

# Improved Payment Arrangement for Home Care Providers

Original webinar: Friday 7 May 2021  
10am to 12pm AEST

These webinar slides have been updated as of August 2021 to incorporate changes to Phase 2 of Improved Payment Arrangements.

Slides that have been updated will be marked.

The original webinar recording has been removed.

# Introduction

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- Improved Payment Arrangements addresses the issue of unspent funds within the home care sector and ensures that home care package funds are secured for older Australians.
- In late 2019, unspent funds in the home care sector were estimated at around \$750 million. By December 2020, estimates of unspent funds increased to over \$1.4 billion.<sup>2</sup>
- This figure has continued to increase.
- This matters because it means a significant amount of home care funding is not being used. This is while we still have tens of thousands of people waiting for service. There were 96,403 people seeking a home care package at their approved level at December 2020.<sup>3</sup>

1. Aged Care Financing Authority, 2019 Consideration of the Financial Impact on Home Care Providers as a Result of Changes in Payment Arrangements

2. StewartBrown, December 2020 Aged Care Sector Report

3. Department of Health, Home Care Packages Program Data Report 1<sup>st</sup> Quarter 2020-21

\*Please note that this slide has been updated\*

# Webinar overview

## Phase 1 Update

Where are we now?

## Phase 2 Update

What will this look like?

Opting in to return unspent funds

How to advise care recipients about their unspent funds

Care recipient transfers

Services Australia payment system updates

Q&A



# PHASE 1 UPDATE

# PAYMENT IN ARREARS

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# Phase 1 – Where are we now?

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- As you are aware, Phase 1 began on 1 February 2021 and you are now paid in arrears. You would have received your February subsidy payment in March 2021.
- To support small providers in remote areas with targeted financial assistance, the Transitional Support Grant opened on 19 February 2021.
- This grant will remain open until December 2021.
- Details of the grant are available at GrantConnect:  
<https://www.grants.gov.au/> GO ID: GO4565.
- Free business advisory support is also available to other providers through PwC **until 30 June 2023**. We encourage providers to use this service. More details are available on the PwC website listed here: <https://www.pwc.com.au/health/aged-care-advisory.html>

# PHASE 2 UPDATE

# PAYMENT BASED ON SERVICES

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# Phase 2 – What will this look like?

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- Phase 2 will begin on 1 September 2021
- You will begin claiming based on the cost of actual services delivered to care recipients during the previous month



\*Please note that this slide has been updated\*

# Phase 2 – What will this look like?



- In September, Services Australia will create a home care account for each care recipient.
- Unspent Commonwealth subsidies accrued from 1 September 2021 onwards will be held in the home care accounts of care recipients.
- You can opt-in to return the Commonwealth portion of any unspent funds you hold for care recipients between **1 October 2021** to **28 February 2022**. These are fixed dates **and correspond to the September 2021 to January 2022 claim months**.
- You can opt-in to return unspent funds for individual care recipients. You do not need to opt-in for all of your care recipients.
- You can opt-in by notifying Services Australia when submitting your claim through the Aged Care Provider Portal.



# Phase 2 – Opting in to return unspent funds

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- If you opt-in to return unspent funds for a care recipient, you will draw down on the Commonwealth portion of the unspent funds that you hold.
- At the same time newly accrued unspent subsidy will be added to the care recipient's home care account. This will ensure that the care recipient retains access to their full subsidy entitlement.
- This means that you do not have to return large amounts of unspent funds all at once. Instead, the claims process will be used to gradually return unspent funds.
- If you do not opt-in, you will continue to hold the unspent funds accrued by care recipients prior to 1 September 2021. You can use these funds to deliver care and services.
- You do not need to opt-out of returning unspent funds. You will be opted-out by default. There are no additional steps needed to opt-out.

# Phase 2 – How can providers prepare?

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Before 1 September 2021 you should make sure:

- Your care recipient claims **and records** are up to date;
  - **Your systems and processes that track the value of care and services delivered for each care recipient are in place;**
  - **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.** ~~Your records of the unspent funds you are holding for each of your care recipients are up to date.~~
- If you are a provider that has been contacted by the Department of Health about the targeted transitional support funding, consider putting in an application.
  - Consider whether your organisation would benefit from free PwC Business Advisory Services <https://www.pwc.com.au/health/aged-care-advisory.html>

\*Please note that this slide has been updated\*

# Phase 2 – What will providers need to do

September 2021



- In September, you will claim the full subsidy amount for each care recipient for August.
- Then you will need to begin preparing to claim for services delivered in September – this will be lodged in October.
  - Providers can also begin to calculate and report unspent funds to Services Australia.
  - Providers will have up to **31 December 2021** to begin reporting to Services Australia. The amount that should be reported is the Commonwealth portion of unspent funds held for each care recipient at the end of the previous claim month.
  - For example, a provider can calculate the Commonwealth portion of unspent funds held for a care recipient at 31 August 2021. This information can be included as part of the September 2021 claim that will be submitted in October 2021.
  - After **1 January 2022** providers who have chosen not to opt-in will need to continue to report on the Commonwealth portion of unspent funds held for a care recipient each month.

