Australian Government
Department of Health

Improved Payment Arrangements (IPA) for Home Care

Provider Fact Sheet – August 2021

Background

The Australian Government (the Government) is changing the way Home Care Package Program providers are paid.

In Phase 1 (implemented on 1 February 2021), providers began receiving the full amount of funding in arrears each month, regardless of the services provided to the care recipient in the claim period.

In Phase 2 (from 1 September 2021), providers will receive funding based on the actual services delivered to care recipients in the previous month. This will align home care with other Government-funded programs like the National Disability Insurance Scheme, as well as modern business practices.

Legislation to support Phase 1 was passed by Parliament in December 2020, and for Phase 2 in February 2021.

What is changing under Phase 2?

There are 5 Key changes being implemented under Phase 2:

1. **Invoicing/payment based on actual services delivered in past month**
    - Providers will need to invoice only for services delivered in the past month and will be paid in arrears for those services
    - Providers will be able to claim an aggregated invoice amount each month for each care recipient (that is, they will not have to provide detail of specific services).
2. **Establishing a Home Care Account for each care recipient**
    - Any unspent amount will accrue in a home care account created and maintained by Service Australia for each care recipient
    - Any unspent Government subsidy accrued from 1 September 2021 onward will be held in this account. These funds will continue to be available to the care recipient when needed.
3. **Reporting of Unspent Funds**
    - Providers will be required to report any Commonwealth unspent amount they currently hold. Providers have until **31 December 2021 t**o start reporting on the Commonwealth portion of unspent funds held for each care recipient. Reporting will then be mandatory unless a provider chooses the opt-in arrangement.
4. **Opt-In arrangement for Commonwealth Unspent Funds**
    - Providers will have the choice to opt-in to draw down on the Commonwealth unspent amount providers currently hold for care and services
    - Providers can opt-in for one or more (or none) of their care recipients until **28 February 2022**.

- If a provider opts-in to this process for a care recipient, the Commonwealth portion of unspent funds they hold for that recipient will be progressively drawn down by the provider
- Services Australia will credit the care recipient's home care account with their newly accrued unspent Commonwealth subsidy, for future use. The care recipient will not lose access to their unspent funds
- Once a provider reports their unspent funds balance and opts-in, Services Australia will keep track of the Commonwealth portion of provider-held unspent funds. The provider will not need to report on the Commonwealth portion of provider-held unspent funds after this
- The process and requirements for providers who opt in vs. those who don't is detailed in **Attachment A**.

5. **70-Day Limit**
    - Introducing a 70-day limit to retrospective changes at departure. This applies to all events and finalising any claims for the care recipient that has departed
    - Providers will need to submit any claims and events **before** day 70 (as claims and events are approved on the next business day). This includes the return of any provider-held unspent amount for care recipients who aren't opted in.

Providers will continue to:

- Use individualised budgets to meet their care recipients' care plans
- Ensure that their care recipients are informed of, and assisted to understand their rights to direct the use of their funds, through the terms of their Home Care Agreement before agreeing to them
    - This includes any changes to pricing and fees which must be reflected in the Home Care Agreement, to ensure care recipients are not disadvantaged by any pricing changes or the introduction of a new service charge
    - If a care recipient does not agree or does not respond to advice about a proposed change, providers cannot make changes or stop providing care
- Provide detailed monthly statements to their care recipients
- Collect home care fees from care recipients in the same way
- Recoup reasonable administrative costs through their prices for care and services in line with legislation
- Claim through the Services Australia Aged Care Provider Portal, Aged Care Web Services[1] or through paper claims.
- Be paid on a monthly payment cycle. Claims submitted online to Services Australia are usually approved the next business day and then payment is made overnight. Paper claims have a longer turnaround time (approximately 10 days on average).

[1] Aged Care Web Services is the Business to Government channel available for aged care. There are a range of software products available for home care providers which have passed the integration testing phase with Services Australia. The Business to Government channel will be updated to align with these changes.

When will the changes affect providers?

