Australian Government
Department of Health and Aged Care

Home Care Packages Program Assurance

Review No 4 – Excluded Items Summary Report

September 2024

Contents

This public summary report is based on the findings and observations of the Home Care Packages Program Assurance Review of Excluded Items – Review No 4.

No commercial-in-confidence or personal information is included.

Executive summary

The Home Care Packages (HCP) Program supports older people in Australia with complex needs to live independently in their own homes and access affordable and coordinated care and services.

As at 31 March 2024, there were 900 providers[1] delivering care services to 284,429 older people in Australia. In the 2023-2024 financial year, $7.7 billion of funding[2] was allocated to the HCP Program. Demand for home care remains high and is expected to continue.

HCP Program Assurance Reviews use evidence to confirm HCP Program subsidies (referred to in this report as HCP Program funds) are being used for the purposes provided[3]. The reviews are underpinned by Part 6.8 of the Aged Care Act 1997 (the Act).

The Review of Excluded Items (the Review) sets out to answer two questions:

1. were providers spending HCP Program funds on 'excluded' (not allowed) care and services and, if so, how widespread was this practice? and
2. if HCP Program funds were being spent on exclusions, why was this happening?

Why was this Review undertaken?

There is the potential for HCP Program funds to be misused. The HCP Program is not an income support program and cannot be used for general income expenses. Care and services already funded or jointly funded through other government programs cannot be funded through the HCP Program.

The previous HCP Program Assurance Reviews, *Indirect and Care Management Charges*, *Unspent Funds (Commonwealth Portion)* and *Pricing Transparency on My Aged Care*, revealed use of HCP Program funds on potentially excluded items. Based on ongoing queries to the Department of Health and Aged Care (the department), understanding of the guidance about exclusions remains an area of confusion for some providers.

In January 2023, the department issued an updated HCP Program Operational Manual (the Manual) for providers with clearer guidance4 on program inclusions /

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[1] Home Care Packages Program Data Report (gen-agedcaredata.gov.au)

[2] On average, around 83% of package funds are utilised according to page 18 of https://www.stewartbrown.com.au/images/documents/StewartBrown_-_Aged_Care_Financial_Performance_Survey_Report_December_2023.pdf

[3] Under section 95BA-1, the Secretary of the Department of Health and Aged Care may conduct assurance reviews for the purposes of a) assuring arrangements for the delivery and administration of home care are effective and efficient; and b) informing development of home care policy and education of approved providers in relation to home care services. A Framework articulating risks and benefits to be expected from such reviews and Annual Plan guide review activities.

[4] To support providers to meet their legislative requirements, the department has published various guidance materials including the HCP Program Operational Manual (the Manual) and supporting Home Care Packages Program Inclusions and Exclusions – Frequently Asked Questions (FAQs) for Providers – version 1. A full list of resources is available at the end of this report.

exclusions. This Review examined monthly statements for April to June 2023. This allowed sufficient time for providers to implement the updated guidance. However, the Review found some confusion remains despite these recent changes.

The analysis of whether care and services were excluded was based on legislative requirements detailed in the Act, Quality of Care Principles 20145 and the Manual.

How was the Review conducted?

The design and conduct of the Review followed the process of the international quality management standards (ISO9001:2015), where applicable.

A total of 103 providers[6] participated in the Review, comprising three government providers (who participated on a voluntary basis) and 100 non-government providers (corporations who were legally bound to participate).

The Review was conducted in two phases to minimise the impact on selected providers:

- Phase 1: Issuing notices, submission and analysis of monthly statements and initial clarifications sought from providers on unclear items in monthly statements.
- Phase 2: Requesting further evidence from providers, where required, to clarify submitted and missing information and reasons why excluded items were purchased.

The reviewed providers were required to provide monthly statements[7] for 1,824 care recipients selected by the Review team for the months of April to June 2023. This totalled 5,472 monthly statements analysed.

To ensure procedural fairness, all participating providers received a draft provider report setting out the rationale and evidence for the draft findings and were invited to confirm their agreement to the findings and required actions via a management response. Providers' management responses were considered when finalising provider reports where appropriate.

This public summary report contains aggregated information and is intended to raise sector and public awareness and enable continual improvement. A public webinar is planned to follow the public release of the report, as part of the department's commitment to stakeholder engagement[8].

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[5] It is important to note that while the department used the legislative underpinnings to examine the incidence and reasons for excluded items in the samples of monthly statements it reviewed, the department's purpose is to assure proper use of program funding, rather than regulatory compliance. Providers' regulatory compliance, for example with the Quality of Care Principles, remains the function of the Aged Care Quality and Safety Commission. The department shares information with the Commission as appropriate.

[6] Under the *Aged Care Act 1997* (the Act), providers that are corporations (non-government providers) are legally bound to participate in the assurance reviews while participation by government operated providers is voluntary.

[7] Providers are required by law (Section 21B of the *User Rights Principles 2014*) to provide monthly statements to care recipients.

[8] https://www.health.gov.au/sites/default/files/stakeholder-engagement-framework.pdf

What did the Review find?

Question 1: Was there expenditure on excluded items? If so, how widespread was it?

A total of 377 excluded items[9] were identified. They relate to 160 care recipients and represent 9% of the sample of 1,824 care recipients. The total value of the funds spent on excluded items was $124,465.72. This represents approximately 1.2% of HCP funds for the sampled care recipients in the three-month review period.

Sixty-two (62) of the 103 reviewed providers (60%) had spent HCP Program funds on one or more excluded items. The amount varied from under $10 to nearly $10,000 per excluded item. Sixty-five percent (65%) of the providers (40 out of 62) had four or less excluded items; and 15% had 10 or more excluded items.

The excluded items identified included food and water, phones and tablets, landscaping, major home maintenance or modifications, medications and household appliances. Further details are contained in the What did the Review find? section of this report.

While the amount of expenditure the Review found on excluded items may seem modest, it is important to consider this finding is based on a small sample. The 1,824 care recipients represent less than 1% (0.7%) of the total number of care recipients receiving a Home Care Package (258,374 as at June 2023).

To put this in context, the 1,824 care recipients in the Review sample had a total expenditure on excluded items of $124,466. This equates to an average of $68.24 per care recipient, over the three-month period covered by the Review. When calculated across all HCP care recipients in Australia, the total value is around $17.6 million over 3 months, or around $70.5 million a year. In other words, around $70.5 million per annum could be 'leaking' from the HCP Program.

Further details are contained in the What did the Review find? section of this report.

[9] For the purpose of this review each excluded item was listed as an individual line item in the monthly statements.

Question 2: Why was there expenditure on excluded items?

Based on the Review's findings, according to providers[10] the key reasons for expenditure of HCP Program funds on excluded items were due to providers':

- misunderstanding or misinterpreting of the Quality of Care Principles or Program guidance materials (52.0% of providers)
- lack of staff knowledge or staff errors (20.7%)
- receiving pressure from care recipients or their representatives to spend funds on excluded items (13.5%)
- lack of sound administrative processes (3.7%).

Further details are contained in the What did the Review find? section of this report.

Providers are responsible for ensuring their decisions are consistent with program requirements, justifiable (based on evidence and needs) and well documented. In conducting the Review, the Review team attempted to 'walk in the shoes of providers' to better understand providers' experience and perspectives.

The Review team found the majority of the guidance on exclusions/inclusions is clear, but further clarity is needed in some areas including:

- definitions of some inclusions, such as light gardening, minor home maintenance, social support; and
- guidance on when family members can provide care or social support for care recipients from a Culturally and Linguistically Diverse (CALD) or Aboriginal and Torres Strait Islander background.

The lack of clear guidance in these areas and the need for provider interpretation is contributing to the purchase of some excluded items. This can also inhibit providers from confidently saying 'no' to care recipients and/or their representatives particularly where they threaten changing to a provider who is willing to support such expenses.

However, the Review also found in some cases, despite clear and long-standing guidance, providers were still permitting purchases of clearly excluded items. For example, items clearly identified as cost of living expenses and therefore excluded, were still being purchased by providers.

In addition, the Review also identified a number of incidental findings which do not relate to excluded items but were relevant to the HCP Program's proper use of funds. The most significant of these related to monthly statements that were unclear and lacked the required level of itemisation. It is an important issue as the monthly statements support choice and transparency for care recipients. Eighty-four of 103 providers (82%) had this finding.

Overall, the Review found the majority of providers are adhering to program guidance, and most of the excluded item expenditure was due to misunderstanding of program requirements or staff errors. However, given this Review found 62

[10] If no clear reasons were given by providers, the reasons were inferred by the Review team based on available information.

providers (60%) of varying size and experience had one or more excluded items it is critical that providers remain vigilant and do not approve funding for excluded items.

Even a small proportion of expenditure on excluded items can potentially have large ramifications for the HCP Program, reducing its value for money for care recipients and the taxpayer. When calculated across the total program, potentially around $70.5 million per year from the HCP Program could be ‘leaking’ due to purchase of excluded items. While this is a small proportion of the $7.7 billion HCP Program, any amount of misapplied funds is material in nature.

Importantly, the sector must act consistently as it is unfair to the majority of providers who are trying to do the right thing. Care recipients (self-managed and fully managed) and their support persons must also continue to work cooperatively with providers to support correct use of program funding.

The Review team thanks the 103 providers who participated in this Review. The large majority engaged with the Review team positively and addressed recommended actions even before receiving their final reports. It is hoped this mutual effort leads to greater awareness across the sector of providers’ legislated obligations around exclusions and monthly statements. This report also encourages care recipients and their support persons to carefully examine line items in their monthly statements and ask providers for clarification where required. In addition to supporting sector improvement, information gained through this Review will also support relevant current or future policy and program considerations.

Why was this Review undertaken?

The HCP Program supports older people with complex care needs to live independently in their own homes for longer. Older people experiencing age-related functional decline are supported with care and services to maintain their safety and security within the home.

Growing demand on the HCP Program means it is imperative that care recipients and the Australian Government have confidence that funds are being spent for intended purposes.

As at 31 March 2024, there were 900 providers delivering care and services to 284,429 older people. In the 2023-2024 financial year, $7.7 billion of funding was allocated to the HCP Program.

There is ongoing, high demand for home care packages. In the March 2024 quarter 17,117 people entered the HCP Program for the first time. To address the projected increase in demand, the Australian Government's 2024-25 Budget11 announced a further $531.4 million will be allocated to the HCP Program, which will fund an extra 24,100 packages in 2024-25.

The role of HCP Program assurance

The department, as the program manager of the HCP Program, is responsible for[12] ensuring that program funds are spent on approved purposes, and that care recipients can exercise true choice and control over how HCP Program funds are spent within the guidelines of the Program. HCP Program assurance, underpinned by Part 6.8 of *Aged Care Act 1997* (the Act), plays an important role through ongoing risk-based sampling to gather evidence and data to:

- identify and correct misuse and error, while enhancing accountability and transparency of the sector
- enhance value for money for care recipients and Australian taxpayers
- support continual improvement of providers and the sector (supported by the HCP Program Assurance Community of Practice), and
- support the department to improve its existing HCP Program guidance and contribute to the development of future home care policy and programs.

[11] Budget 2024–25: Investing in quality aged care | Health Portfolio Ministers | Australian Government Department of Health and Aged Care

[12] The department is the program manager and responsible for the design and administration of aged care programs and policies. This includes assuring that funds are used for the purposes provided. The department's HCP Program Assurance Review activities are separate to, but complement, the activities of the Commission. The Commission protects and enhances the safety, health, well-being and quality of life of people receiving aged care. It is the national end-to-end regulator of aged care services, and the primary point of contact for consumers and providers in relation to quality and safety.

The Home Care Packages Program Assurance Framework and the Home Care Packages Program Assurance Plan 2023–25 (the Plan) guides the conduct of the assurance activities. Principles of giving providers procedural fairness and evidence-based findings that support providers and the program to continuously improve are the foundations of the department's review activity. To the extent possible, the design and conduct of the Review followed the process of the international quality management standards (ISO9001:2015).