\*Please note that this slide has been updated\*

# Phase 2 – What will providers need to do

October 2021 - onwards



- From October onwards, you will need to claim based on care and services delivered in the previous month. A total dollar amount will be claimed for each care recipient. No itemised breakdown is required.
- If you are opting-in to return the Commonwealth portion of the unspent funds you are currently holding for any of your care recipients, you will need to notify Services Australia, via the claim. You can opt-in until **28 February 2022**.
- If you are not opting-in, you will need to notify Services Australia each month, via the claim, of any changes to the Commonwealth portion of unspent funds you are continuing to hold onto for your care recipients.
- You will need to **provide information about unspent funds held to** all care recipients. **We recommend that this be done through the monthly statement.**

\*Please note that this slide has been updated\*

# Phase 2 – Calculating unspent funds

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- You can access worked examples of calculating unspent funds from the Home Care Packages Provider Manual (appendix E) and the Department of Health website:

<https://www.health.gov.au/resources/publications/examples-of-calculating-unspent-home-care-amounts>

- These examples describe how to calculate the provider-held Commonwealth portion and care recipient portion of unspent funds.
- A simplified example has been provided for this webinar.
- Providers can begin reporting the provider-held Commonwealth portion of unspent funds for each care recipient from **1 October 2021 (for the September claim month)**. By **31 December 2021** providers need to have reported for at least one claim month. This reporting will be mandatory from **1 January 2022** where a provider has chosen not to opt-in.

# Calculating unspent funds example

- May has received care from a home care provider for 2 years.

Commonwealth contributions: \$15,000	
Home care fees:	\$ 5,000
Total accumulated funds:	\$20,000

- During this time, she has received \$18,000 worth of services

Total accumulated:	\$20,000
- Total debits:	\$18,000
Unspent funds amount of	\$2,000

# Calculating unspent funds example

- The first thing you will need to do is calculate what proportion of May's total home care package budget came from the Commonwealth and from care recipient fees, as below:

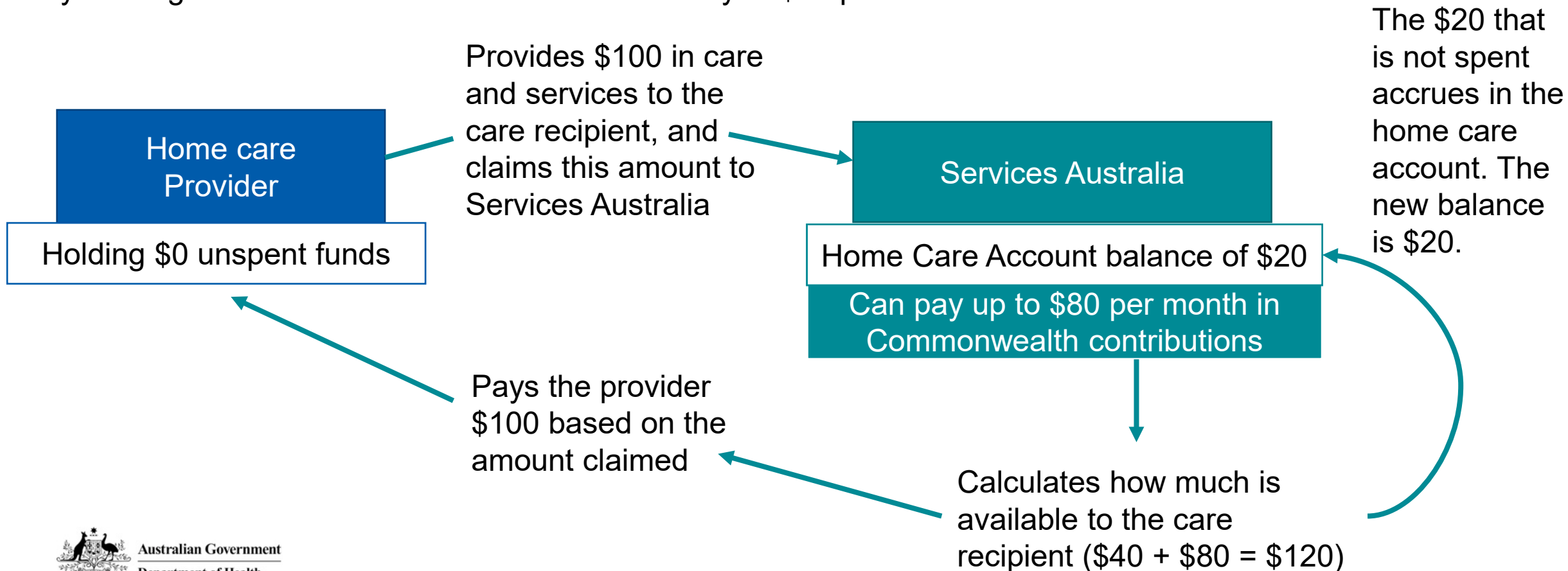
Commonwealth portion: \$15,000/\$20,000 (75%)	Care recipient portion: \$5,000/\$20,000 (25%)
Total accumulated: \$20,000	

- You can then apply these proportions to the unspent amount

Commonwealth portion: \$2,000 x 75% = \$1,500	Care recipient portion: \$2,000 x 25% = \$500
Unspent amount: \$2,000	