From 1 September 2021:

- The Government will pay providers in arrears for services delivered
- Home care accounts will be created for each care recipient
- Providers will no longer accrue Commonwealth unspent funds for care recipients
- Providers will be able to use the new **price** calculator to calculate the unspent fund they hold for each care recipient *(calculator coming soon, monitor the IPA website).*

From 1 October 2021, providers will:

- Claim based on the care and services delivered to care recipients in the month of September 2021, through Services Australia
    - This claim will be for the aggregate dollar amount for services delivered to individual care recipients, and does **not** need to be a detailed invoice by service type (however, providers must continue to provide detailed monthly statements to their care recipients) *(better practice monthly statement coming soon, monitor the IPA website)*
- Have until 28 February 2022 to choose whether to opt-in to draw down the Commonwealth portion of unspent funds they currently hold for their care recipients. Providers can opt-in from **1 October 2021 until 28 February 2022**. Opting in will be done through any of the existing claim channels.
- Report the Commonwealth portion of unspent funds held for each care recipient.
    - While providers can commence reporting for the September claim period, by **31 December 2021** all providers need to have begun reporting on the Commonwealth portion of unspent funds held for each care recipient for at least one claim period (September-November).
    - To do this, for example, a provider calculates the Commonwealth portion of unspent funds held for a care recipient at 31 October 2021 and includes this as part of the November 2021 claim submitted in December 2021.
    - Reporting can be done in either the Services Australia Aged Care Provider Portal, Aged Care Web Services or via the paper claim.
- Providers should opt-in for care recipients who have no unspent funds as they will not need to report on unspent funds for those care recipients for future months.
- Advise care recipients of their Services Australia home care account balance, if asked.

From 1 January 2022:

- Reporting on Commonwealth unspent funds will be **mandatory** when making a claim to Services Australia unless providers have chosen to 'opt-in' and drawdown on unspent funds.

Phase 2 IPA Timing

Action	2021 (calendar dates)			2022 (calendar dates)		
	Oct	Nov	Dec	Jan	Feb	Mar - ongoing
Claiming based on care and services	Mandatory					
Reporting Commonwealth unspent funds	Provider must report for one claim period			Mandatory		
Opt-in to return unspent funds	Optional					No longer available

Timing for reporting Commonwealth unspent funds

Claim month	Month claimed	Date unspent funds value is calculated	Reporting requirement
September 2021	From October 2021	31 August 2021	By 31 December 2021, provider must submit a report for at least one of these claim months
October 2021	From November 2021	30 September 2021	
November 2021	From December 2021	31 October 2021	
December 2021	From January 2022	30 November 2021	**Mandatory**
January 2022	From February 2022	31 December 2021	**Mandatory**

What can providers do to prepare for IPA Phase 2?

By preparing early, providers can make the transition to the new arrangements much smoother. Key actions needed prior to 1 September are:

- Ensure your claims and care recipient records are up to date.
- Ensure systems and processes that track the value of care and services delivered for each care recipient are in place (and data can be extracted to be used for claiming if required).
- Reconcile the Commonwealth portion of unspent funds you are currently holding for each care recipient to support meeting the 31 December 2021 deadline for reporting.
- *[If you do not intend to opt in to draw down unspent funds]* Ensure systems and processes that track unspent funds you are holding for each care recipient are in place, and the balance of the Commonwealth portion of unspent funds can be extracted to support ongoing reporting to Services Australia.

The Government offers free accounting and business advisory services to all home care providers to help them review their operations and provide advice on business management and financial strategies. Further information can be found here.

Services Australia are working with the Department of Health to update the payment system and will continue to update guidance materials.

Will this change impact care recipient fees?

Improved Payment Arrangements will **not** change home care fees.

Basic Daily Fee

Providers can continue to ask a care recipient to pay the Basic Daily Fee, which will increase the funds available to the care recipient. The care recipient must agree to pay the Basic Daily Fee.

Providers continue to be responsible for collecting and managing the Basic Daily Fee and other agreed fees. Care and services delivered using the Basic Daily Fee funds should be separate from the Services Australia claiming process. Providers must minus the Basic Daily Fee amount from the price they claim from Services Australia. Providers will hold any unspent Basic Daily Fees and will be accountable for these to their care recipients.

Income tested care fee

Providers will continue to collect the income tested care fee from care recipients who are liable to pay it, and this will be automatically deducted by Services Australia from payments to the provider.

If providers have been waiving all or part of a care recipient's income tested care fee because they are not using all of their package, providers can use any portion of the care recipient's unspent funds they are holding to cover care and services that the income tested care fee would have contributed towards. This can continue as long as the provider holds unspent funds on a care recipient's behalf. Once the unspent funds that providers hold for care recipients have been used, providers will only be able to waive the income tested care fee by using retained earnings. If providers are not able to do this, care recipients will need to start contributing their assessed income tested care fee.

Providers **cannot** charge care recipients the income tested care fees that they have waived in the past.

For further information please see our Questions & Answers Fact Sheet.

Exit fees

The rules for exit amounts are not changing. Exit amounts can only be drawn from the unspent funds held by the provider for a care recipient and only if:

- the provider has published the exit amount on the My Aged Care website
- the care recipient has agreed to an exit amount in their Home Care Agreement
- the care recipient still has unspent funds held by the provider when they exit care

If a provider does not hold unspent funds on behalf of a care recipient, the provider will not be able to charge an exit fee for that care recipient.

