide care within a home. This approach holds providers accountable for continuous improvement of individual homes and aligns with the Aged Care Act 2024 S146, which requires registered providers to demonstrate both the capability and commitment to continuous improvement to deliver high-quality care.²

2. How will provider level impacts on the Compliance rating affect the ability of older people and their responsibilities to compare aged care homes?

NSA advocates for transparency and accountability as critical to the efficient and effective operation of the aged care system. This transparency allows older Australians to better grasp of the overall quality of an aged care home, enabling them to choose residential care homes operating at the highest level, sending signals to providers to improve their systems and processes.

3. Would provider-level impacts on the compliance rating impact providers' behaviour or operations business decisions?

NSA firmly believes the inclusion of provider-level impacts on compliance ratings will significantly influence providers' behaviour and operational decisions. These will act as a motivational factor for improvements, encouraging providers to put in place systems that improve performance. Consequently, organisations will implement necessary changes to enhance their operations and achieve more effective overall functioning in their continuous improvement because failure to do so will result in consumers choosing to go elsewhere. However, we note that in thin markets, where choice is limited, this impact will be limited.

² [Aged Care Bill 2024, S146](#).

Compliance Rating

The current Compliance ratings for aged care homes are based on whether the facility has received a formal regulatory notice from the Aged Care Quality and Safety Commission (ACQSC). These notices should be issued when an aged care home is found to be providing unsafe or low-quality care.

NSA is particularly concerned that the star rating system is being undermined because the Compliance rating does adequately reflect the existence of compliance failures. This results in misleading information being provided to consumers.

Currently, the Compliance rating is only updated if a formal regulatory compliance notice has been issued to a home - *“Star ratings show if an aged care home has had any formal regulatory notices”*³. If a formal regulatory notice is not issued, then the star rating is not impacted.

Over the past two years there has been a marked decline in the number of non-compliance determinations leading to formal notices. An analysis of the Aged Care Quality Standards Non-Compliance Log for residential care, summarised in the graph below shows, for each determination of non-compliance in 2022/23 there were over 0.8 formal notices. But for the most recent information available, in 2024/25 so far this was only 0.15. Despite 88 determinations of non-compliance among residential care providers, only 13 notices have been issued in this financial year.

Each of these were a direction to review plans for continuous improvement, which limits the compliance rating to a maximum of 3 stars. Not a single Notice to Remedy (a maximum of 2-star compliance rating) has been issued to a residential care provider thus far in 2024/25, according to the log. This is despite three of the providers breaching 7 of the 8 quality standards.

The ACQSC Annual Report 2023-24⁴ says the decline is due to “early remediation efforts”, so that “where a provider moves quickly and voluntarily to fix a problem in an effective, sustainable way, there is no need for a formal regulatory power to be used”; however, it is unclear if the implications for consumer disclosure through MyAgedCare and the star ratings system was considered as part of this changed regulatory strategy.

This lack of transparency leaves prospective residents unaware of these issues, which diminishes the incentive on providers to improve the quality of care both before and after it is found by the ACQSC.

