

## Unspent funds post-1 September 2021

**From 1 September 2021 onwards, there is no need to recalculate the percentage breakdown of Commonwealth and care recipient portions when a care recipient exits care.**

From 1 September 2021, the provider must track the care recipient contributed portion and (if they have not opted-in) track the Commonwealth portion separately. If the provider has opted-in, Services Australia will track the Commonwealth portion on their behalf.

From 1 September 2021 onwards, if there are changes to the subsidies and fees paid to the provider, this change should be applied to the Commonwealth portion of unspent funds (if the provider is holding Commonwealth unspent funds).

If there are changes to the fees paid by the care recipient, this should be applied to the care recipient portion of unspent funds. When a care recipient leaves care, these fees should be included in the care recipient portion of unspent funds once all claims have been finalised.

From 1 January 2022 providers who have chosen not to opt-in need to continue to report on the Commonwealth portion of unspent funds held for a care recipient each month.

### Commonwealth portion:

This is the total Commonwealth subsidies and supplements received for this care recipient, from 1 July 2015 or when the care recipient started receiving home care from you (whichever is later) until the end of the most recent claim month.

If a care recipient entered your care prior to 1 September 2021, it must also include the Commonwealth portion of any amount paid to the provider by another provider (transfer portion).

If you have agreed to not collect the income tested care fee with the care recipient\*, and the care recipient has not paid any other fees, the Commonwealth portion would comprise 100 percent of the unspent funds.

All unspent Government subsidies (Commonwealth portion) will accrue in their Services Australia home care account.

\*You can only use package funds to cover the income tested care fee if you have previously not collected the care recipient's income tested care fee prior to 1 September 2021 and if you hold unspent funds on the care recipient's behalf. Once the unspent funds have been expended you will have to collect the fee from the care recipient or pay for it out of your own revenue.

### Care recipient portion:

This is the total care recipient fees received from the care recipient, from 1 July 2015 or when the care recipient started receiving home care from you (whichever is later) until the end of the most recent claim month.

### Total value of care and services you delivered for this care recipient:

From 1 July 2015 or the date, they started receiving home care from you (whichever is later) until the end of the most recent claim month.

**Note on the transfer portion:** if a care recipient has moved from one provider to another: If a care recipient transfers from another provider and commences to receive home care in your care service after 1 September 2021, you will not need to re-calculate their unspent funds. Any amount transferred from the old provider to you will be the care recipient portion of unspent funds.

### Worked example of tracking unspent funds where a care recipient is not opted-in

If a provider does not opt-in to return unspent funds for a care recipient, Services Australia will pay the provider from the Government subsidy available to the care recipient and their home care account balance. If the care and services delivered exceed the Government subsidy plus the care recipient's available home care balance, the provider will need to draw on the unspent funds they hold.

If the provider needs to draw on the unspent funds they hold, as they have not opted-in, they must first draw down on the care recipient portion of unspent funds before drawing on the Commonwealth portion. This ensures care recipient fees are being spent on the care recipient's care and services, not accruing with the provider as unspent funds.

Month: **September 2021**

Cost of care and services delivered: **\$1,700** (price or invoice amount)