Excluded Items Review

This Review is the fourth[13] assurance review of the HCP Program. This Review was considered necessary as there is the potential for HCP Program funds to be misused. The HCP Program is not an income support program and cannot be used for general income expenses[14]. Care and services that are already funded or jointly funded through other government programs cannot be funded through the HCP Program.

This Review has been identified publicly as a priority in the Plan. It is informed by program risk assessment, input from internal and external stakeholders and findings from previous assurance reviews.

Evidence of excluded items in previous reviews

A primary reason for conducting this Review was the evidence found of the purchase of potentially excluded items in previous reviews (see Table 1 below).

[13] The findings from the first three program assurance reviews are available at Program assurance of the Home Care Packages Program.

[14] The Quality of Care Principles list those care and services that must not be included in a care recipients HCP and are considered to be services, goods or supports that people are expected to cover out of their general income throughout their life, regardless of age. These items are always excluded even if they may advance the care recipient's assessed ageing related care needs and goals, as they are not aligned to the intent and scope of the HCP Program.

Table 1. Excluded items observed in previous HCP Program Assurance reviews

Review No.1	**Indirect and Care Management Charges** **Public Summary Report - released in August 2022**	• **Fuel gift cards** • **TVs & entertainment items** • **Air conditioners** • **Kitchen appliances & vacuum cleaners** • **Holidays, including flights and accommodation** • **Non-specialised furniture, including beds, mattresses, and recliners** • **Significant gardening expenditure** • **Permanent/respite care in a residential aged care service** • **Subscription services** • **Large household maintenance/renovations** • **Medicine** • **Groceries**
Review No.2	Unspent Funds (Commonwealth Portion) Public Summary Report – released in September 2023	• Renovations • Whitegoods • Household appliances, including vacuums • Heating/Cooling • Furniture • Meals (raw food component) • IT/TV/Mobile • Bed/Mattress/Linen • Tradespersons • Pharmaceutical/medical care • Pet care • Household bills
Review No.3	Pricing Transparency on My Aged Care Public Summary Report – released in September 2023	• Meals (raw food component)

Provider and care recipient confusion and concern

The department continues to receive correspondence about HCP Program inclusions and exclusions which suggest some ongoing confusion from the sector. For example, the online provider Program Assurance Community of Practice continues to receive regular enquiries, comments and requests for clarification around excluded items.

During previous reviews, some providers advised the Review team of pressure from care recipients 'shopping' between providers, threatening to leave when the provider refused to spend HCP Program funds on excluded items. In some instances, care recipients reported providers to the Aged Care Quality and Safety Commission (the Commission), when their requests for excluded items were not supported.

Such concerns were another factor that led to the prioritisation of this Review.

Assuring provider adherence to the updated Manual

The updated Manual was released in January 2023. The Review into excluded items commenced after the sector and care recipients had sufficient time to engage with the revised Manual. This Review provided an important opportunity to hear directly from the reviewed providers about the effectiveness of the updated program guidance on excluded items. It also allowed the Review team to consider the providers' perspective when using the updated guidance. The Review team has made some observations about aspects of the guidance that could be improved.

How did we conduct the Review?

The department commenced the Review in September 2023.

A Notice was issued under section 95BA-5 of the Act[15] to 100 providers that are corporations[16], requiring their participation in the Review. A letter was sent to three government providers requesting their voluntary participation[17]. The 103 providers were selected largely based on risks as outlined below under 'Provider and care recipient selection'.

The Review followed the process of the international quality management standards (ISO9001.2015), where applicable, in areas of review scope, risk identification, planning, conduct and reporting.

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[15] As per Section 95BA-2(2)(a) of the *Aged Care Act 1997* (the Act), the Review relates to how providers are using HCP Program funds, including justifications for amounts charged to care recipients.

[16] Under the Act, providers that are corporations are legally bound to participate in HCP Program assurance reviews while participation by government operated providers is voluntary. Failure of corporations to participate may result in a provider being fined a civil penalty, and the provider maybe named publicly pursuant of the Notice issued under section 95BA-5 or 95BA-6 or failed to comply with section 95BA-7 of the Act.

[17] Government providers are not obligated to participate in assurance reviews and the three that were sampled in this Review engaged fully and met all requirements for participation. The Aged Care Quality and Safety Commission monitors all providers for compliance with their responsibilities and can undertake a range of regulatory actions should a provider be found to not comply with their responsibilities.

Voluntary entry meetings were offered to providers and 87% of providers (90 out of 103) requested an entry meeting.

Providers were required to submit monthly statements for April, May and June 2023, for a sample of care recipients (Phase 1) selected by the Review team.

The Review team undertook detailed analysis of 5,472 monthly statements against the relevant legislation and publicly available program guidance materials.

The Review team requested further information, where required, to identify excluded items and gather necessary evidence to complete its investigations and make accurate findings (Phase 2).

Of the 103 providers, three non-government providers did not receive a provider report as there were no excluded items or incidental findings identified in their submitted monthly statements. These providers received a closing letter confirming that no issues were identified, marking the completion of their participation in the Review.

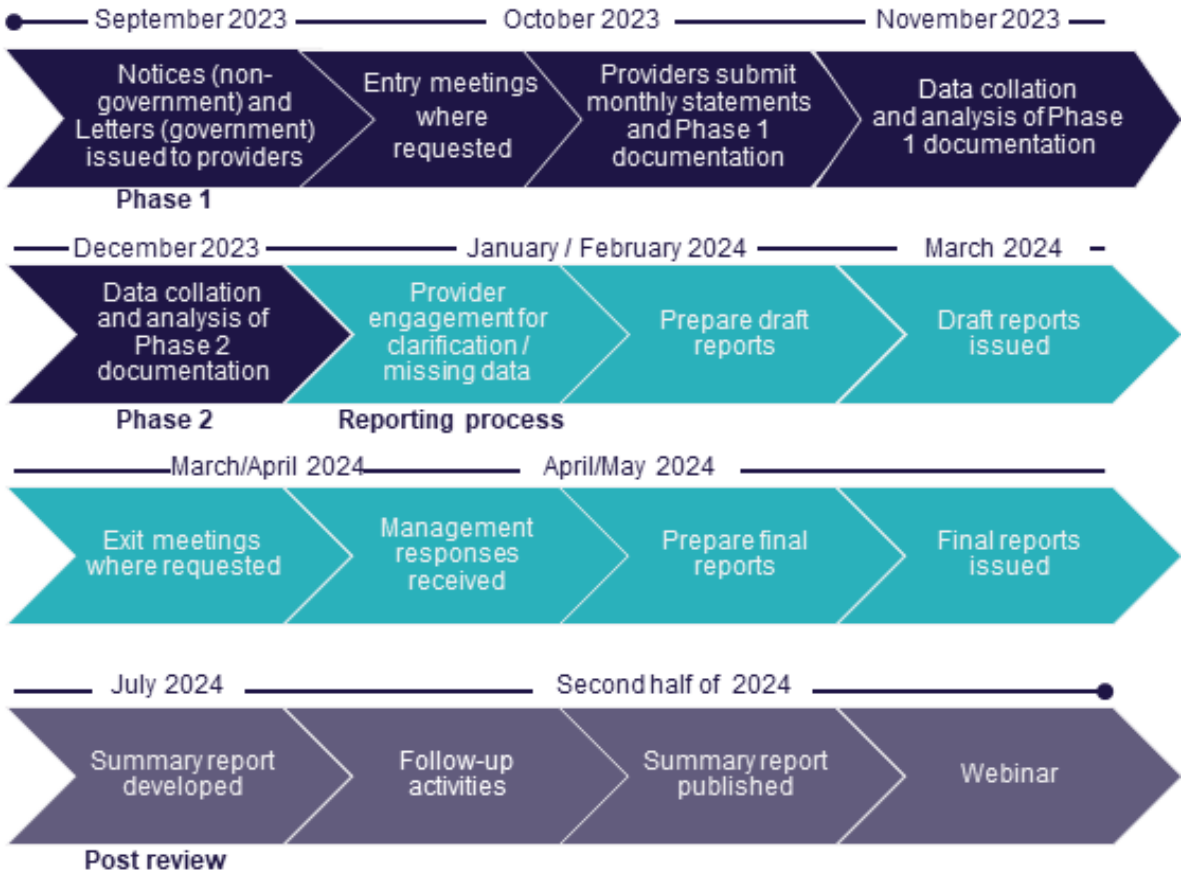
One hundred providers received a draft provider report. This report contained findings against the Review objectives and was based on analysis of the monthly statements, additional information, and evidence or advice received from providers. Where relevant, the report also contained actions for providers to ensure providers meet their legislated program requirements. These reports also contained incidental findings which, while out of scope of this Review, remain open to the department to examine under the Act. These incidental findings may be the subjects of future reviews[18].

Providers were given an opportunity to seek amendment of factual errors and provide a management response addressing or contesting findings and identified actions contained within their draft report. A voluntary exit meeting was offered to participating providers, and 55 providers took this opportunity.

After considering the providers' management response, a final report was issued to providers where excluded items and/or incidental findings were confirmed. While 62 providers had one or more actions to complete, 23 of these providers had already completed their actions at the time of issuing final reports. As a result, only 39 of the 100 providers still had outstanding actions when final reports were issued. Providers had 28 days (or more in regards a small number of actions) after the issuing of the final reports to complete their actions.

[18] Matters identified that are out of scope of this Review but fall within matters that may be subject of future reviews as per outlined in paragraphs 95BA-2(2)(a)-(f) of the Act., may also be considered by review officers and, where required, documented in individual provider reports.

The Review process and timeline



Provider and care recipient selection

The 103 providers were selected based on one or more of the following considerations:

- providers identified from previous program assurance reviews[19] as having potentially used program funds for excluded items
- the level of engagement of providers from previous assurance reviews
- other intelligence before the department – for example, any relevant information from the Aged Care Quality and Safety Commission, the department's Fraud and Integrity Branch, State and Territory offices and/or the area that is responsible for managing the HCP Program
- providers with significant growth in the number of care recipients in the preceding year
- the average amount of funding received by a provider per care recipient
- providers with care recipients on a range of HCP package levels

[19] Particularly relating to Review 1 – Indirect and Care Management Charges, Review 2 – Unspent Funds (Commonwealth Portion). Information on Review 3 is at Pricing Transparency on My Aged Care.

- delivery method of the provider - use of suppliers, contractors, or care recipient self-managed arrangements
- geographical spread - a mix of metropolitan and regional based providers covering all states and territories (see Figure 4).

Figure 4. Distribution of providers across Australia[20]

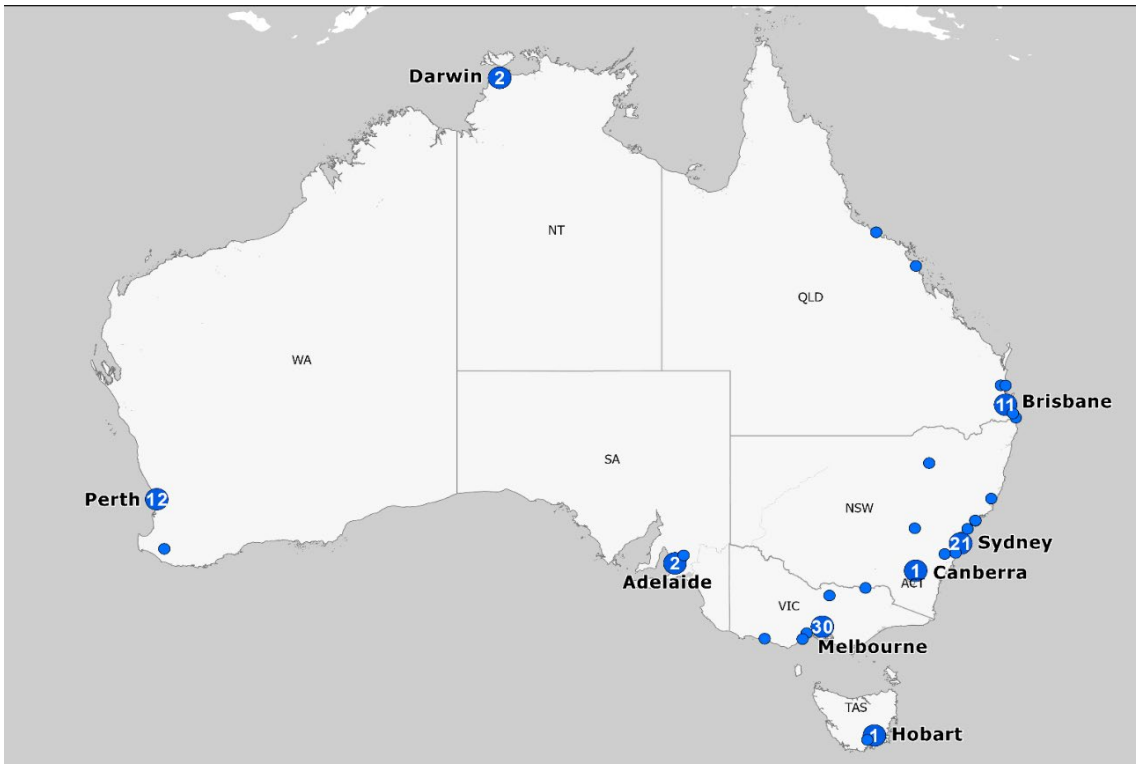


Figure 4 above shows the geographic distribution of the 103 sampled providers. These providers delivered care and services to approximately 87,102 care recipients, which is roughly one-third (33.8%) of the total population of care recipients receiving a home care package at the time of the Review. While the care recipient sample for the Review is relatively small at 1,824 care recipients, it is considered sufficient for the purposes of the Review.