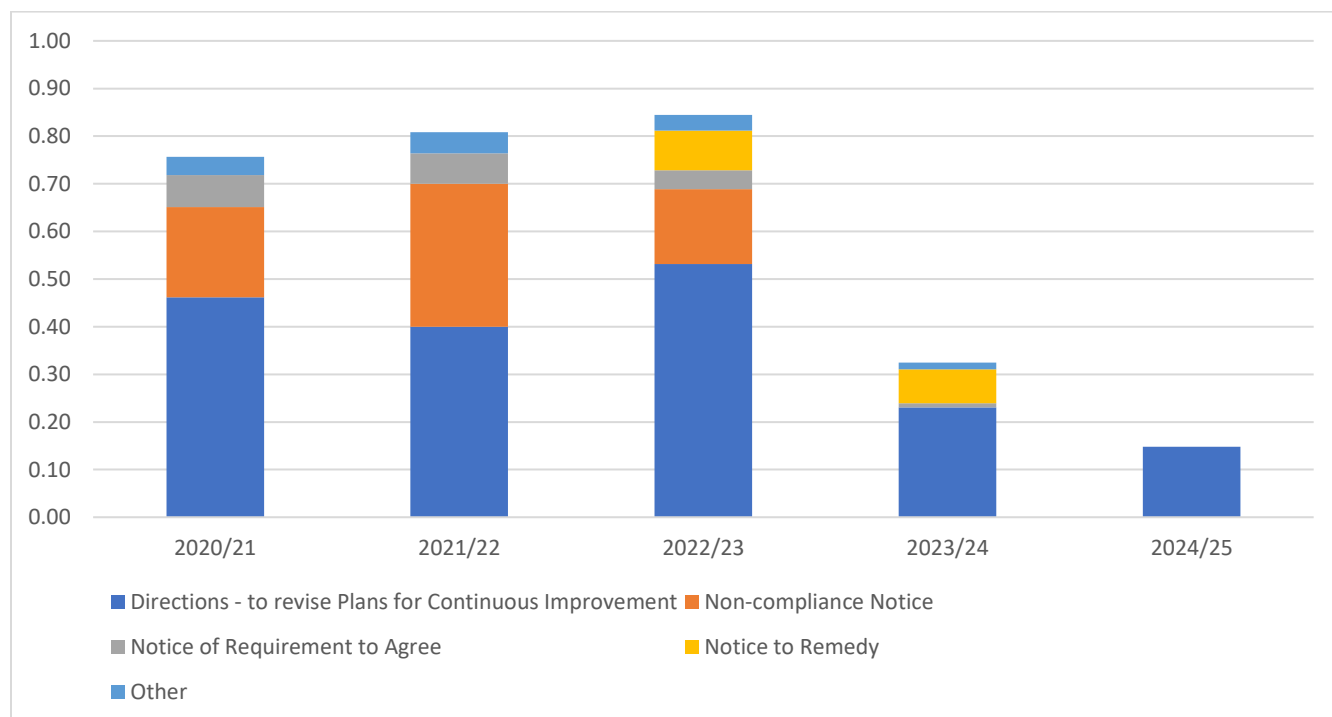
As an example of the potential consumer impact of not issuing a notice, we draw attention to residential service with ACQSC ID 4302. We use the ID here because our aim is not to concentrate on the services of

³ [Design Changes for Star Ratings Consultation Paper](#).

⁴ [ACQSC Annual-Report 2023-24](#)

specific providers, but to highlight how the ACQSC identifies significant non-compliance that is not reported on MyAgedCare or reflected in the star ratings.

Fig 2. Formal regulatory notices as proportion of residential care non-compliance



(Analysis of Aged Care Quality Standards Non-Compliance Log^{5, 6, 7, 8, 9.})

On 1 November 2023 a ACQSC Performance Report found the home was non-compliant with all eight quality standards. However, no formal regulatory notice was issued regarding this non-compliance, which means there is no indication of the issues reflected on MyAgedCare or in its star rating.

Despite this, the home has a 5-star “Excellent” compliance rating, and MyAgedCare states: “The service has had no compliance issues for the last 3 years.” Based solely on the performance report, this statement is misleading. The home has a perfect score for each of the quality standards and there is no

⁵ [Aged Care Quality Standards Non-Compliance Decision log July 2024 – October 2024](#)

⁶ [Aged Care Quality Standards Non-Compliance Decision July 2023-June 2024](#)

⁷ [Aged Care Quality Standards Non-Compliance Decision July 2022-2023](#)

⁸ [Aged Care Quality Standards Non-Compliance Decision July 2021 – June 2022](#)

⁹ [Aged Care Quality Standards Non-Compliance Decision July 2020 – June 2021](#)

mention of "non-current compliance notices" for any non-compliance in the compliance ratings history on MyAgedCare.

On 12 September 2024 a Performance Report found the home compliant with all quality standards. However, during the intervening period, consumers using MyAgedCare would have been unaware of the existing non-compliance issues.

Aspects of the non-compliance go directly to the care of residents and is information that should be available to potential residents and their families. For instance, for three days, the service had no heating and as a result, some residents were subject to restrictive practices; even when a representative requested a blanket, none was provided. The report also found that the call bell system had been "ineffective" since June 2021 and that management was "unaware consumers waited up to 40 minutes for staff to respond to their call bells."

