Improved Payment Arrangements (IPA) for Home Care

Provider Fact Sheet – February 2022

# Background

The Australian Government (the Government) has changed 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 began receiving funding based on the actual services delivered to care recipients in the previous month. This aligns home care with other Government-funded programs like the National Disability Insurance Scheme, as well as modern business practices.

Legislation to support both Phases were passed by Parliament in December 2020 and February 2021.

# What changed under Phase 2?

The 5 Key changes implemented under Phase 2:

1. **Invoicing/payment based on actual services delivered in past month**
   * Providers are required to invoice only for services delivered in the past month and are paid in arrears for those services
   * Providers can claim an aggregated invoice amount each month for each care recipient (that is, they will not have to provide details of specific services).
2. **Establishing a Home Care Account for each care recipient**
   * Any unspent amount accrues 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 is held in this account. These funds continue to be available to the care recipient when needed.
3. **Reporting of Unspent Funds**
   * Providers had to report any Commonwealth unspent amount they held for care recipients who were in the program prior to 1 September 2021 by **31 December 2021.** Reporting is now mandatory for these care recipients unless a provider chooses the opt-in arrangement.
4. **Opt-In arrangement for Commonwealth Unspent Funds**
   * Providers 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**
   * A legislative timeframe for a 70-day limit to retrospective changes at departure was introduced. This applies to all events and finalising any claims for the care recipient that have departed
   * Providers 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.
   * Some providers have not been able to finalise a claim that includes departed care recipients with outstanding invoice amounts after the 70-day period. System changes have been implemented to address this issue. If you are having issues submitting a claim, please contact Services Australia Australia’s aged care payments team by email at [aged.care.liaison@servicesaustralia.gov.au](mailto:aged.care.liaison@servicesaustralia.gov.au) for a prompt resolution.
   * If providers do not finalise their claim within the 70-day period, they will not be paid the invoice amount for that care recipient as part of their monthly claim. Each instance will need to be considered on a case-by-case basis by emailing Services Australia with the claim details. We understand that in some cases delays are difficult to avoid, particularly with the current impact of the COVID-19 pandemic. However, we expect that providers are adjusting business processes to ensure departures are processed within 70 days to meet legislated requirements.

**Providers must 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]](#footnote-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).

# When did changes commence?

**From 1 September 2021:**

* The Government paid providers in arrears for services delivered
* Home care accounts were created for each care recipient
* Providers no longer accrue Commonwealth unspent funds for care recipients
* Providers are able to use the new **Subsidy Estimator** to calculate the unspent fund they hold for each care recipient (located on the IPA webpage under – [Subsidy estimator and unspent funds examples](https://www.health.gov.au/resources/apps-and-tools/improved-payment-arrangements-ipa-for-home-care-subsidy-estimator-and-unspent-funds-examples)*).*
* 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.

**From 28 February 2022**

* Providers 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. Opting in can be done through any of the existing claim channels.

# Did these changes impact care recipient fees?

Improved Payment Arrangements did **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 were not collecting all or part of a care recipient’s income tested care fee because they were 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 not collect the income tested care fee by using retained earnings. If providers are not able to do this, care recipients will need to start paying their assessed income tested care fee.

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

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

## Exit fees

The rules for exit amounts did not change. 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](#_What_is_the) 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 have expanded 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.

## Further information and support

Further information on IPA can be found on the Department of Health’s [website](https://www.health.gov.au/health-topics/aged-care/aged-care-reforms-and-reviews/improved-payment-arrangements-for-home-care), including Q&As, calculators and the care recipient fact sheet.

If providers have any queries about the claiming process or questions about payments, please contact Services Australia’s aged care claims and payments enquiry line on 1800 195 206 (from 8.30am to 5pm AEDT, Monday to Friday).

For queries that are not time-sensitive, Services Australia’s aged care payments team can also be contacted by email at **aged.care.liaison@servicesaustralia.gov.au.**

# ATTACHMENT A – Claim Process

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



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



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. [↑](#footnote-ref-1)