[20] This figure denotes the head office location of providers scoped into the Review, not the geographic distribution of where their care recipients are located.

Figure 5. Number of providers by number of care recipients

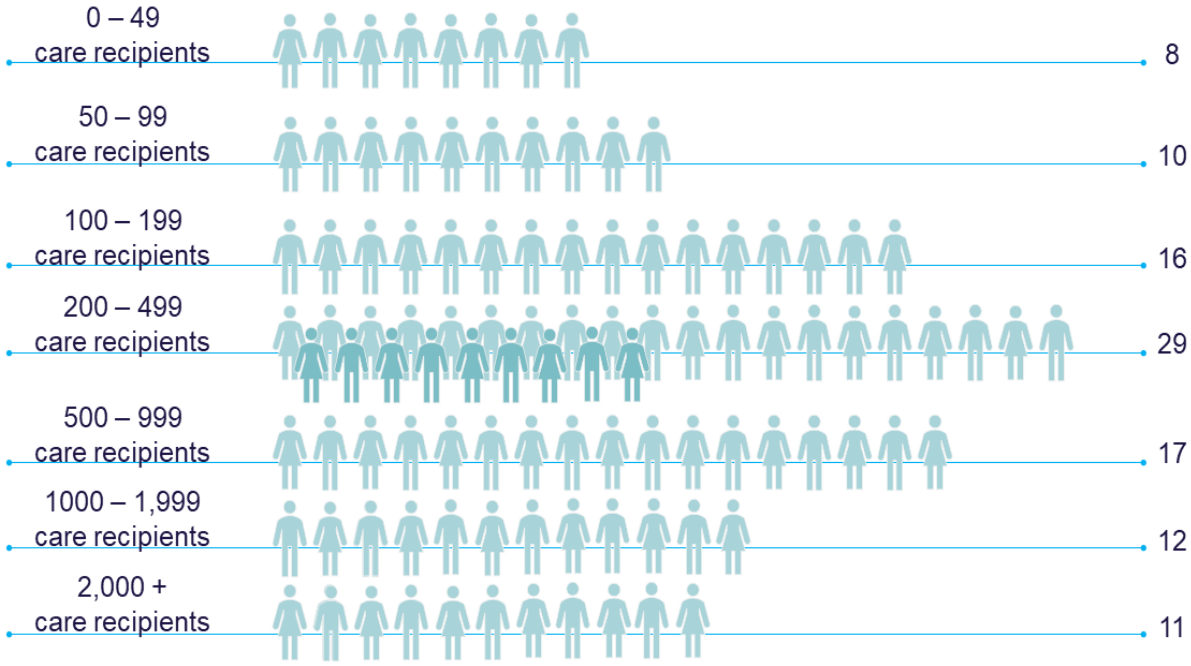


Figure 5 above shows that the majority of reviewed providers delivered services to between 100-999 care recipients.

Table 2 Number of care recipients sampled by provider size

Provider size by number of care recipients	Number of providers in category	Number of care recipients sampled per provider
500 or more	40	20-25
300 to 499	13	16-20
100 to 299	32	12-15
99 or less	18	8-10

As shown in Table 2, providers with higher numbers of care recipients were required to provide monthly statements for up to 25 care recipients[21], scaling down to a minimum of 8 care recipients for smaller providers. The care recipient sample size was carefully considered to ensure the Review team could adequately assess the incidence of excluded items while minimising provider burden.

A total of 1,824 in-scope care recipients[22] were selected for the Review. This represents around 2.1% of the care recipient population (87,102) of the 103 sampled

[21] To be in scope for selection, each care recipient must have met the criteria they were receiving HCP Program services at the time the care recipient selection process was undertaken, and to have commenced receiving HCP Program services prior to 1 January 2023.

[22] Providers were requested to select up to 25 care recipients depending the size of the provider from a list provided by the Review team to ensure that only care recipients who were receiving care prior to January 2023, and those who continued to receive HCP services at the time of the Review, were included.

providers. It is a meaningful sample and reflective of potential trends within the larger care recipient population.

Assessment of monthly statements

The Review sought monthly statements for all in-scope care recipients covering the months of April, May and June 2023. This totalled 5,472 monthly statements. Each line item within monthly statements was analysed by trained review officers to assess whether expenditure was appropriate and aligned with the intent and scope of the HCP Program.

What did the Review find?

Did we find evidence of HCP Program funds being spent on excluded items?

The Review found clear evidence of program funds being spent on excluded items, with 377 line items determined as excluded, with a value of $124,466. This represents approximately 1.2% of HCP funds for the sampled care recipients in the three-month review period. Each line item identified as excluded was counted individually. For example, if a care recipient used HCP Program funds to purchase medications in the months of April, May and June, these would be counted as three excluded items.

Exclusions were identified in the monthly statements of 62 of the 103 providers (60%), which is a significant proportion.

Categories of excluded items

The January 2023 version of the Manual (page 67-71) specifies six main categories of HCP Program exclusions:

1. services, goods or supports that people are expected to cover out of their general income throughout their life regardless of age
2. accommodation costs defined as general income expenses associated with the cost of running a home that people are expected to cover out of their general income throughout their life regardless of age
3. payment of home care fees
4. payment of fees or charges for care or services already funded or jointly funded by the government
5. payment for services and items covered by the Medicare Benefits Schedule (MBS) or the Pharmaceutical Benefits Scheme (PBS) (or items that should be considered for funding through these schemes)
6. provision of cash debit cards or like payments to care recipients for any purpose.

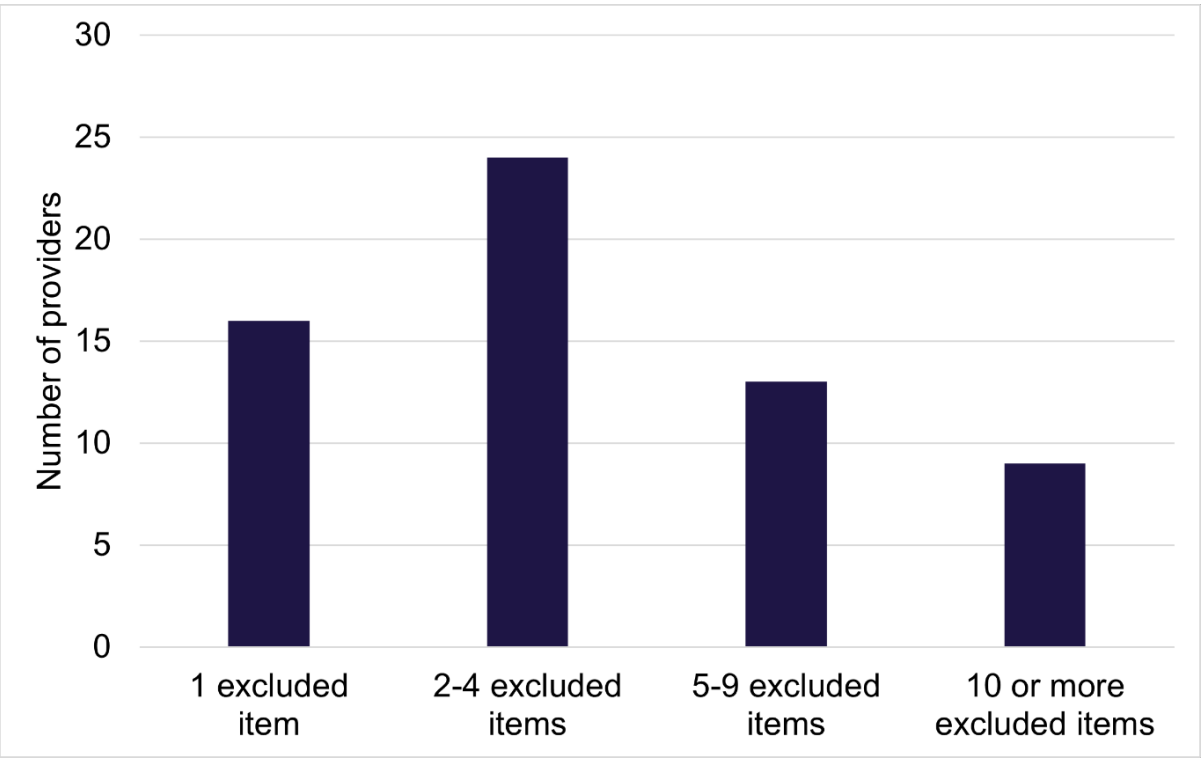
The Review identified excluded items in categories 1, 2, 4 and 5, but no excluded items in categories 3 and 6.

Number of exclusions by provider

Each occurrence of an excluded item has been included in the findings. The amount of each excluded item varied from less than $10 to nearly $10,000 per excluded item.

Figure 6 below shows that most providers with excluded items had four or less excluded items identified (40 out of 62 providers, or 65%) while 15% of providers with excluded items had 10 or more excluded items identified.

Figure 6. Number of providers by number of excluded items identified



Tables 3, 4, 5 and 6 below detail the 377 excluded items identified in the Review, by HCP Program exclusion category and dollar value of those excluded items. Category 1 has the majority of individual excluded items (48.8%) while category 2 had the highest proportion of excluded items by dollar value (63.2%). The Review found zero excluded items in category 3 (payment of home care fees) and category 6 (provision of cash debit cards).