# Phase 2 – The New World

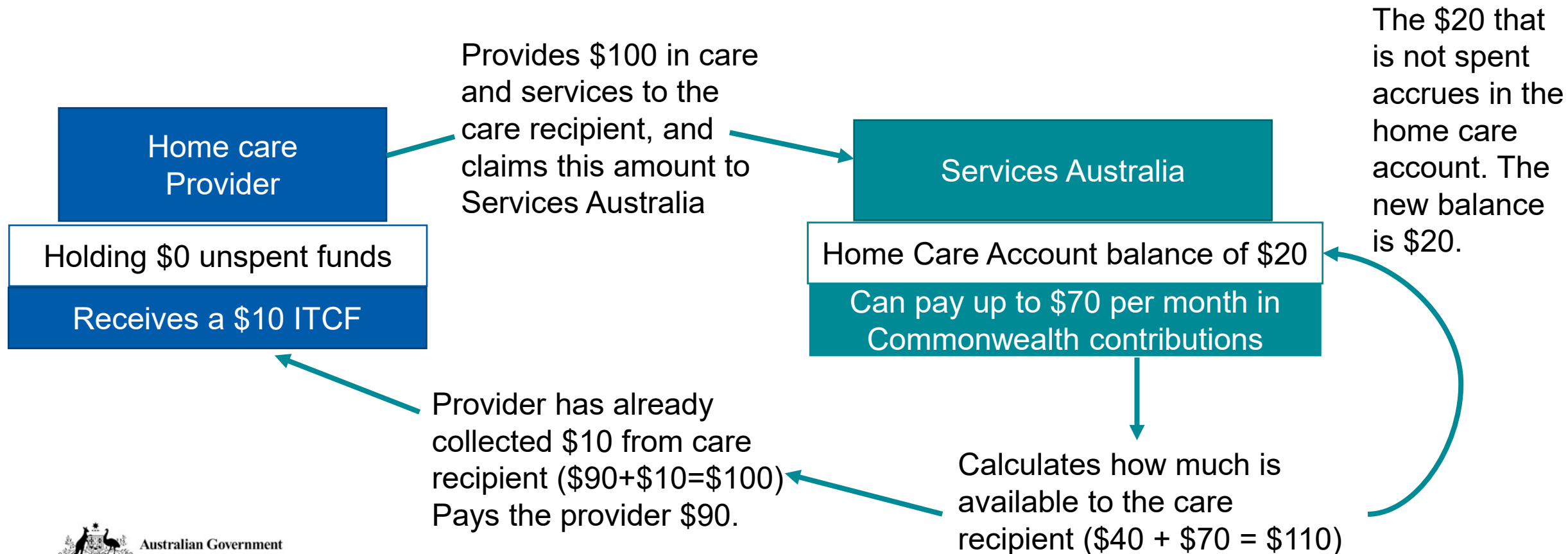
This care recipient is not eligible to pay an Income Tested Care Fee and is not charged a Basic Daily Fee. They are eligible to receive a Commonwealth subsidy of \$80 per month.





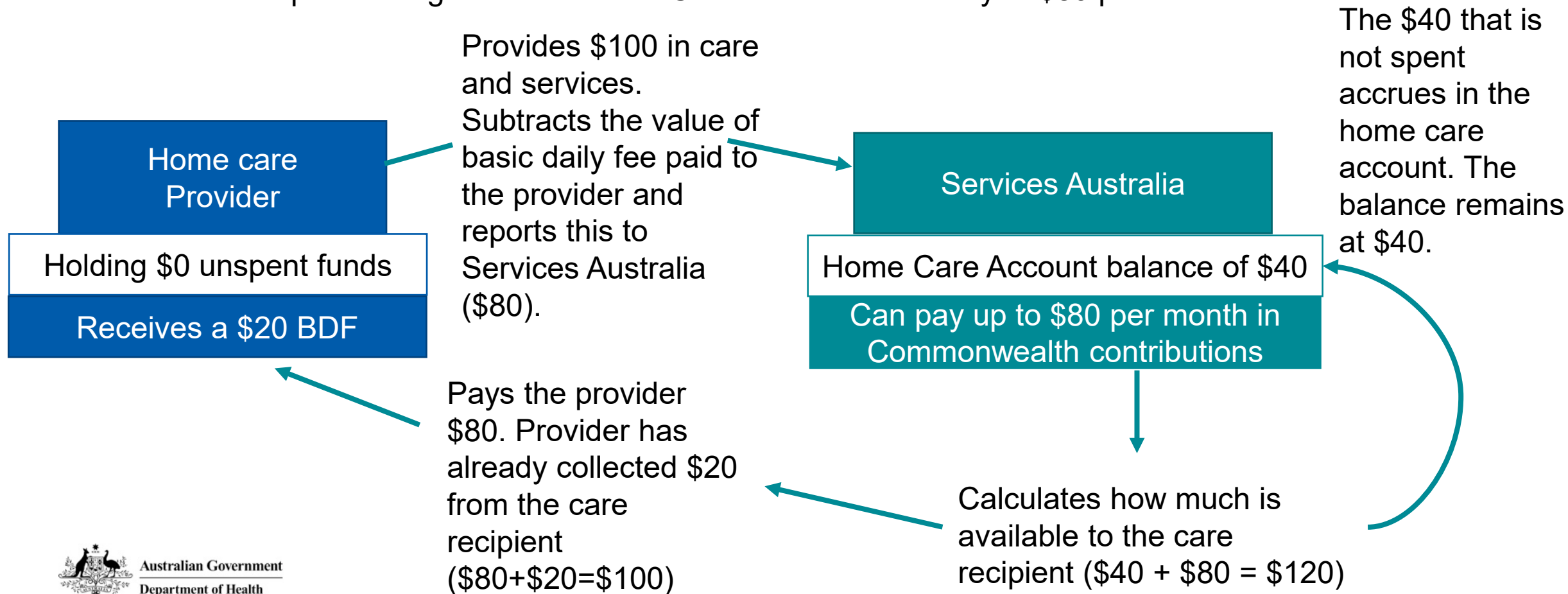
# Phase 2 – The New World (Income Tested Care Fee)

This care recipient is eligible to pay an Income Tested Care Fee of \$10 per month. They are not charged a Basic Daily Fee. The care recipient is eligible to receive a Commonwealth subsidy of \$80 per month.