Funding		Amount	Notes
Provider-held unspent funds at start of the month	Provider-held <i>Care recipient unspent funds</i>	\$150	These care-recipient contributed funds were accrued prior to 1 September 2021
	Provider-held <i>Commonwealth unspent funds</i>	\$500	These Government contributed funds were accrued prior to 1 September 2021
Additional funds available to pay for care and services	<i>Care recipient fees (income tested care fee) received this month</i>	\$200	\$200 <i>income tested care fee</i> paid by care recipient this month
	Care recipient's monthly <i>Government subsidy entitlement</i>	\$1,700	Given the client is expected to pay a \$200 <i>income tested care fee</i> , only up to \$1,500 of the <i>government subsidy entitlement</i> is available
Funds used to cover costs of care and services	<i>Care recipient fees spent on care and services this month</i>	\$200	Payment system will reduce \$1,700 invoice amount by the \$200 <i>income tested care fee</i> (which must be spent first). This will leave \$1,500 as the <i>adjusted price</i>
	<i>Shortfall spent on care and services this month</i>	\$1,500	The full subsidy that is available will be paid to cover the <i>adjusted price</i> , which is also the <i>Shortfall (government subsidy entitlement less income tested care fee)</i>
	Provider-held <i>Commonwealth unspent funds spent on care and services this month</i>	\$0	\$1,500 <i>government subsidy entitlement</i> and \$200 <i>income tested care fee</i> collected cover the \$1,700 care and services, so the <i>provider-held Commonwealth portion</i> does not get spent
Unspent funds balances at month end	Provider-held <i>Care recipient unspent funds</i>	\$150	\$200 <i>income tested care fee</i> was spent on care and services. \$150 in <i>care recipient unspent funds</i> remains.
	Provider-held <i>Commonwealth unspent funds</i>	\$500	No <i>provider-held Commonwealth portion</i> was spent this month. Provider must report this each month when finalising their claims and include the <i>total provider-held unspent funds</i> in the care recipient's monthly statement.
	Government subsidy in the home care account	\$0	As this month is September 2021, the <i>home care account</i> balance began at \$0. The full \$1,500 <i>Government subsidy</i> was spent, so no unspent funds accrue this month. Services Australia track the <i>home care account</i> and report to provider on the monthly payment statement and via the Aged Care Provider Portal.

### Worked example of tracking unspent funds when a care recipient is opted-in

If a provider opts-in to return unspent funds for a care recipient, they will begin to draw down on the provider-held Commonwealth portion of unspent funds before receiving any further subsidies from Services Australia. During this time, any unspent Government subsidies not paid to the provider will accrue in the care recipient's home care account, so the care recipient retains their full subsidy entitlement.

When opted-in, the provider does not need to use the care recipient portion of unspent funds they hold, unless they deliver services in excess of what is otherwise available to the care recipient

Month: **September 2021**

Cost of care and services delivered: **\$1,700** (price or invoice amount)

Funding		Amount	Notes
Provider-held unspent funds at start of the month	Provider-held <i>Care recipient unspent funds</i>	\$150	These care-recipient contributed funds were accrued prior to 1 September 2021
	Provider-held <i>Commonwealth unspent funds</i>	\$500	These Government contributed funds were accrued prior to 1 September 2021
Additional funds available to pay for care and services	<i>Care recipient fees (income tested care fee)</i> received this month	\$200	\$200 <i>income tested care fee</i> paid by care recipient this month
	Care recipient's monthly <i>Government subsidy entitlement</i>	\$1,700	Given the client is expected to pay a \$200 <i>income tested care fee</i> , only up to \$1,500 of the <i>government subsidy entitlement</i> is available
Funds used to cover costs of care and services	<i>Care recipient fees</i> spent on care and services this month	\$200	Payment system will reduce \$1,700 invoice amount by the \$200 <i>income tested care fee</i> (which must be spent first). This will leave \$1,500 as the <i>adjusted price</i>
	<i>Shortfall</i> spent on care and services this month	\$1,000	This month \$1,000 <i>government subsidy entitlement</i> will be paid towards the \$1,700 care and services
	Provider-held <i>Commonwealth unspent funds</i> spent on care and services this month	\$500	This month the Services Australia system will draw down \$500 from the unspent funds balance, as the provider has spent this on care and services
Unspent funds balances at month end	Provider-held <i>Care recipient unspent funds</i>	\$150	\$200 <i>income tested care fee</i> was spent on care and services. \$150 in <i>care recipient unspent funds</i> remains
	Provider-held Commonwealth unspent funds	\$0	The provider has drawn down the \$500 available. As the provider has opted-in and reported the total Commonwealth portion of unspent funds they had available for this care recipient, Services Australia will track these funds for the provider
	Government subsidy in the home care account	\$500	As this month is September 2021, the home care account balance began at \$0. Only \$1,000 Government subsidy was spent, while the opted-in provider-held unspent funds were drawn down by \$500. Therefore, the remaining \$500 Government subsidy accrues in the home care account this month. Services Australia track the home care account and report to provider on the monthly payment statement and on the Aged Care Provider Portal