Many of the consultation questions from the paper (questions 4, 5, 6, 9, 10, 11) ask if MyAgedCare should be updated when there is a compliance issue. For instance, question 4 asks if a home should still have an 'exceeding' grade where it has received a formal regulatory notice; question 10 asks if a regulatory notice is issued by the System Governor, should it impact the compliance rating as a regulatory notice issued by the Commission?

Our answer to these questions is an emphatic, yes. Where the Department or the ACQSC is aware of compliance issues relating to an aged care home, this information should be included in MyAgedCare and should impact the star rating, so the public is informed and providers are encouraged to improve.

While we understand the approach of the ACQSC in giving providers a chance to quickly rectify non-compliance issues, there is a question about whether consumers have a right to know these issues exist and what threshold and timeframe is used when determining not to issue a notice that would reduce the Compliance rating. That is something that should be considered in the review of the star ratings system.

For example, we are opposed to the suggestion that homes should keep a previously issued exceeding grade when there is a formal regulatory notice in place. The existence of a formal regulatory notice implies the exceeding grade is no longer deserved. Once the issue is resolved then the rating should reflect the changed status of the home.

We are supportive of regulatory notices being issued by the System Governor being published alongside the compliance rating while the home is rectifying the issue. All notices should be included on MyAgedCare, along with the performance reports to ensure adequate transparency.

Staffing Rating

4. Where an aged care home does not meet both care minute targets, would capping its staffing rating at 2 stars (improvement needed) appropriately signal the level of care delivered at the aged care home?

We support capping the Staffing rating at 2 stars (improvement needed) to appropriately signal the level of care delivered at the aged care home where an aged care home does not meet the care minute targets.

Older people in residential aged care homes should be confident they will receive safe, high-quality care and services that meet their needs. The mandated care minutes imposed by regulation is compulsory for an important reason - older Australians need access to an appropriately qualified health professional when they need it, not when it is convenient for the provider.

5. Should the 24/7 registered nurse requirement be incorporated into the Staffing rating design?

The 24/7 registered nurse (RN) requirement was introduced in response to recommendation 86¹⁰ of the Royal Commission into Aged Care Quality and Safety. As such, we strongly believe this should be incorporated into the staffing rating. This recommendation ensures qualified and experienced care staff are available to identify and address potential risks. This clinical standard of care improves resident safety, gives residents better access to clinical care, and prevents unnecessary trips to the hospital emergency room.

Failing to meet this important and mandatory requirement should be clearly reflected in the star ratings so the issue is brought to the attention of potential residents and encourages improvement by providers.

Including the requirement to have a 24/7 registered nurse is critical to the further development of a comprehensive, transparent, and patient centric Staffing rating.

6. Should the Star Ratings design change to include half stars?

While half stars would be a welcome improvement, we recommend going further and aligning with what consumers expect when using comparison websites. Instead of half stars, the rating should be made up of decimal stars (for instance: 1.2, 3.5, 4.9). This is the system used by Amazon and Google Maps, and many other mainstream comparison sites.

¹⁰ [Royal Commission Aged Care Quality and Safety Final Report](#)

An advantage of this system would be increased granularity of the rating, which overcomes some of the rounding issues in the current star ratings system, compounded by the low weighting currently given to staffing and quality. This would both align with consumer expectations and make the star ratings system more responsive without having to change the underlying reporting requirements.

For example, Table 1 below compares how the different level of stars impacts a provider with a 4-star rating across the board who then receives a formal notice which caps their compliance rating to 3-stars:

Table 1: Comparison of star rating rounding impacts

Rating area (weighting)	Pre-notice	Post-notice, whole stars (current system)	Post-notice, half-stars	Post-notice, decimal stars
Overall	4	4*	3.5*	3.7
Compliance (30%)	4	3	3	3
Quality (15%)	4	4	4	4
Residents (33%)	4	4	4	4
Staffing (22%)	4	4	4	4

* Both of these ratings are calculated as 3.7 based on the weightings. Per the Star Ratings Provider Manual¹¹, "A score of 3.50-4.49 results in an Overall Star Rating of 4 stars". Based on the consultation paper, a score of 3.25 - <3.75 will be rounded to 3.5.

¹¹ [Star Ratings Provider Manual | Australian Government Department of Health and Aged Care](#)