An exit amount is not considered a type of care or service and cannot be charged as part of the price reported to Services Australia.

Other agreed fees and charges

Care recipients have choice and control over their home care package budget. The total funds in the home care package budget consists of the care recipient's contribution and the Government's contribution. The amount a care recipient contributes depends on their income, and what fees they agree to with the provider.

Providers must work in partnership with their care recipients to design and deliver services that meet their assessed needs and personal care goals. Providers need to discuss future planning and any large purchases with their care recipients and take these into account when planning package budgets. This must then be documented in a care recipient's care plan. Provider must ensure care recipients understand and agree to their care plan before services are put in place.

Providers and care recipients may also agree on additional fees to receive services that wouldn't otherwise be covered by the home care package. Care and services delivered using these funds should be separate from the Services Australia claiming process. Providers must minus these fees from the price they claim from Services Australia.

What information do providers need to tell their care recipients?

Providers have an obligation to explain if and how these changes impact their care recipients.

Services Australia will expand the monthly statement issued to providers to report the balance of home care subsidy held within the care recipient's home care account.

Providers must share this information with their care recipients to ensure care recipients understand the total funding available to them for their care and services. This does not need to be included in the care recipient monthly statements until providers' systems are ready to do so.

As soon as this is practical after these changes commence, providers must incorporate the distribution of unspent funds balances into the care recipients' monthly statement, including the balance of the:

- Provider-held care recipient contributed unspent funds
- Provider-held Commonwealth portion of unspent funds
- Services Australia home care account balance (Government held unspent funds)

The department will review this early in 2022, to determine the date at which this reporting requirement becomes mandatory. Advance notice will be provided to the sector.

Transition funding for targeted providers

The Government is providing limited transition funding through a closed and targeted grant round that opened on 19 February 2021. Information about the grant is available at GrantConnect. The purpose of the grant is to ensure continuation of services for care recipients in particularly thin markets – it is not intended to replace the February 2021 subsidy payment.

Home Care Providers that are eligible for funding have been notified by the Department of Health. The grant round closes on 15-Dec-2021 at 2:00 pm (ACT Local Time) and providers who have been notified are encouraged to apply.

For further information please contact IPA.grants@health.gov.au.

If you are not eligible to apply for transition funding, you can still access other support services. The Government offers free accounting and business advisory services to home care providers to help them review their operations and provide advice on business management and financial strategies.

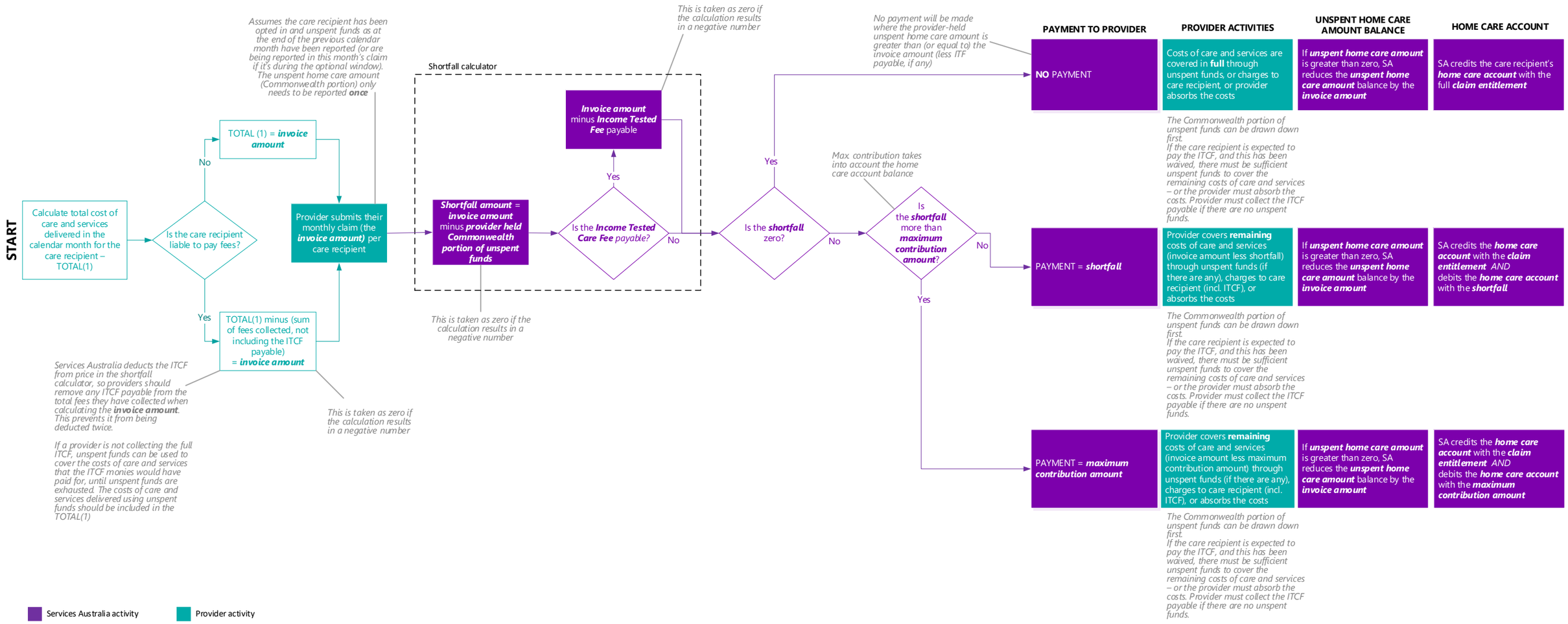
Further information on business advisory services can be found here.