# Phase 2 – The New World (Basic Daily Fee)

This care recipient is not eligible to pay an Income Tested Care Fee. They pay a Basic Daily Fee of \$20 per month. The care recipient is eligible to receive a Commonwealth subsidy of \$80 per month.



# Phase 2 – new terms

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- **Price**

- The **price** is the amount providers will report to Services Australia in their claim.
- The price is: the cost of care and services provided to the care recipient, minus any care fees charged (excluding the Income Tested Care Fee)

- **Shortfall amount**

- The **shortfall amount** is what the provider is paid by the Commonwealth.
- The shortfall is: the price (*minus the Commonwealth portion of any unspent funds that are being returned through providers who choose to opt-in*), minus any Income Tested Care Fee the care recipient is assessed to pay.

\*Please note that this slide has been updated\*

# Phase 2 – Opt-in worked examples

The following examples explain how the return of unspent funds will work.

These examples all use the same base scenario for a provider delivering services to a single care recipient. The figures used in the examples have been simplified.

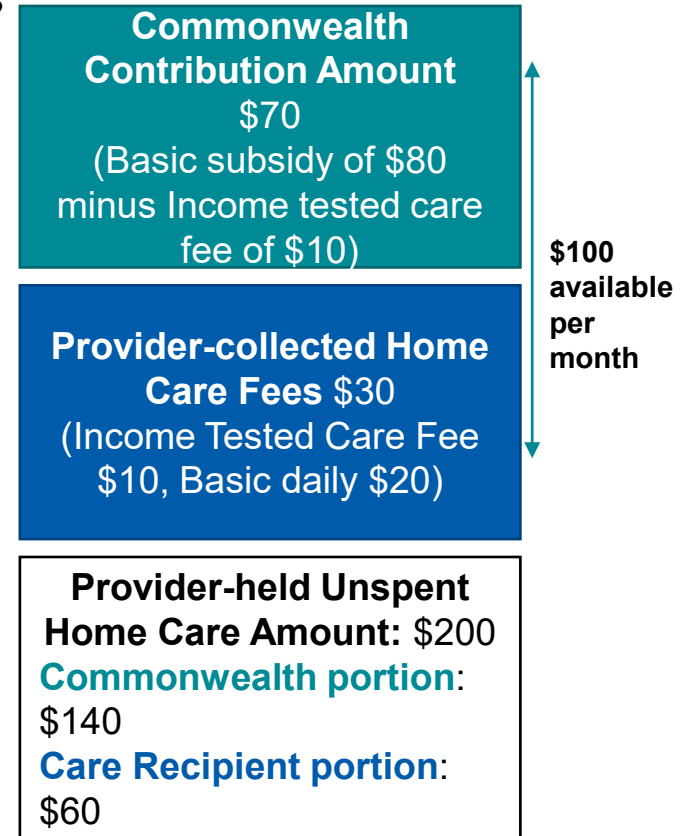
Every month the care recipient pays:

- Basic Daily Fee \$20
- Income Tested Care Fee \$10

Every month they are eligible for the following Commonwealth payments:

- Basic subsidy \$80

Providers who opt-in will need to report the Commonwealth-portion of unspent funds they hold for the relevant care recipient at the end of the last claim month. This provider has calculated, and advised Services Australia, that on 31 August 2021 they held \$140 worth of unspent Commonwealth funds for the care recipient. They were also holding \$60 of care recipient unspent funds (this does not need to be reported to Services Australia).