Table 3. Excluded items in category 1: Services, goods or supports that people are expected to cover out of their income throughout their life regardless of age

Sub-categories for category 1	Number of providers	Excluded items (count)		Excluded items (dollar value)	
		no.	%	$	%
1.1 Food and water	7	54	14.3%	$1,950.41	1.6%
1.2 Phones and tablets	13	24	6.4%	$7,807.03	6.3%
1.3 General / minor home maintenance	15	21	5.6%	$8,415.77	6.8%
1.4 Specialist cleaning / pest control	10	16	4.2%	$4,277.19	3.4%

Sub-categories for category 1	Number of providers	Excluded items (count)		Excluded items (dollar value)	
		no.	%	$	%
1.5 Parking, toll fees and rideshare	9	16	4.2%	$806.96	0.6%
1.6 Personal care items or treatments	5	14	3.7%	$639.43	0.5%
1.7 Travel and accommodation	4	12	3.2%	$6,309.01	5.1%
1.8 Household products	5	8	2.1%	$480.16	0.4%
1.9 Pet care	4	6	1.6%	$1,031.40	0.8%
1.10Other*	6	13	3.4%	$1,076.08	0.9%
Total for category 1	**53****	**184**	**48.8%**	**$32,793.44**	**26.3%**

Table 4. Excluded items in category 2: Accommodation costs defined as general income expenses associated with the cost of running a home that people are expected to cover out of their income throughout their life regardless of age

Sub-categories for category 2	Number of providers	Excluded items (count)		Excluded items (dollar value)	
		no.	%	$	%
2.1 Gardening and landscaping	8	47	12.5%	$14,223.20	11.4%
2.2 Home modifications / maintenance	10	20	5.3%	$44,343.21	35.6%
2.3 Household appliances / furniture	10	18	4.8%	$15,928.40	12.8%
2.4 Waste disposal / removal services	5	7	1.9%	$3,284.02	2.6%
2.5 Heating and cooling costs	2	4	1.1%	$901.82	0.7%
Total for category 2	**27****	**96**	**25.5%**	**$78,680.65**	**63.2%**

Table 5. Excluded items in category 4: Payment of fees or charges for care or services funded by the Australian Government

Sub-categories for category 4	Number of providers	Excluded items (count)		Excluded items (dollar value)	
		no.	%	$	%
4.1 Natural therapies	5	9	2.4%	$3,410.00	2.7%
4.2 Glasses, lenses or spectacles	3	4	1.1%	$1,465.45	1.2%
4.3 Dental services	3	3	0.8%	$932.00	0.7%
4.4 Other*	2	9	2.4%	$727.25	0.6%
Total for category 4	**11****	**25**	**6.6%**	**$6,534.70**	**5.3%**

Table 6. Excluded items in category 5: Payment for services or items covered by the MBS or PBS

Sub-categories for category 5	Number of providers	Excluded items (count)		Excluded items (dollar value)	
		no.	%	$	%
5.1 Medications / vitamins / supplements	8	65	17.2%	$4,404.04	3.5%
5.2 Co-payments or gap fees	4	4	1.1%	$1,772.90	1.4%
5.3 Other*	3	3	0.8	$279.99	0.2%
Total for category 5	**13****	**72**	**19.1%**	**$6,456.93**	**5.2%**

* Other refers to items that do not fit under specified sub-categories (e.g. petrol).

**Providers may have more than one excluded item under one category, therefore the components of the sub-categories do not add to the total for each category.

While the amount of expenditure the Review found on excluded items may seem modest, it is important to consider this finding is based on a small sample. The 1,824 care recipients represent less than 1% (0.7%) of the total number of care recipients receiving a Home Care Package (258,374 as at June 2023).

To estimate the value of spending on excluded items across all HCP recipients, we extrapolated the findings in the sample[23]. The 1,824 care recipients in the Review had a total expenditure on excluded items of $124,466. This equates to an average of $68.24 of expenditure on excluded items per care recipient over the three-month period. This calculation is in Figure 7 below.

Figure 7. Average expenditure on excluded items per care recipient over for April – June 2023

Average expenditure on excluded items = $\frac{\$124,466}{1,824}$ = $68.24 per care recipient

If this average expenditure on excluded items per care recipient is applied across all HCP care recipients (258,374 people as at June 2023), the value of excluded items could be approximately $17.6 million dollars over the three-month review period. This calculation is in Figure 8 below.

Figure 8. Calculation of potential HCP Program leakage (over 3 months)

Potential HCP Program leakage over 3 months

= average expenditure on excluded items, multiplied by the number of HCP care recipients

= $68.24 per care recipient x 258,374

= $17,630,908

If this value was calculated across a full year, we can estimate the potential value of HCP Program leakage would be approximately $70.5 million, as in Figure 9 below.

Figure 9. Calculation of potential HCP Program leakage (over 12 months)

Potential HCP Program leakage over 12 months

= Potential HCP Program leakage over 3 months multiplied by 4

= $17,630,908 x 4

= $70,523,632

[23] While the findings presented in this report are based on robust data collection methods, it is important to note that the set of extrapolated calculations in Figures 7, 8 and 9 comes with limitations. Specifically, the sample of providers was risk-based and chosen based on specific criteria relevant to the Review. Consequently, this sampling may introduce some bias. However, some of this bias has been offset by the random nature of sampling of care recipients within the provider sample.

Why were HCP Program funds spent on excluded items?

The Review found more than half of the excluded items were purchased with HCP Program funds because the provider either claimed or it was inferred they had misunderstood HCP guidance. A summary of the key reasons, according to providers, why HCP Program funds were spent on 377 excluded items is shown in Figure 10 and Table 7 below.

Figure 10. Provider's reasons why HCP Program funds were used to purchase excluded item(s)

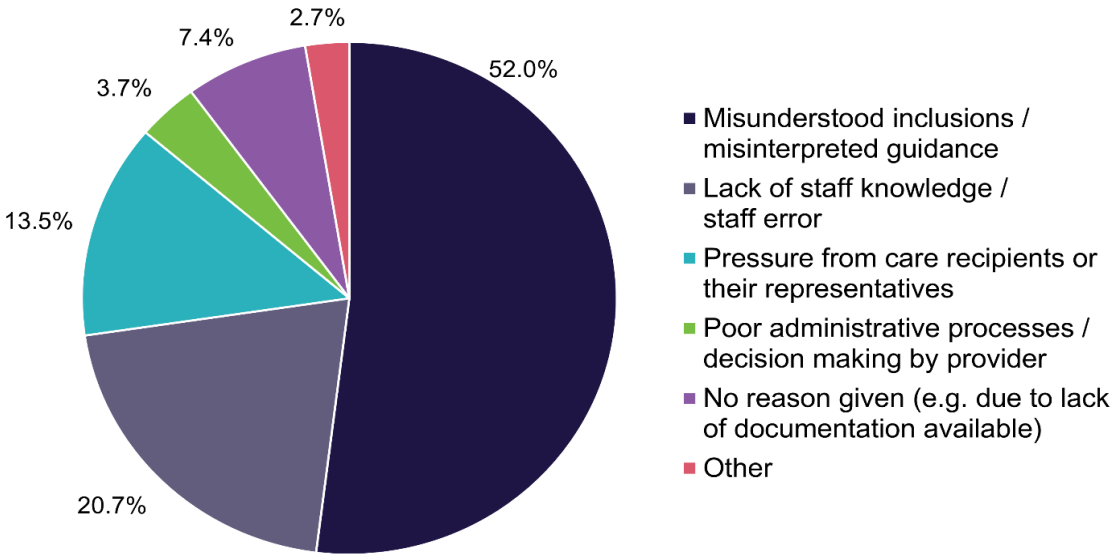


Table 7. Provider's reason why an excluded item was purchased with HCP Program funds [24], by count of excluded item and %

Provider's reasons why HCP Program funds were spent on excluded item	Count (no.)	% (of total excluded items)
• Provider had misunderstood HCP Program inclusions or had misinterpreted the available HCP Program guidance. This included circumstances when the provider had misunderstood whether HCP Program funds can be used for: ○ functional safety ○ medical expenses ○ activities that care recipients used to be able to do themselves.	196	52.0%
• Issues related to provider staff, including: ○ lack of staff knowledge ○ lack of staff training.	78	20.7%
• Pressure from care recipients and/or their representatives.	51	13.5%
• Lack of robust decision making by provider, due to:	14	3.7%

[24] Reasons given were not mutually exclusive and often more than one reason was present. The data above is representative of the main reason given by the provider or inferred by the Review team.

Provider's reasons why HCP Program funds were spent on excluded item	Count (no.)	% (of total excluded items)
○ poor administrative processes to manage the use of HCP Program funds ○ accepting advice from health professionals (GPs / Occupational Therapists / allied health) for purchase without ensuring consistency with program requirements ○ poor records or document management ○ paying invoices with program funds without scrutiny.		
• Other: ○ claimed financial hardship of care recipients ○ claimed to have received contradictory advice from the department or the Commission ○ claimed lack of clarity in program guidance.	10	2.7%
• Unable to determine: ○ providers were unable to give a clear reason (insufficient records) ○ Review team unable to infer from evidence.	28	7.4%

Detailed analysis

The following section provides an in-depth analysis of the findings from the Review. This includes a breakdown of excluded items identified in the Review sample, with relevant insights for potential improvements for HCP Program guidance material. The Review team hopes to support continuous improvement of the sector through this information.

Figure 11 below shows that:

- category 1 had the highest number of excluded items (184 items or 48.8%)
- category 2 (96 items or 25.5%)
- category 5 (72 items or 19.1%)
- category 4 (25 items or 6.6%).

Figure 11. Number of excluded items by exclusion categories

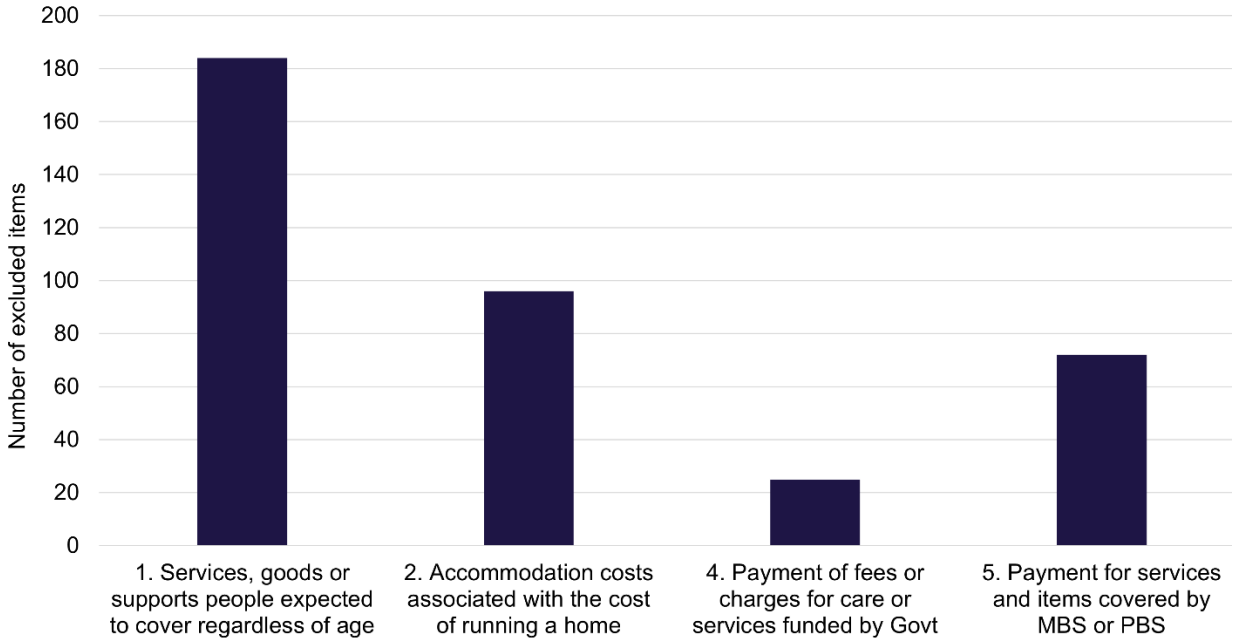


Figure 12 (below) shows the Top 5 most commonly identified exclusions by exclusion category.

Figure 12: Top 5 most commonly identified exclusions

Detailed findings according to categories of exclusions

Category 1. Services, goods or supports people expected to cover regardless of age

The types of exclusions in this category can be further broken down by the following types of purchases:

1.1 Food and water

Seven providers purchased 54 excluded items classified as food and water, valued at $1,950.41.

This figure represents 1.6% of the total value of excluded items.

Food is a specified exclusion unless the following conditions apply to make it an inclusion:

- food that is part of enteral feeding requirements, or
- items listed under food for special medical purposes as per the Australia New Zealand Food Standards Code – Standard 2.9.5.

In relation to meal services and whether food can be included in a HCP:

- preparation and delivery of meals can be included
- the raw food component of those meals cannot be included, except in the care of enteral feeding.

Most providers (but not all) could confirm care recipients are contributing to the cost of meal services to cover the cost of the raw food component. A small number of providers had allowed the purchase of takeaway food or bottled water. These were determined as excluded items. The main reason given for the purchases was providers had received pressure from care recipients or their representatives.

Program guidance: the Review team found the program guidance was clear regarding food.