Further information

Further information on IPA can be found on the Department of Health's website, including Q&As, calculators and the care recipient fact sheet.

ATTACHMENT A – Claim Process

Claim Process if a Provider Chooses to 'Opt-in' [Updated 19 Aug 2021]



Invoice amount / price

Definition: the amount a provider can submit in their monthly claim for the care recipient.

Calculation:
1. Tally the total cost of care and services delivered for the care recipient in the calendar month being claimed and any administrative, care management costs
2. Tally the total fees collected/payable – including BDF, ITCF, and any other fees agreed with the care recipient
3. Deduct ITCF payable from the total at step 2. This is the available home care fees.
4. Deduct the total at step 3 from the total at step 1.

Legislative reference: Subsidy Principles 2014, 99B Price for home care

Claim entitlement / Commonwealth contribution amount

Definition: the amount of government subsidy a care recipient is entitled to for the month.

Calculation:
1. Tally the basic monthly Government subsidy amount + primary supplements (if any) – Income Tested Care Fee (if any) + other supplements (if any)

Legislative reference: Aged Care Act 1997, s 48-1A Commonwealth contribution amount

Maximum contribution amount

Definition: the total amount of Government subsidies available to cover the price for the care recipient, including this months' claim entitlement and the balance of the home care account.

Calculation:
1. Sum of the care recipient's claim entitlement and the balance of their home care account at the end of the previous month.

Legislative reference: Subsidy Principles 2014, Division 5 – Shortfall amount

Shortfall amount

Definition: in this case, where the provider has opted in the care recipient to return their provider-held unspent Commonwealth funds, the shortfall is the invoice amount, less any funds the provider is returning (unspent home care amount), less the Income Tested Care Fee the care recipient is liable to pay (if any)

Calculation:
1. Invoice amount minus unspent home care amount, up to the amount to cover the invoice amount or 100% of the unspent home care amount
3. The result of step 1 less the Income Tested Care Fee (if any)
3. If the result of step 2 is negative, this is taken as zero