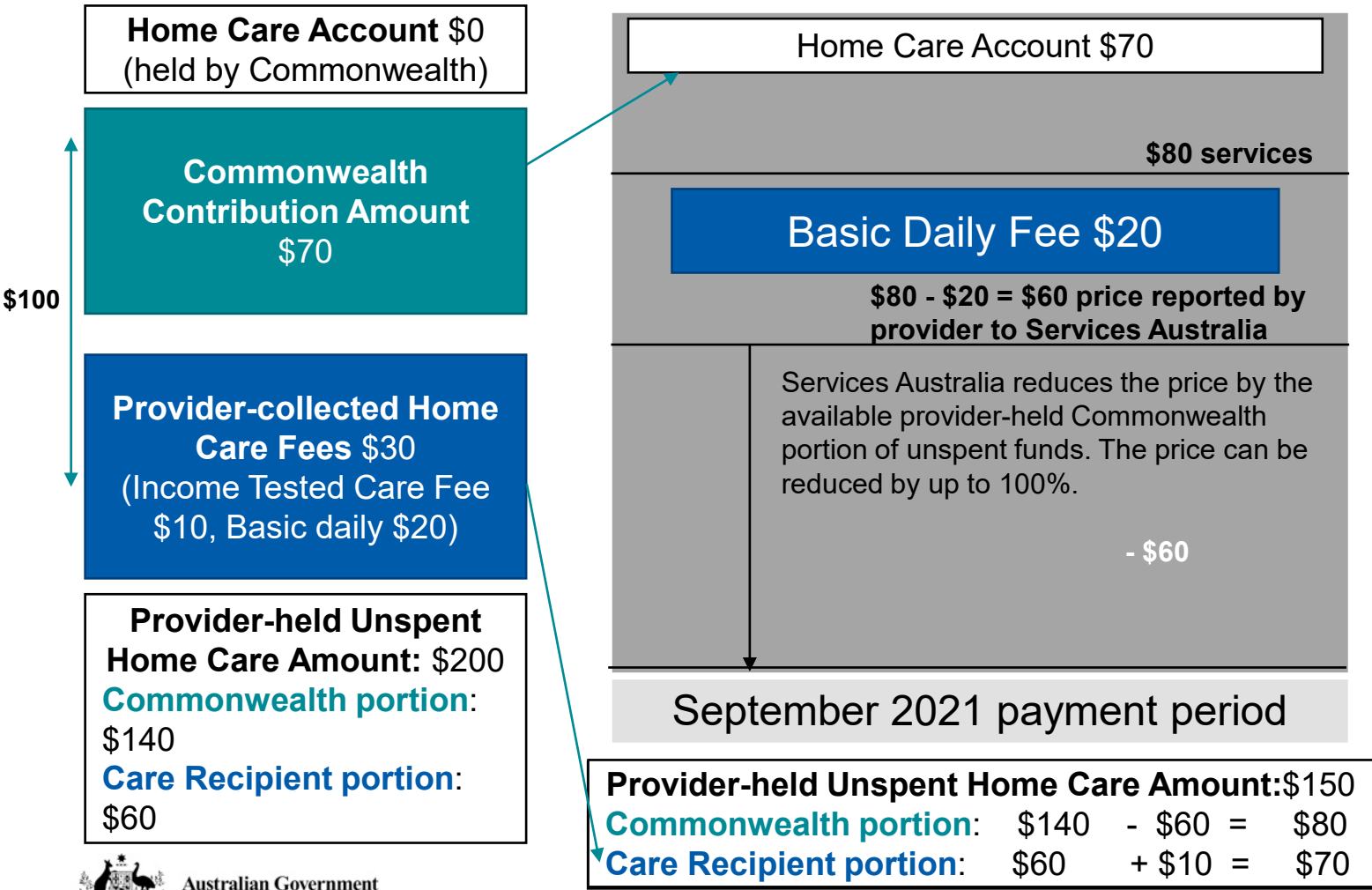
# Phase 2 – Opt-in worked examples

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The first example will show what happens in this scenario when:

-- The amount of services delivered by the provider is LESS than the home care subsidies and fees available to the care recipient.

# Example 1 provider opts-in



In this scenario the provider has **opted-in**.

Services delivered are **less** than the Commonwealth and care recipient contributions.

Excess Commonwealth subsidy accrues in the home care account.

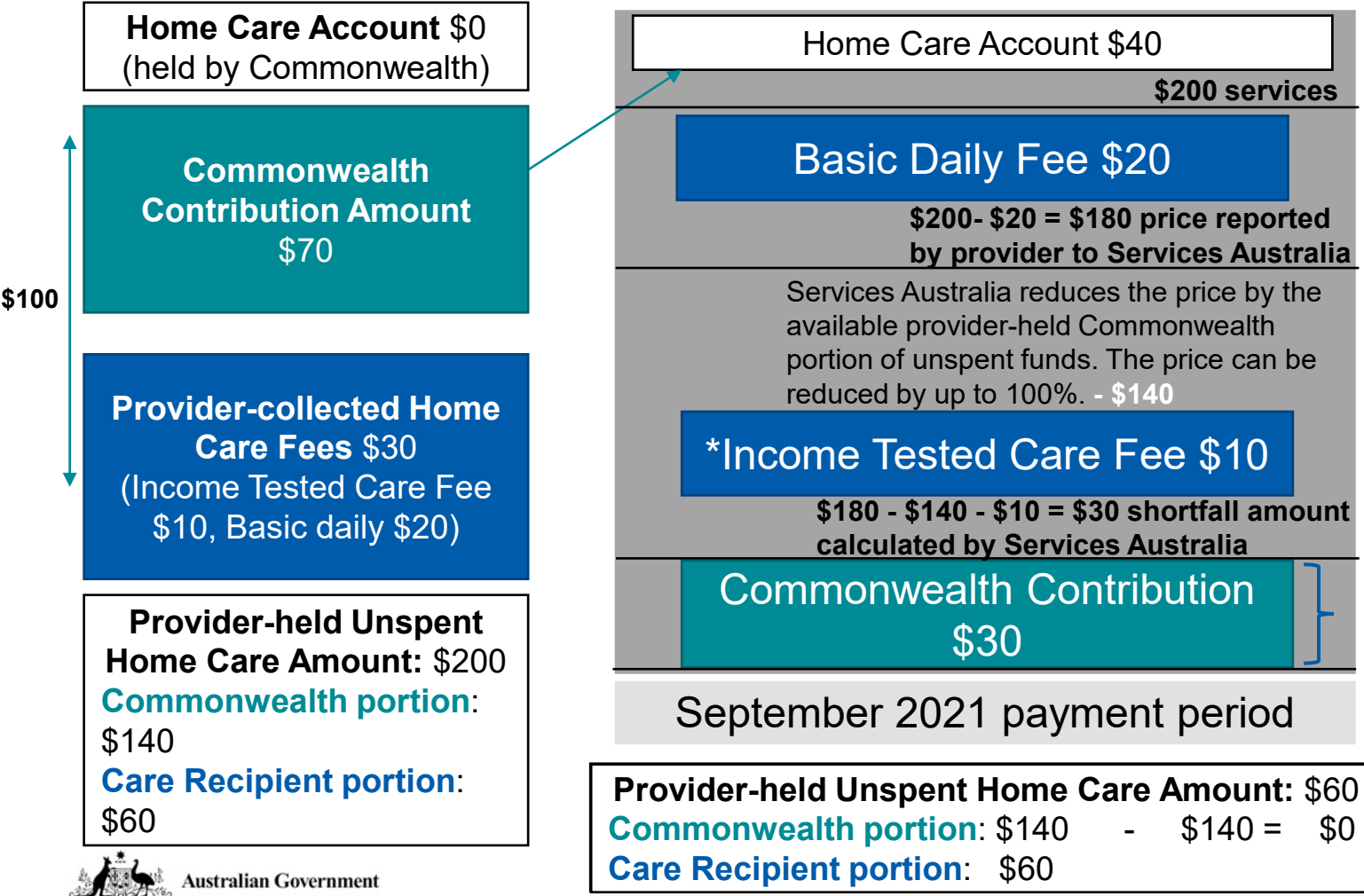
\$60 - \$60 = \$0 shortfall amount calculated by Services Australia. The provider does not receive a subsidy payment, this is credited to the care recipient's home care account