Providers are reminded that they are accountable for the purchases, despite such factors as care recipient pressure. Care recipients are reminded that specified exclusions cannot be purchased by HCP providers. Care recipients and providers should work together to maximise the use of the HCP Program funds for approved purposes. Providers should assist care recipients to identify alternative means to access services and goods where appropriate.

1.2 Phones and tablets

Thirteen providers purchased 24 phones and tablets totalling $7,807.03.

This figure represents 6.3% of the total value of excluded items.

Laptops, phones and similar electronics are typically excluded under the HCP Program. This includes telephone and internet costs, except for assistance with setting up a connection.

Some exceptions apply to the purchase of IT equipment (including tablets, laptops and internet subscriptions) to help care recipients communicate with their providers, family, carers and social groups under certain exceptional circumstances, such as for care recipients who:

- are homeless or at risk of homelessness, and
- require the internet or landline to support the delivery of medication management.

Where the Review team identified the purchase of such electronic equipment, the providers were asked to give evidence and justify decisions for the purchase. Where providers were unable to demonstrate evidence-based justification, the Review team determined those items to be excluded.

Program guidance: The Review team notes there is some confusion in relation to these items in the guidance material. Providers commonly claimed misunderstanding of inclusions as the reason for the purchase of these electronic items. The guidance should be strengthened to make it clearer to providers when it is appropriate to use HCP Program funds for the purchase of these items.

Providers are advised to ensure if a phone or tablet is being assessed for approval using HCP Program funds, the care recipient must meet the criteria for such consideration.

1.3 General / minor home maintenance

Fifteen providers purchased 21 excluded items classified as general or minor home maintenance, with a value of $8,415.77.

This figure represents 6.8% of the total value of excluded items.

This category of exclusion includes general home services that were never or are generally not completed independently prior to age-related functional decline. They include home repairs and maintenance performed by a tradesperson or other licensed professional.

For items that included reference to terms such as ‘home maintenance’, providers were asked to provide evidence and justification for these purchases. This included demonstrating such services would have been able to have been performed by the care recipient prior to age-related functional decline.

Examples of services found to be excluded items in this category included minor electrical work (installing a ceiling fan), a locksmith updating locks in the care recipient’s home and repair of household appliances. These services conducted by tradespeople are services a care recipient would not have previously done themselves. These services are things care recipients would be expected to pay for out of general income, throughout their life, regardless of age.

The main reason given as to why HCP Program funds was used to purchase this category of exclusions was due to the providers having misunderstood or misinterpreted the available guidance. Many providers determined there was justification to provide certain minor home maintenance services to cover functional safety of the home environment for the care recipient. One example was a provider using HCP Program funds to pay for a quote for minor electrical works. This work would have been required regardless of the age of the care recipient and was not deemed to be age-related functional decline.

Program guidance: the Review team notes there is some confusion regarding guidance on this item. Guidance should be strengthened to make it clearer to providers when they can support care recipient requests for using HCP Program funds for minor home maintenance for age related decline.

Providers are reminded minor home maintenance should only be approved where such work previously could have been done by the average care recipient (with no previous trades experience) but are no longer able to do so due to aged related functional decline (for example, replacing a light bulb).

1.4 Specialist cleaning / pest control

Ten providers purchased 16 excluded items classified as specialist cleaning or pest control, with a value of $4,277.19.

This figure represents 3.4% of the total value of excluded items.

This category of exclusion includes general home services that were never or are generally not completed independently prior to age-related functional decline. This includes specialist cleaning and pest control services performed by a tradesperson or other licensed professional.

Cleaning to keep the home safe and liveable is included under the HCP Program and includes help with activities like dusting, vacuuming, mopping, making beds, ironing and laundry. Some providers were asked to provide further documentation and justification of their decision making for items on monthly statements that included broad terms such as ‘cleaning’. This enabled the Review team to ensure items categorised as cleaning were limited to the specified inclusions as listed in the Manual.

Some examples of services found to be excluded items included professional carpet cleaning, end of lease cleaning, decluttering services and pest control.

Program guidance: the Review team found the Program guidance is clear on the types of cleaning that can be included under a HCP.

Providers are reminded cleaning to keep the home safe and liveable is included, however, services such as pest control, that are generally not completed independently prior to age-related functional decline, are excluded items.

1.5 Parking, toll fees and rideshare

Nine providers purchased 16 excluded items classified as parking, toll fees and rideshare, totalling $806.96.

This figure represents 0.6% of the total value of excluded items.

Section 37 of the *HCP Program Inclusions and Exclusions – Frequently Asked Questions (FAQs) for Providers – version 1* states that HCP Program funds can be used to pay for taxi vouchers for aged care related transport needs. The HCP Program can only fund transport and personal assistance to help a care recipient to shop, visit health practitioners or attend social activities. HCP Program funds can pay the full fare if deemed reasonable and consistent with a care recipient's care plan. Taxi vouchers can be accessed through HCP Program funds or through a state-based government program, but not both programs at the same time.

Transport costs beyond this scope including associated costs such as parking are exclusions.

Rideshare services for transport are a program exclusion, regardless of who arranges the service (care recipient or provider). The department is not satisfied rideshare services align with provider obligations under the *Accountability Principles 2014*.

Providers gave a range of reasons why HCP Program funds were used to purchase excluded transport costs, including:

- a lack of scrutiny in approving expenditure (either due to poor administrative processes or staff error)
- a misunderstanding or misinterpretation of the available guidance.

Many of these providers noted in their responses to the Review team they had updated their procedures to ensure this type of expenditure is not approved in future.

Program guidance: the Review team found program guidance to be clear regarding the use of transport.

Providers are reminded rideshare services for transport are a program exclusion, regardless of who arranges the service (care recipient or provider) as rideshare services do not align with provider obligations under the Accountability Principles.

1.6 Personal care items or treatments

Five providers purchased 14 excluded items classified as personal care items or treatments, with a value of $639.43

This figure represents 0.5% of the total value of excluded items.

Providers purchased items for care recipients such as massage rollers, shampoo and conditioner, and hairdressing. The Quality of Care Principles list care and services that must not be included in a HCP. These items are always excluded as they are not aligned to the intent and scope of the HCP Program.

Program guidance: the Review team found program guidance to be clear, recognising not all items can be listed in the guidance material. The onus is on providers to ensure purchases for care recipients are aligned with the intent and scope of the HCP Program.

Providers are reminded items such as beauty therapy (including hairdressing) fall under general household expenses, which all Australians are expected to pay for out of their general income.

1.7 Travel and accommodation

Four providers purchased 12 excluded items classified as travel and accommodation, with a value of $6,309.01.

This figure represents 5.1% of the total value of excluded items.

Travel and associated accommodation costs are a specified exclusion of the HCP Program. Providers claimed to have misunderstood or misinterpreted the available guidance. Some providers described extenuating circumstances for their care recipients (including cultural, medical and geographical reasons) that had contributed to their decision making when approving these items.

Program guidance: the Review team found the program guidance for this item to be clear.

Providers are reminded travel and associated accommodation costs are clear exclusions. Providers are advised all states and territories have Patient Assisted Travel Schemes (PATS) to help patients in rural and remote Australia with the costs of travel for specialist treatment. Rules and amounts may vary for individual circumstances.

1.8 Household products

Five providers purchased 8 excluded items classified as household products totalling $480.16.

This figure represents 0.4% of the total value of excluded items.

A small number of household products (such as fire blankets, garden hoses and batteries) were purchased using HCP Program funds. These items were exclusions

as they are expected to be purchased out of general income, regardless of age. These purchases were made using HCP Program funds due to the providers' claimed misunderstanding of program inclusions or misinterpretation of available program guidance.

Program guidance: the Review team found program guidance to be clear. Producing an exhaustive list of exclusions for the HCP Program is impractical and providers should follow the first principle of whether the item would be funded out of general income by a care recipient regardless of age.

Providers are reminded household products should be funded from a person's general income, regardless of age, and are clear program exclusions.

1.9 Pet care

Four providers purchased 6 excluded items classified as pet care, with a value of $1,031.40.

This figure represents 0.8% of the total value of excluded items.

Providers were found to have used HCP Program funds to purchase items related to pet care. The Quality of Care Principles list care and services that must not be included in a HCP. These are always excluded as they are not aligned to the intent and scope of the HCP Program. Items such as pet care (for example, vet bills or dog grooming) fall under general household expenses, which people are expected to pay for out of their general income.

Providers claimed to have misunderstood or misinterpreted the available program guidance. Some providers had used HCP Program funds for the purchase of dog grooming noting they had misunderstood when it was appropriate to use HCP Program funds to cover activities care recipients had previously been able to undertake themselves.

Program guidance: the Review team found program guidance on this item to be clear.

Providers are reminded pet care and associated costs are clear program exclusions, and it is the responsibility of providers to ensure HCP Program funding is used appropriately and transparently, within the intent of the HCP Program.

1.10 Other

Six providers purchased 13 excluded items, valued at $1,076.08, classified as general items under the main exclusion category of services, goods or supports people expected to cover out of their income throughout their life regardless of age.

This figure represents 0.9% of the total value of excluded items.

Examples of excluded items in this category include petrol, costs for the transfer of medical records, mobility scooter accessories and swimming pool entrance fees.

Program guidance: the Review team found the guidance to be clear on these items.

Providers are reminded HCP Program funds cannot be used to pay for goods and services a person would always be expected to pay out of their general income, regardless of age. This is an important first principle for providers to follow under the long-standing Principles referenced throughout this report.

Category 2. Accommodation costs associated with the cost of running a home

The types of exclusions in this category can be further broken down by the following types of purchases:

2.1 Gardening / landscaping

Eight providers purchased 47 excluded items classified as gardening or landscaping, with a value of $14,223.20.

This figure represents 11.4% of the total value of excluded items.

Some providers used HCP Program funds to purchase items related to gardening and landscaping. The providers were asked to submit copies of invoices that demonstrated the types of gardening services provided, and evidence of decision-making processes with references to what providers considered as ‘light gardening’.

It was evident throughout the Review further clarity was required on the types of gardening services that can be paid for, and what would be considered exclusions. The current program guidance related to the provision of gardening services to care recipients in the HCP Program is summarised in the table below.

Gardening services: HCP Program inclusions and exclusions

Gardening services - inclusions	Gardening services – exclusions
• Maintaining access and egress pathways through a property • Lawn mowing and edging • Yard clearance where there are issues of safety and access • Essential pruning • Weeding	• Landscaping • Installing water systems • Planting crops, natives or ornamental plants • Installation of raised garden beds • Removal of garden beds or shrubbery • Tree removal

The reasons given by providers for funding landscaping beyond the program inclusions was lack of staff knowledge on program inclusions or misunderstanding the inclusions.

Program guidance: the Review team notes the need for greater clarity in program guidance regarding the differences between light gardening and gardening services beyond light gardening. The Review team understands this will be clarified in future iterations of the Manual.

Providers are reminded light gardening can be provided under the HCP Program where the care recipient was previously able to carry out the activity themselves but can no longer do so safely. Providers are required to maintain the home and garden in a condition of functional safety and provide an adequate level of security. Yard maintenance and gardening services must directly relate to ensuring client safety, rather than maintaining a garden's visual appeal or aesthetic value. Other things to consider are the size of the garden, regional vs urban location and frequency of the service required. Providers should keep this in mind when exercising discretion to decide on the types and level of services for gardening and landscaping.

2.2 Home modifications / major maintenance / servicing / installation

Ten providers purchased 20 excluded items classified as home modifications / major maintenance / servicing / installation. These excluded items were valued at $44,343.21.

This figure represents 35.6% of the total value of excluded items.

More extensive home maintenance services (such as those requiring a tradesperson) are typically the responsibility of the homeowner or tenant. These fall under general income purchases all people are expected to pay for throughout their life, regardless of age.

Examples of excluded items in this category include pool and spa maintenance, pool cleaning, servicing and installation of air conditioning systems, servicing of gas heaters, and major electrical work. All these items are for services not related to the

care recipient's ageing-related care needs and are specified exclusions under the HCP Program.