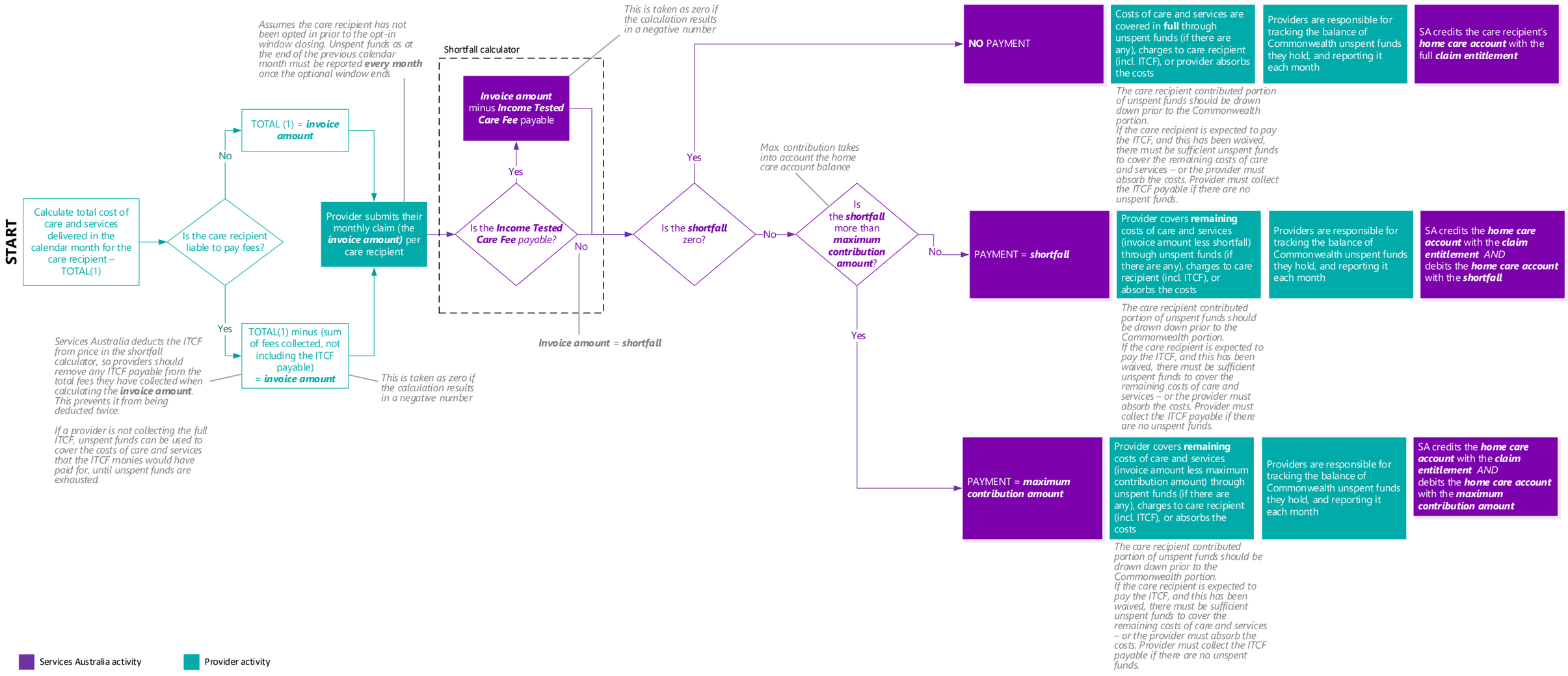
Legislative reference: Aged Care Act 1997, s 48-13 Shortfall amount; *Subsidy Principles 2014,* Division 5 – Shortfall amount

Unspent home care amount

Definition: the Commonwealth portion of the provider-held unspent funds, as at the end of the previous calendar month.

This only needs to be reported ONCE by the provider, after which the balance of the Commonwealth portion of the provider-held unspent funds is updated by Services Australia (if required) with each monthly claim submitted, until the balance reaches zero.

Claim process if a provider chooses NOT to 'opt-in' [Updated 19 Aug 2021]



Services Australia activity Provider activity

Invoice amount / price

Definition: the amount a provider can submit in their monthly claim for the care recipient.

Calculation:
1. Tally the total cost of care and services delivered for the care recipient in the calendar month being claimed and any administrative, care management costs
2. Tally the total fees collected/payable – including BDF, ITCF, and any other fees agreed with the care recipient
3. Deduct ITCF payable from the total at step 2. This is the available home care fees.
4. Deduct the total at step 3 from the total at step 1.

Legislative reference: Subsidy Principles 2014, 99B Price for home care

Claim entitlement / Commonwealth contribution amount

Definition: the amount of government subsidy a care recipient is entitled to for the month.

Calculation:
1. Tally the basic monthly Government subsidy amount + primary supplements (if any) – Income Tested Care Fee (if any) + other supplements (if any)

Legislative reference: Aged Care Act 1997, s 48-1A Commonwealth contribution amount

Maximum contribution amount

Definition: the total amount of Government subsidies available to cover the price for the care recipient, including this months' claim entitlement and the balance of the home care account.

Calculation:
1. Sum of the care recipient's claim entitlement and the balance of their home care account at the end of the previous month.

Legislative reference: Subsidy Principles 2014, Division 5 – Shortfall amount

Shortfall amount

Definition: in this case, where the provider has not opted in the care recipient to return their provider-held unspent Commonwealth funds (or the care recipient doesn't have unspent funds) the shortfall is the invoice amount less the Income Tested Care Fee the care recipient is liable to pay (if any)

Calculation:
1. Invoice amount minus the Income Care Tested Fee
2. If the result of step 1 is negative, this is taken as zero

Legislative reference: Aged Care Act 1997, s 48-13 Shortfall amount; *Subsidy Principles 2014,* Division 5 – Shortfall amount

Unspent home care amount

Definition: the Commonwealth portion of the provider-held unspent funds, as at the end of the previous calendar month.

This needs to be reported EVERY MONTH by the provider until the balance reaches zero.