# Phase 2 – Opt-in worked examples

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In the second example, the amount of services delivered by the provider is MORE than the home care subsidies and fees available to the care recipient.

# Example 2 – provider opts-in (month 1)



In this scenario the provider has opted-in.

Services delivered are greater than the Commonwealth and care recipient contributions.

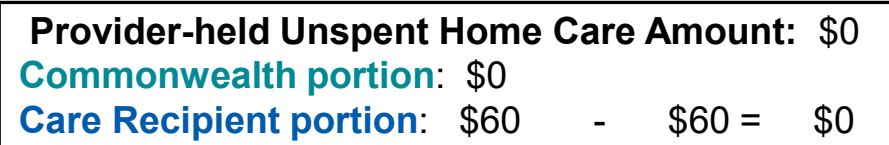
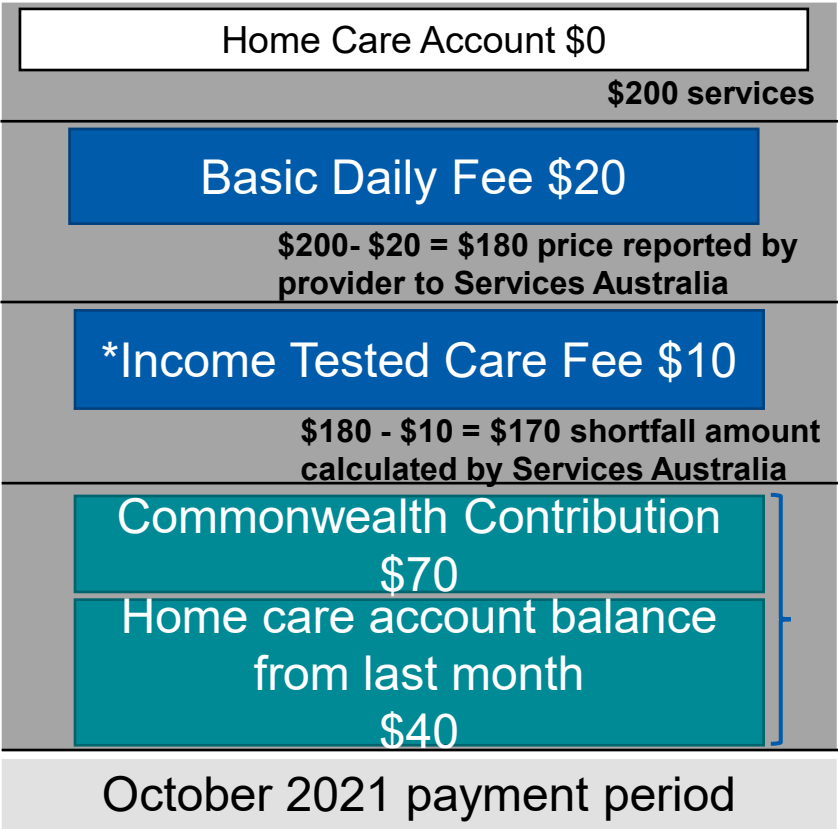
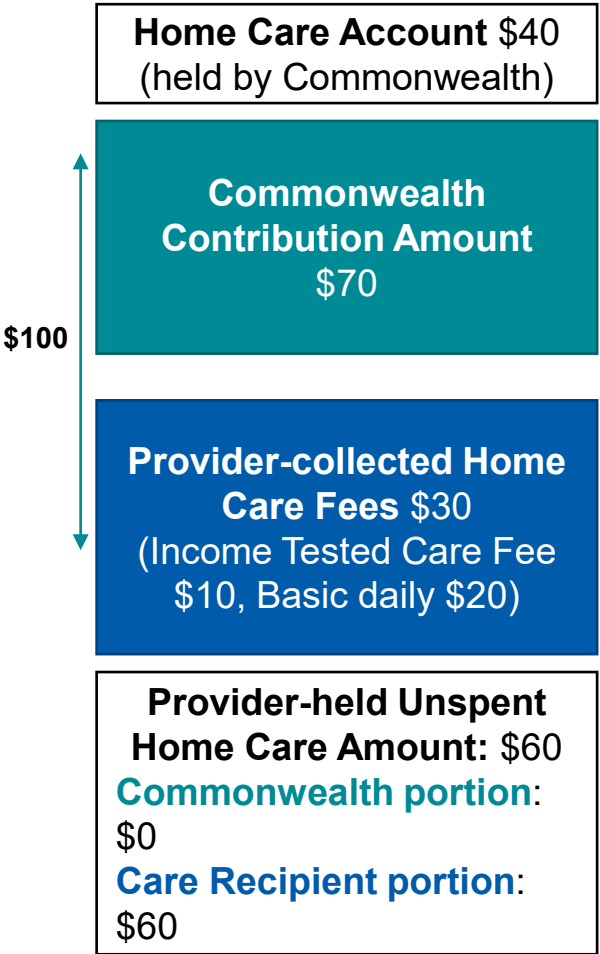
Excess Commonwealth subsidy accrues in the home care account.