The main reason given by providers as to why HCP Program funds was used to purchase this category of exclusions was due to providers' claimed misunderstanding or misinterpreting of the available HCP Program guidance. Many providers justified such purchases to cover functional safety of the home environment for the care recipient.

One example was a provider using HCP Program funds to pay for a care recipient to have their roof repaired and cleaned. This is a clear exclusion, but the provider considered the service was required to maintain the home in a condition of functional safety, and to provide an adequate level of security.

A second example was a provider using HCP Program funds to pay for pool cleaning for a care recipient. The provider considered pool cleaning to be an inclusion as this work was previously done by the care recipient. Due to age-related functional decline, the care recipient was no longer able do so independently. However, cleaning of swimming pools is listed as a specified exclusion in the Manual.

Program guidance: the Review team notes further clarity could be provided in guidance material related to this category of excluded item, as it covers a broad range of services. The HCP Program may wish to consider in future iterations of the guidance material to include scenarios related to home modifications and items that would be considered inclusions (for example, an ambulant toilet) and those that would be considered HCP Program exclusions (for example, a heated towel rail).

Providers are reminded pool cleaning, roof repairs or other such items cannot be paid for using HCP Program funds. Such professional repair and maintenance services associated with the cost of running a home are the responsibility of a person to fund out of their general income throughout their life, regardless of age.

2.3 Household appliances / furniture

Ten providers purchased 18 excluded items classified as household appliances or furniture. These excluded items were valued at $15,928.40.

This figure represents 12.8% of the total value of excluded items.

The intent of the HCP Program is to deliver aged care services which best meet a care recipient's assessed ageing related care needs and goals. The Review team acknowledges many goods and services are essential for health (such as fridges). However, these are general income expenses and are considered excluded items under the Quality of Care Principles. General income expenses are those expenses all Australians must pay for themselves throughout their life, regardless of age.

Whitegoods, electrical and general household appliances are typically excluded under the HCP Program. There are limited exceptions for specific circumstances, including:

- items designed specifically for frailty, such as a tipping kettle,
- when hygiene is impacted (for example due to incontinence) and support is required for laundering.

Examples of excluded items purchased by providers in this category included vacuum cleaners, dehumidifiers, televisions, washing machines, pressure cookers, kitchen stoves and food blenders. They are general income expenses and cannot be funded through a HCP and were determined to be excluded items.

Providers and care recipients are advised where a care recipient cannot afford whitegoods and other household appliances, support may be available through state/territory government rebates, or No Interest Loan Schemes.

Similarly, the purchase of general household furniture not related to improvement of ageing related functional impairment has always been excluded under the HCP Program. General beds and mattresses are classified as general income purchases and are therefore also excluded. There are exceptions for specialised equipment to support mobility and dexterity, such as a pressure relieving mattress or an electrical adjustable bed or hospital bed. These items should only be provided where identified as an assessed ageing related care need in the care recipient's care plan and following an evidence-based decision-making process.

Program guidance: the Review team found the program guidance for this category to be clear.

Providers are reminded these kinds of goods are considered general household expenses. These are excluded items and cannot be purchased using HCP Program funds as all Australians are expected to pay for such items out of their general income, regardless of age.

2.4 Waste disposal / removal services

Five providers purchased 7 excluded items classified as waste disposal or removal services, with a value of $3,284.02.

This figure represents 2.6% of the total value of excluded items.

These providers were found to have used HCP Program funds to purchase items related to waste disposal or removal services. These services fall under general household expense, which people are expected to pay for out of general income.

The main reason given by these providers was they had misunderstood or misinterpreted the available guidance. Some providers noted they misunderstood when it was appropriate to use HCP Program funds to cover functional safety.

Program guidance: the Review team notes further clarity could be provided in guidance material on waste disposal and furniture removal services. The HCP Program may consider updating the guidance to be more explicit on the specific types of waste disposal that are excluded.

Providers are reminded to review the Quality of Care Principles which list care and services that must not be included in a package. This includes using HCP Program funds as a source of general income. General income is defined as those expenses all people must pay for themselves throughout their life, regardless of age. Items such as end of lease cleaning and removalists are a general income expense and should not be funded through a HCP.

2.5 Heating and cooling costs

> Two providers purchased 4 excluded items classified as heating or cooling costs, with a value of $901.82.
>
> This figure represents 0.7% of the total value of excluded items.

Program guidance: heating and cooling costs are specified exclusions under the HCP Program and this is clear in the guidance material.

Providers are reminded heating and cooling costs are excluded and cannot be funded as these are general income expenses.

Category 4. Payment of fees or charges for care or services funded by the Australian Government

The types of exclusions in this category can be further broken down by the following types of purchases:

4.1 Natural therapies

> Five providers purchased 9 excluded items classified as natural therapies, with a value of $3,410.00.
>
> This figure represents 2.7% of the total value of excluded items.

Providers were found to have purchased items related to natural therapies. Examples in this category included yoga, reflexology, Bowen therapy and other natural therapies. These natural therapies (and others) are specified in HCP Program guidance material as exclusions.

Some providers were unable to justify why HCP Program funds were used to purchase natural therapies. The Review team inferred this may have occurred due to some providers' lack of scrutiny in their decision making for such purchases.

Program guidance: the Review team found program guidance to be clear for this category.

Providers are reminded to review the guidance material on exclusions and note the kinds of natural therapies listed.

4.2 Glasses, lenses or spectacles

Three providers purchased 4 excluded items classified as glasses, lenses or spectacles. These excluded items were valued at $1,465.45.

This figure represents 1.2% of the total value of excluded items.

Providers were found to have used HCP Program funds to purchase glasses, lenses and / or spectacles. These items are specified HCP Program exclusions.

The main reason given by the providers was they misunderstood or misinterpreted the available guidance, specifically use of HCP Program funds to cover medical related expenses.

Program guidance: The Review team found guidance for these items to be clear in the Manual.

Providers are also reminded the HCP Program funds cannot be used for the types of care that are funded, or jointly funded, by the Australian Government through other initiatives.

4.3 Dental services

Three providers purchased 3 excluded items classified as dental services. These excluded items were valued at $932.00.

This figure represents 0.7% of the total value of excluded items.

Dental services and treatments (for example, dental x-rays or oral examinations) are specified HCP Program exclusions.

The main reason given was providers had misunderstood or misinterpreted the available guidance, specifically the use of HCP Program funds to cover medical expenses.

Program guidance: the Review team found the program guidance to be clear for this category.

Providers are reminded the HCP Program cannot be used for the types of care that is funded, or jointly funded, by governments through other initiatives. This includes private dental, which is out of scope for the policy intent of the HCP Program.

Category 5. Payment for services and items covered by Medicare Benefits Scheme (MBS) and the Pharmaceutical Benefits Scheme (PBS)

The types of exclusions in this category can be further broken down by the following types of purchases:

5.1 Medications, vitamins and supplements

Eight providers purchased 65 excluded items classified as medications, vitamins and supplements. The total value for these excluded items was $4,404.04.

This figure represents 3.5% of the total value of excluded items.

Providers were found to have purchased medications, vitamins and supplements which are listed as specified HCP Program exclusions.

The intent of the HCP Program is to deliver aged care services which may include medication management (that is, to support care recipients to take their medicine). Under current program arrangements, subsidisation of medications using HCP Program funds is not permitted. This includes medications, vitamins, and supplements or items not covered by the PBS such as off-label prescriptions or medicines. Where a medicine is not listed under the PBS, the medicine has to be supplied as a private prescription for which care recipients will have to pay full price.

Providers advised the reason why they had used HCP Program funds to purchase medications, vitamins or supplements was either they had misunderstood or misinterpreted the available guidance, or their staff had made administrative errors.

Program guidance: the Review team found the program guidance on this category to be clear.

Providers are reminded services and items covered by the MBS or the PBS are considered items already funded by the Australian Government and fall within the specified exclusions under the Quality of Care Principles.

5.2 Co-payments or gap fees

Four providers purchased 4 excluded items classified as co-payments or gap fees, with a value of $1,772.90.

This figure represents 1.4% of the total value of excluded items.

Four providers had used HCP Program funds to pay for co-payments or gap fees which are specified program exclusions. Services and items covered by the MBS or PBS are classified as items already funded by the Australian Government and are excluded under the HCP Program. Co-payments or gap fees, including for services covered by private health insurance, are listed as an exclusion in the Manual.

Providers claimed misunderstanding or misinterpretation of program guidance as the main reason for such purposes being approved.

Program guidance: the Review team found program guidance on this category to be clear.

Providers are reminded co-payments or gap fees cannot be funded through the HCP Program as this is not aligned with the intent and scope of the HCP Program. Examples include co-payments for MBS and PBS, private dental, pharmaceutical costs, medical costs or spectacles.

Health related items

The Review team observed instances where HCP Program funds were used to purchase health items such as oxygen, blood pressure machines and blood glucose monitors.

Given these were health-related items, and as the Review team did not have access to sufficient clinical details and / or clear evidence to assess these as exclusions, the Review team deliberately did not make a decision about the following health items / medical devices:

- blood pressure machines
- oxygen cylinders
- arthritis gloves
- blood glucose monitors.

In most instances the provider's decision to purchase health items was made in partnership with care recipients and a consulting health professional. However, the Review team came across some instances of the health professional's advice being non-specific and not directly relevant as evidence for the purchase.

Program guidance: the Review team found relevant program guidance to be clear.

Providers are reminded it is their responsibility to ensure health professional-advice based purchases are clearly aligned with HCP Program requirements and a care recipient's assessed ageing related care needs.

Providers are also reminded the HCP Program cannot be used for types of care that are funded, or jointly funded, by the Australian Government through other initiatives.

Part 2 of Schedule 3 of the Quality of Care Principles specifies excluded items that must not be included in the package of care and services. Amongst the list of specified exclusions is (e) 'payment of fees or charges for other types of care funded or jointly funded by the Australian Government'.

In circumstances where health items or medical aids are not subsidised by another government funded program, providers can consider funding a medical aid, but only after they have confirmed whether government schemes can cover the cost.

HCP Program funds can only be used for allied health if the services support age related functional decline, and if the service is not being funded by another government funding program such as the Medicare Chronic Disease Management program.

Follow-up actions for providers that spent HCP funds on excluded items

The 62 providers that used HCP Program funds to purchase excluded items were recommended to complete a range of actions including to:

- Identify all care recipients, not just those selected in the Review, where the ongoing provision of the excluded items identified is in a care recipient's budget and/or care plan.
- Cease the provision of excluded care and services ideally from the next claim month or sooner. However, the Review team clearly advised the provider to ensure they discuss this with the care recipient before ceasing services and consider care recipients' safety.
- Review relevant care recipients' budgets and care plans so care and services align with legislation and relate to an assessed age-related need or goal.
- Review program guidance and departmental resources on inclusions and exclusions and consider training/re-training staff involved in approving package expenditure and/or staff who communicate with care recipients on inclusions and exclusions.
- Review decision-making processes for package expenditure.

Providers were given opportunity, at draft report stage, to review these actions and state whether they agreed or disagreed and were offered an opportunity to provide alternative or additional actions in a management response. The majority of providers gave detailed management responses in their feedback to the draft provider report. Responses included details demonstrating actions had already been completed or were underway. Providers' strategies to resolve actions included:

- retraining staff on program inclusions and exclusions, and decision-making frameworks
- investigating alternative software for monthly statement production
- implementing new administrative practices and internal processes
- refunding the funds spent on excluded items back in care recipients' accounts (although this was not requested by the Review team).

This proactive approach and positive level of engagement from providers was very encouraging to the Review team and may be considered when considering sampling for future reviews.

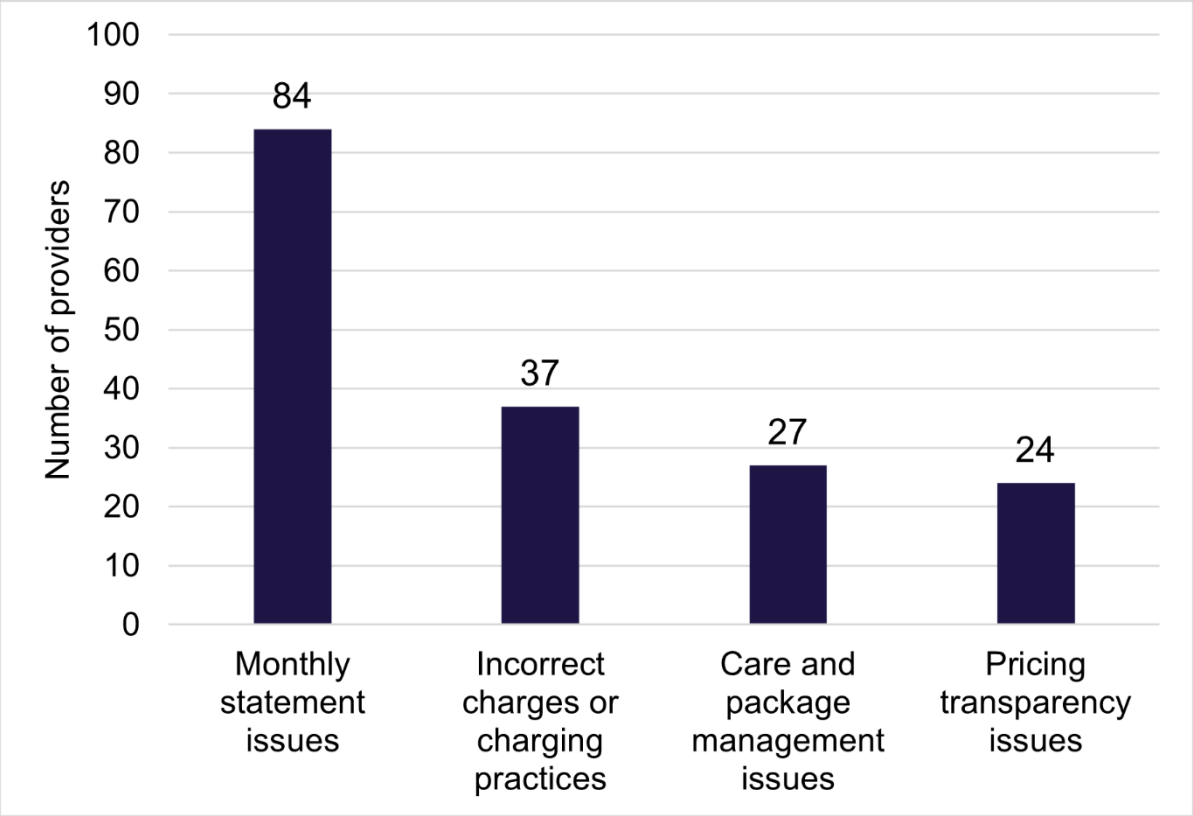
The Review team will share information from this Review with relevant teams in the department including the HCP Program area. Where providers are found potentially non-compliant with their regulatory responsibilities, the Review team may share findings with the Commission. If the Commission identifies non-compliance, it will

respond in a proportionate way to the issues identified which, depending on the extent of non-compliance, may involve enforcement action.

Incidental findings

Incidental findings were identified through assessing 5,472 care recipient monthly statements. While not directly in scope of this Review, these issues related to legislative requirements and therefore the Review team identified these (with associated actions) in individual provider reports to support continual improvement.

Figure 13: Number of providers with one or more incidental findings

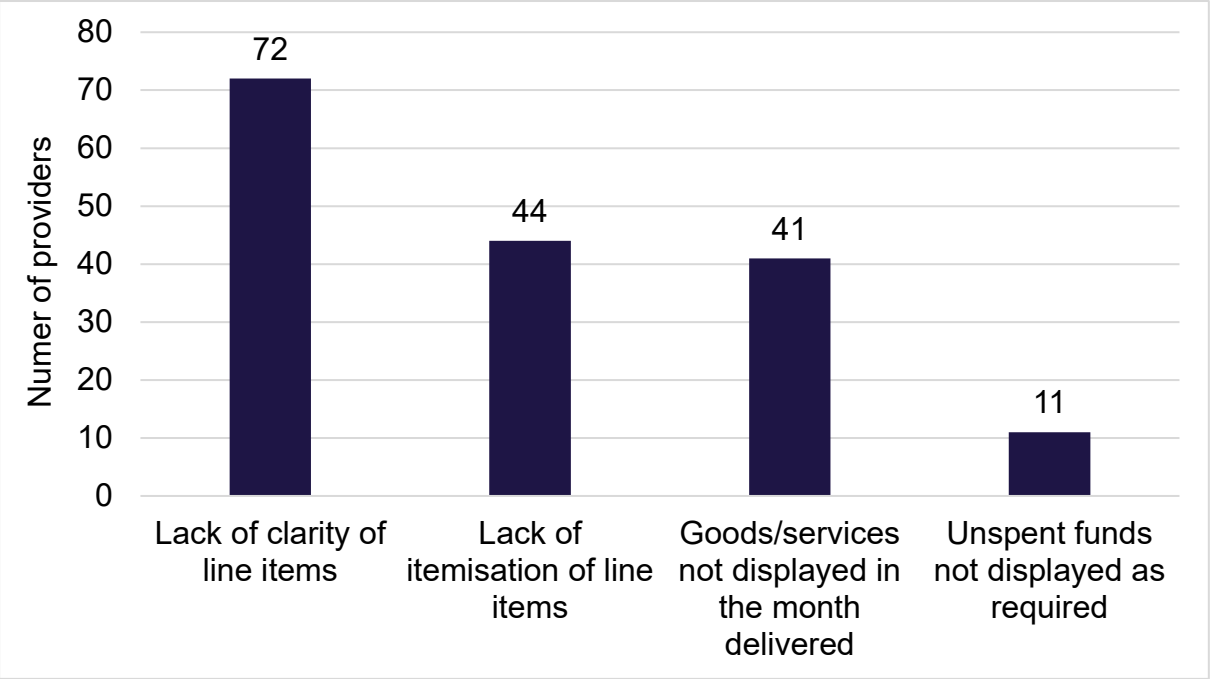


Monthly statement issues

Informative monthly statements ensure care recipients and their representatives have a clear understanding of their HCP Program services, charges and account balances. Legislative requirements are set out in the User Rights Principles and the Quality of Care Principles, with additional updates included in the Improved Payment Arrangements (IPA) guidance.

The Review identified 84 out of 103 providers (82%) had incidental findings relating to care recipient monthly statements. This high proportion is of concern, given the monthly statements are a critical program control for ensuring choice and transparency for care recipients and their representatives. There were four incidental findings related to monthly statements, as represented in Figure 14 below.

Figure 14: Number of providers with monthly statement incidental findings



Lack of clarity of line items

Monthly statements for 72 of 103 providers (70%) did not clearly identify what item or service was provided to the care recipients. For example, providers used manufacturers' names (brand names) for items rather than a more descriptive term (for example food blender) or used broad generic descriptions such as 'purchase' or 'home care'.

While the format of monthly statements is not mandated, the provision of monthly statements, and what must be included in the statement, is a legislated requirement for HCP Program providers.

Providers are reminded the Aged Care Quality Standards (Standard 1 Section 3) embedded in the Quality of Care Principles require that information provided to each care recipient is current, accurate and timely, and communicated in a way that is clear, easy to understand and enables them to exercise choice.

Lack of itemisation of line items

Forty-four of the 103 providers (43%) were found to have not separately itemised services. Items were bundled into a single line item making it difficult for the care recipient to understand the care or service that had been delivered, and the timeframe associated with that service delivery.

To meet legislative requirements under Section 21B of User Rights Principles, providers must include an itemised list of each item of care and service delivered in the month, including total and line-item dollar amounts.

Some providers gave feedback that full itemisation (including the duration of individual services) is not always feasible. In particular this related to care recipients receiving multiple service types by the one care worker over a number of hours on a

daily basis. Providers also raised that it was sometimes difficult to get itemised list of care and services from third party providers. The Review team reminded these providers it is their responsibility to ensure the third parties provide them with the required level of information to meet the provider's legislative responsibilities.

Providers are reminded the provision of detailed monthly statements is a legislative requirement. At a practical level, providers need to ensure care recipients and their representatives have a clear picture of their HCP services and charges. This includes the dates services are delivered and the duration of these services.

Unspent funds not displayed as required

Eleven of the 103 providers (11%) were found to have not separated out unspent funds into the required categories. As per Section 21B(3)(f-fb) of the User Rights Principles, each monthly statement should include the total unspent funds at the end of the current and previous payment periods, and must show:

- the care recipient portion of unspent funds held by the provider
- the Commonwealth portion of unspent funds held by the provider if relevant
- the home care account balance held by Services Australia.

A number of providers raised questions about the requirement to display provider unspent funds for care recipients who commenced their package after September 2021, as from that date, providers are no longer able to hold any Commonwealth portion of unspent funds.

The Review team confirms monthly statements must include the total unspent funds at the end of the current and previous payment periods, and must show:

- **the care recipient portion of unspent funds held by the provider**
- **the Commonwealth portion of unspent funds held by the provider**
- **the home care account balance held by Services Australia.**

For care recipients who commenced receiving HCP services after phase 2 of IPA (September 2021), where the provider is not holding and cannot hold any Commonwealth unspent funds, providers should reflect a $0 balance in monthly statements.

Goods and/or services not displayed in the month they were delivered

In monthly statements for 41 out of 103 providers (40%), items purchased using HCP Program funds were not listed in the monthly statement in the month the purchase was made. This was the subject of some discussion and debate between the Review team and providers. Some providers reported challenges in accurately reflecting items within the payment period, particularly where self-managed care recipients and third-party providers delay sending invoices, or where invoices are issued at the end of the month.

Section 21B of the User Rights Principles requires providers include an itemised list of each care and service delivered in the month of service delivery.

Providers are reminded the intent of the HCP Program is for charges to be reflected in the monthly statement relating to the month of service delivery. This is essential so the care recipient and the provider have a clear understanding of what funds remain available for future months. Adjustments can be made upon receipt of invoices where required.

Incorrect charges or charging practices

Providers are responsible for working with care recipients to ensure HCP Program funds are used correctly and transparently. Proper use of HCP Program funds ensures value for money for care recipients and Australian taxpayers.

Legislative requirements relating to charging and charging practices are set out in the User Rights Principles. Thirty-seven providers (36%) were found to have incidental findings relating to incorrect charges or charging practices.

Third party charges

Eleven of 103 providers (11%) charged a separate price for third-party services. Providers are required to charge all-inclusive prices for third-party services and must not charge the costs of providing care or services through a subcontracting arrangement as a separate amount (Section 21K of the User Rights Principles).

Providers are reminded the department expects that most, if not all, additional costs related to third-party services will be recouped through care and package management charges.

HCP account deficit

Twenty of the 103 providers (19%) had monthly statements containing negative HCP Program account balances. Section 21A(2)(b) of the User Rights Principles states an individualised budget must be 'prepared having regard to the care recipient's goals and assessed needs, preferences, the resources available and the services selected by the care recipient'.

Providers are reminded a care recipient's home care account must not go into deficit. Where the care recipient's budget is running at a deficit each month, providers must meet with the care recipient to discuss how their needs can be met within the limits of the package budget. Providers can also consider supporting the care recipient in seeking a reassessment of their aged care needs (that is, a support plan review or comprehensive assessment). HCP accounts being in deficit is of great concern to the Commission as the national regulator as well as the department as the program manager.

Care and package management issues

Care management is a mandatory service which ensures providers deliver safe and quality care and services based on care recipients' needs, goals and preferences. Care management includes activities such as reviews of home care agreements and care plans, partnering with care recipients to ensure care and services align with other supports, and identifying risks to safety, health and well-being.

Package management is a key administration and compliance service, which includes coordination of services, management of home care budgets, storage and maintenance of records and other administrative activities required to support the delivery of the HCP Program.

From January 2023, the department capped care and package management prices based on package level. Legislative requirements relating to care and package management are set out in the User Rights Principles.

Twenty-seven of 103 providers (26%) had incidental findings relating to care and package management:

Package management charged with no care or services provided

Nineteen of 103 providers (18%) charged package management in months where no care or services were provided.