Services Australia will pay this to the provider to cover the shortfall amount

All services covered. Remaining \$40 of Commonwealth subsidy accrues in the home care account.



# Example 2 – provider opts-in (month 2)



In this scenario the provider has opted-in.

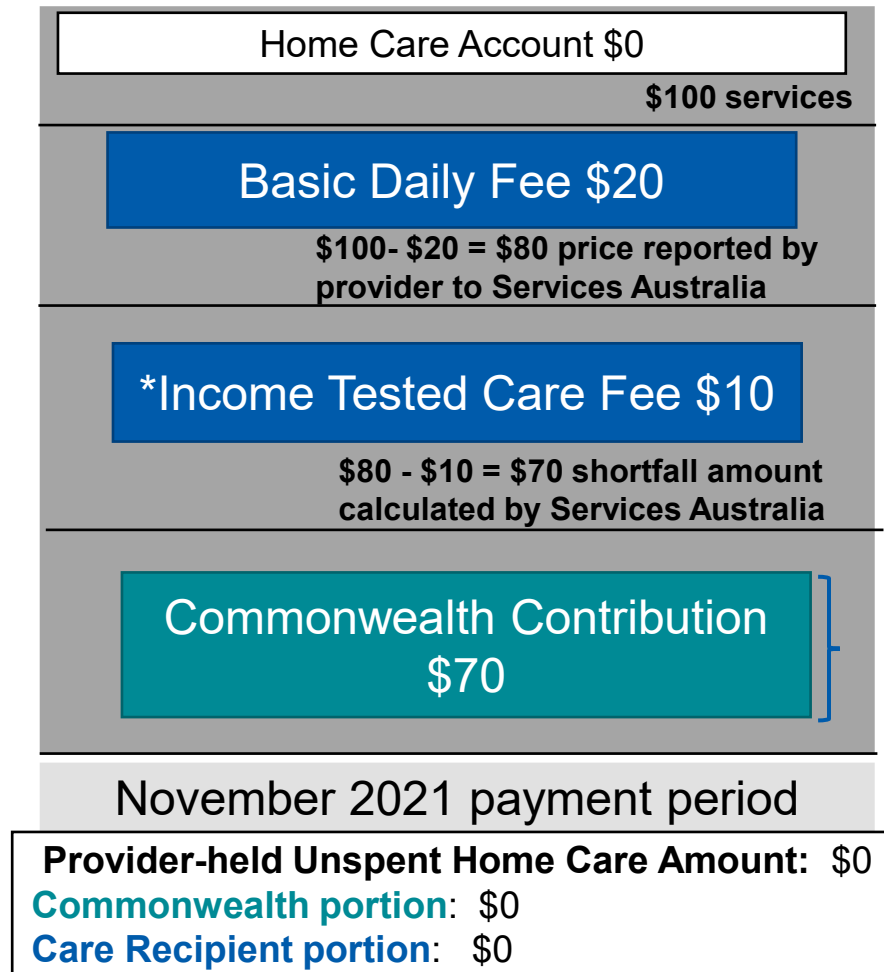
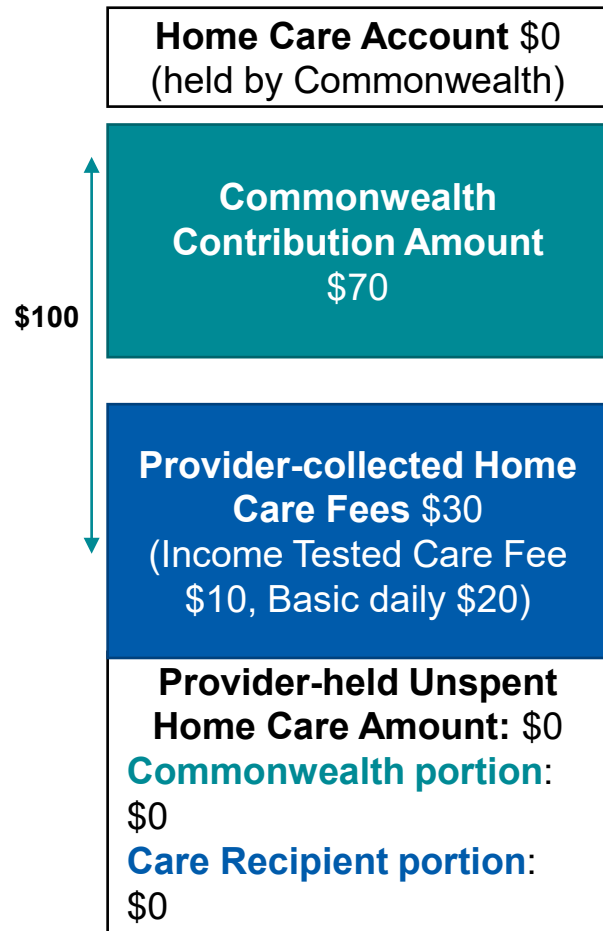
Services delivered are greater than the Commonwealth and care recipient contributions.