To meet obligations under Section 21KA of the User Rights Principles, providers are reminded they cannot charge package management if no care or services are delivered to the care recipient (other than care management) during the payment period (excluding the first month the care recipient is with the provider).

Charging a single combined price for care and package management

Two of 103 providers (2%) charged a single price for care and package management. Section 21B(3)(c) User Rights Principles stipulates monthly statements must include an itemised list of care and services.

Providers are reminded as care and package management are separate services, they should be displayed as individual line items in monthly statements.

Care management charged above the cap

Seven of 103 providers (7%) charged care recipients more than 20% of the package level for care management, which does not meet the requirements of Section 21KA of the User Rights Principles.

Providers are reminded they legally can no longer charge more than 20% of the package level for care management and no more than 15% for package management.

Pricing transparency issues

Twenty-four of 103 providers (23%) had incidental findings relating to pricing transparency.

Pricing transparency empowers care recipients to exercise choice and control over the care they receive and supports them to better understand and compare providers' fees and charges. Legislative requirements are set out in the User Rights Principles. Issues included:

No full price list or incomplete full price list

Eighteen (of 103) providers (17%) were identified to have missing, incomplete or hyperlinks on My Aged Care that did not open to pricing information on providers websites as required under the User Rights Principles.

Inconsistent published pricing

Eight (of 103) providers (8%) advertised prices that were not consistent across all published information. The legislative requirements set out in the User Rights Principles require providers to enter their prices for common services, including the amount for care management, in relevant fields on the My Aged Care website.

Providers are reminded they are required by law to meet HCP Program pricing transparency requirements. The Review team notes it continues to identify similar issues as it identified in Reviews 1 and 3. This issue will be the subject of further review in 2024. Compliance with pricing transparency requirements is actively monitored by the department and the Commission as the national regulator.

Service provision by a family member and/or friend

Providers and care recipients are reminded payment to families and friends to deliver HCP Program care services is typically not allowed under the HCP Program (unless specific criteria are all met).

As outlined in Section 10.5 (page 86) of the Manual, using funds to pay for family carers raises serious probity issues under the Public Governance, Performance and Accountability Act 2013 under which the aged care special appropriation sits. Generally, this is an exclusion unless all of the below criteria are met:

a) a thin market (i.e. rural and remote Australia; Aboriginal and Torres Strait Islander and CALD populations), and
b) the family member is especially qualified, and
c) family member doesn't live with the care recipient, and
d) the provider and family member (in their capacity as a personal care worker or health professional) have agreed on a robust probity plan with the provider, and
e) the family member is not already receiving a carer's payment.

A family member carer may instead access Carer Payment or Carer Allowance from Services Australia depending on the circumstances of the care and needs of the person needing the care.

It is important providers understand an arrangement where a family member provides services should be a 'last resort' and must be carefully considered against all the necessary criteria.

Follow-up actions for providers with incidental findings

The 84 providers found to have incidental findings were recommended to complete a range of actions including to:

- Examine a sample of monthly statements to ensure the statements meet the User Rights Principles, including:
    - an itemised list of the care and services delivered in the month
    - descriptions for each item in plain English, ensuring line items are easy to identify and understand
    - unspent funds itemised / displayed as required.
- Check all monthly statements to ensure there are no negative balances. Examine account practices to ensure all care recipients' fund balances are managed appropriately so deficits do not occur in the future.
- Immediately cease charging package management in claim months where no care or services, other than care management, are provided.
- Cease charging care and/or package management amounts above the legislated caps.

Providers were given opportunity, at draft report stage, to review these actions and state whether they agreed or disagreed. They were also offered an opportunity to provide alternative or additional actions in a management response. The majority of providers gave detailed management responses in their feedback to the draft provider report. Responses included details demonstrating actions had already been completed or were underway. Providers' strategies to resolve actions included:

- reviewing wording of care and services used in monthly statements
- delivering updated staff training
- communicating requirements with third-party suppliers
- investigating and/or implementing alternative software for monthly statement production, and/or
- implementing new administrative practices and internal processes.

This proactive approach and positive level of engagement from providers was very encouraging. This and other intelligence regarding incidental findings may be considered when considering sampling for future reviews.

The Review team will share information from this Review with relevant teams in the department including the program management area for the HCP Program. Where providers are found potentially non-compliant with their regulatory responsibilities, the Review team may share findings with the Commission. If the Commission identifies non-compliance, it will respond in a proportionate way to the issues identified which, depending on the extent of non-compliance, may involve enforcement action.

Provider engagement

Most providers were responsive and engaged well with the Review team. Many providers sought to address findings prior to the finalisation of the Review. Providers viewed the Review as a positive learning opportunity to improve organisational practices and procedures.

The majority of providers gave detailed management responses following the issuing of their draft report. Responses included details demonstrating actions had already been completed or were underway. For example, 23 of the 62 providers with recommended actions advised they had already completed the actions before their final reports were issued. This proactive approach and positive engagement from providers was very encouraging. While the Review team generally takes a risk-based sampling approach, where appropriate, such positive provider posture may result in a provider not being scoped into a future review.

Guidance for care recipients

Increasing numbers of older people are choosing to remain in their own homes as they age. The HCP Program supports older people experiencing age-related functional decline with services and care to maintain their safety and security within the home. Given the lack of clarity of monthly statements evident through this (and previous) reviews, the Review team has identified the following guidance for care recipients:

- Check your monthly statement is clear and supports you and those who assist you to know what your HCP Program funds are being used for and what you are being charged.
- Check the good or service mentioned in your monthly statement was actually delivered or received by you.
- Your statement must continue to show your unspent funds balances – both the Commonwealth portion (held by Services Australia) and your contributions (if any held by the provider).
- You should not be charged for package management in a statement month if no care or services (other than care management) were received by you.
- You should not be charged more than 20% of your HCP level for care management or more than 15% for package management. This is now legally capped.

- Your account should not go into deficit. If your monthly statement does have a negative balance, talk to your provider in the first instance. If that does not help get in touch with the Aged Care Quality and Safety Commission on 1800 951 822.
- If you are worried about fraudulent behaviour, contact the department with details of your concerns via email at reportfraudorcorruption@health.gov.au
- You must not pressure your provider to pay for goods and services you are required to purchase out of your general income, like any other Australian regardless of age. All providers must deliver the HCP Program as per legislated requirements.
- Beware of providers who try to 'lure' you with promises of being able to fund what your current provider has said it cannot legally fund under the HCP Program.
- If you self-manage your HCP budget, you should work with the provider so that the provider can ensure HCP Program funds are spent for legally approved purposes only. Ultimately the provider remains responsible for the correct use of program funds.

Further information is available at Home Care Packages Program Manual for Care Recipients.

Supporting continuous improvement of providers and public awareness

The Review team acknowledges the commitment of providers that participated as required in this Review. The majority engaged positively with the Review team throughout the Review. We appreciate your commitment to enhanced accountability, transparency and continuous improvement.

All providers in the sector, not just those reviewed, are encouraged to check for excluded items during the annual review of care recipients' budgets and care plans. Providers must ensure they discuss excluded items with the care recipient when considering ceasing care and services in future, and if required, support care recipients to make alternative arrangements.

Providers should also take the opportunity to refine monthly statements to ensure care recipients have transparency to support informed decision-making. However, the Review team appreciates system-changes may be too expensive and untimely ahead of Support at Home Program commencing. As such, providers should consider any organisational or system changes as part of supporting effective transition to the Support at Home Program.

Webinar

Following the public release of this report, a public webinar about the Review, findings and implications for the sector and consumers is planned. Further details, including the webinar recording, will be available at Webinars for the aged care sector | Australian Government Department of Health and Aged Care.

HCP Community of Practice

The HCP Community of Practice was launched in August 2022. It is an online platform supporting providers to engage with each other and the department, share program knowledge and better practice.

The department uses the platform to share learnings from assurance reviews and provide updates on the review process. All HCP providers are encouraged to join the Community of Practice. Providers that are yet to sign up can do so at HCP Program Assurance Community of Practice.

The department appreciates providers' initiative in seeking clarification regarding excluded items through the Community of Practice and other correspondence. It also notes with appreciation providers who use the Community of Practice forum to share knowledge and information.

Supporting continuous improvement of program assurance reviews

The Review team sought feedback from providers to understand how the department could improve program assurance reviews. In total, 45% of providers that participated in the Review responded to an anonymous survey. Responses were very positive about how the Review was conducted.

Respondents indicated that review officers were respectful and helpful. All providers agreed the Notice and attachments were clear, however, one-third of respondents were unsure of what information they needed to submit during the Review. Given providers had positive engagement with review officers, where providers did require assistance with aspects of the review, respondents reported they were well supported during the process.

Providers found the Review helped them identify ways to continuously improve their services, assess how well they are meeting program requirements, and to find opportunities to improve existing systems and practices. Feedback from respondents included:

'educative and informative experience'

'excellent process and provided learnings for our organisation'

HCP Program assurance reviews are guided by principles including natural justice and transparency around the rationale for findings. Feedback indicated the findings reflected the information submitted and appeared in the report as expected:

'The report was easy to read and follow, it was good that references were provided to support conclusions, there was clear communication throughout the review and this was reflected in the report.'

The Review team will continue its practice of obtaining structured feedback from participating providers through surveys at the conclusion of reviews. Outside of that process the Review team welcomes feedback on this report from readers. Feedback can be sent to PAEngagement@Health.gov.au.

Conclusion

This Review has gained evidence-based insights into spending of HCP Program funds on excluded items and reasons why. The Review has helped determine whether care recipients and taxpayers are getting value for money from the HCP Program and therefore enhanced the integrity and transparency of the HCP Program. The Review achieved this by using a robust, risk-based sample of 103 providers, and by examining 5,472 monthly statements for 1,824 care recipients over the three-month period from April to June 2023.

The findings from the Review indicate there is clear incidence of excluded items, suggesting potential inefficiencies or potential non-compliance. The Review found 62 of the 103 reviewed providers (60%) had spent HCP Program funds on one or more excluded items. By extrapolating the sample findings, the Review estimates

potentially around $70.5 million per year could be at risk of being spent on excluded items.

The Review team found a key reason why, according to providers, HCP Program funds have been spent on excluded items is because providers have misunderstood or misinterpreted program guidance. Care recipient pressure was also claimed by a small number of providers. While the Review team notes the need for more clarity for some areas of HCP guidance material, it also confirms significant portions of the guidance on excluded items is clear. The responsibility rests with providers to ensure decisions are consistent with program requirements, justifiable (based on evidence and needs) and well documented. Providers' clear understanding of legislated and program requirements, and consistent application of these, will support providers' staff to more confidently engage with care recipients to explain why something cannot be purchased. Care recipients and their representatives should cooperate with providers to ensure funding is used appropriately and transparently.

An incidental finding of particular concern to the Review team was the persistent lack of clarity of monthly statements, with 84 of the 103 providers having one or more issue with their sampled monthly statements. Monthly statements are a key program control to support care recipient choice and transparency. This report includes some guidance for care recipients regarding reviewing their monthly statements carefully and keeping their providers accountable.

Since October 2021, the Review team has examined more than 11,000 monthly statements from 3 out of 4 assurance reviews (Reviews 1, 2 and 4).

These findings indicate the need for the planned HCP assurance review of validation of program funds to help minimise misuse and error.

Overall, the Review process has again demonstrated the benefits of closely working with providers to support improved understanding of program requirements and continual improvement. The significant level of positive engagement by most reviewed providers demonstrates they valued the opportunities offered by the Review to closely examine and improve their understanding of HCP guidance and their associated organisational procedures.

Guidance materials used for this Review

- Aged Care Act 1997
- Home Care Packages Program Operational Manual
- Quality of Care Principles 2014
- User Rights Principles 2014
- Home Care Packages Program Inclusions and Exclusions – FAQs for Providers – version 1
- Care management and care plans for Home Care Packages | Australian Government Department of Health and Aged Care
- Publishing prices for Home Care Packages | Australian Government Department of Health and Aged Care
- Home Care Packages pricing update | Australian Government Department of Health and Aged Care