No Commonwealth subsidy accrues in the home care account.

Services Australia can only pay the provider \$110 as this is the maximum amount available to the care recipient

\$60 remaining, which the provider can draw from their unspent funds.

# Example 2 – provider opts-in (month 3)



In this scenario the provider has opted-in.

The home care account is empty and all provider held unspent funds have been drawn down.

Services delivered are equal to the available package funds

Services Australia will pay this to the provider to cover the shortfall amount of \$70.

\*Please note that this slide has been updated\*

# Phase 2 – How to advise care recipients about their unspent funds

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- From 1 September 2021, you will continue to provide detailed monthly statements for all your care recipients. As per existing requirements, the monthly statement must include information about the total unspent funds you hold for the care recipient.
- From 1 September 2021, providers will also need to tell care recipients about the unspent funds held in their Services Australia home care account. This information does not need to be provided through the monthly statement.
- To help you, Services Australia will expand the payment statement issued to providers to report the balance of each care recipient's home care account and any provider held amounts returned.

\*Please note that this slide has been updated\*

# Better Practice Consumer Monthly Statement

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- To help providers support their care recipients, the Department of Health in partnership with ~~Folk~~ are finalising a non-mandatory better practice Monthly Statement Template.
- In response to feedback from aged care peaks and providers, the non-mandatory template has been updated to include Improved Payment Arrangement **information**. It can also be modified to suit the care recipients' individual needs and organisational requirements.
- Providers that choose not to use the template will still be **encouraged** to ensure that their existing monthly statements are modified to include Improved Payment Arrangement related **information**.

# Phase 2 – Care recipient transfers

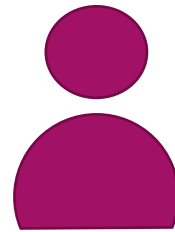
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- When a care recipient leaves care or transfers to a new **service (even if it is under the same approved provider)**, all unspent Commonwealth subsidy will be returned to Services Australia and entered into the care recipient's home care account.
- This will occur regardless of the care recipient's opt-in status.
- If a care recipient changes service or exits care, the home care account balance (up to the date of their departure) will be quarantined for 70 days.
- The losing service provider has a 70 day period to finalise any events or claims. They cannot make any changes after the 70 days.
- This means that, regardless of opt-in status, eventually all of the Commonwealth portion of unspent funds held by providers will be returned, as care recipients change services and exit care.

# Phase 2 – Care recipient transfers

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In this example, the care recipient leaves Provider A on 31 March, and enters care with Provider B on 1 April



**Provider A** can access the care recipient's quarantined home care account balance (up to 31 March) for 70 days to finalise their transactions.

**Provider B** can access the care recipient's subsidies and any unspent funds accrued in the home care account from 1 April onwards.

After 70 days, the full home care account balance and all remaining unspent government subsidies will be made available to **Provider B**.

\*Please note that this slide has been updated\*

# Services Australia payment system updates

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- Improved Payment Arrangements Phase 2 is on track for 1 September 2021, with the Department of Health and Services Australia working closely together to update the Aged Care Provider Portal and Payment System.
- Services Australia has identified software developers as key stakeholders affected by these changes, and will ensure they receive relevant information to enable them to prepare for Phase 2.
- Support for software developers will include information in relation to software that is integrated with Services Australia payment systems, and also in-house software that uses information or data downloaded from Services Australia claiming systems.
- **Providers will be able to report the Commonwealth unspent funds balance via the Aged Care Provider Portal through the following options:**
  - care recipient event screen,
  - in bulk via a bulk input screen, or
  - by importing a bulk file into the Aged Care Provider Portal.

# Services Australia payment system updates

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- Services Australia maintains the Health Systems Developer Portal, which is a central supporting capability for all software developers interacting with Services Australia.
- The Developer Portal is available to all software developers and will be updated with relevant technical information. It is also where developers can build and test their integrated software with Services Australia.
- For more information, please see the link below or search for “software developers” on the Services Australia website:  
<https://www.servicesaustralia.gov.au/organisations/health-professionals/software-developers>
- Registering for the Developer Portal also allows software developers to access the regular Software Developer newsletter.