## Returning unspent funds post-1 September 2021

If the care recipient is transferring to a new home care service on or after 1 Sep 2021

Portion	Where to return?	Timeframe to return
<b>Care recipient portion of unspent funds</b>	The losing provider must transfer the care recipient portion to the gaining provider	Up to 70 calendar days* after the departure from the losing provider
<b>Commonwealth portion of unspent funds</b>	If the care recipient is opted in, the Services Australia payment system will reconcile the outstanding amount through the claim period and return it to the Commonwealth.	up to 70 calendar days* from the date of departure
	<p>If the care recipient is not opted in, the provider must create a 'Commonwealth unspent amount on departure' event in order to return the amount, and the Services Australia payment system reconciles the funds into the care recipient's home care account.</p> <p>If the provider is not holding any Commonwealth unspent funds, they must report a \$0 amount to Services Australia.</p> <p>Providers should not adjust the <b>unspent funds amount for a departed care recipient</b> in the departure month where the invoice amount is higher than the maximum contribution amount for that month. This leads to errors in unspent funds calculations and the amount transferred to the receiving provider. Services Australia's systems will <b>automatically</b> reconcile the last invoice amount with the reported unspent funds amount for departed care recipients. If you have adjusted the unspent funds amount for a departed care recipient, please contact Services Australia for resolution.</p>	

If the care recipient is exiting the HCP program on or after 1 Sep 2021

Portion	Where to return?	Timeframe to return
<b>Care recipient portion of unspent funds</b>	The provider must return the care recipient portion to the care recipient	70 calendar days* from the date of departure
	If the care recipient has passed away, the provider must return the care recipient portion to the care recipient's estate	14 calendar days after the provider is shown the care recipient's probate of the will or letters of administration of the estate
<b>Commonwealth portion of unspent funds</b>	If the care recipient is opted in, the Services Australia payment system will reconcile the outstanding amount through the claim period and return it to the Commonwealth.	Up to 70 calendar days* from the date of departure
	<p>If the care recipient is not opted in, the provider must create a 'Commonwealth unspent amount on departure' event in order to return the amount, and the Services Australia payment system reconciles the funds into the care recipient's home care account.</p> <p>If the provider is not holding any Commonwealth unspent funds, they must report a \$0 amount to Services Australia.</p>	

*\*Electronic claiming is usually approved one business day after submitting the claim, however it may take 3-4 business days for it to be paid. A longer lead time applies for providers submitting paper-based claims, as these have a 10-business day turnaround. When finalising claims, providers need to factor in these timeframes when accounting for the 70-day quarantine.*

## How to determine unspent fund amounts prior to 1 September 2021

This example applies to care recipients who commenced receiving a home care package before 1 September 2021. It shows how to calculate the Commonwealth portion and the care recipient portion of any unspent home care funds that were held by an approved provider on behalf of a care recipient as at 31 August 2021 (the last day before the Improved Payment Arrangements Phase 2 began on 1 September 2021).

The example is based on the percentage of the unspent funds held by the provider that have come from Government subsidies and supplements as opposed to fees from the care recipient.

The purpose of calculating these unspent fund portions as at 31 August 2021, is to set a baseline for the Commonwealth and care recipient portions of unspent funds; to enable consistent reporting under the Improved Payment Arrangements; and to enable providers to report the Commonwealth portion of those unspent funds to Services Australia.

Providers will need to reconcile the Commonwealth portion of unspent funds they are currently holding for each care recipient to support meeting the 31 December 2021 deadline for reporting. 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.

Cecilia has received care from a home care package provider for 2 years

Commonwealth portion:	
Total Commonwealth subsidies and supplements received for this care recipient, from 1 July 2015 or when the care recipient started receiving home care from you (whichever is later) until the end of 31 August 2021	\$15,000
Care recipient portion:	
Total care recipient fees received from the care recipient, from 1 July 2015 or when the care recipient started receiving home care from you (whichever is later) until the end of 31 August 2021	\$5,000
Total accumulated funds:	\$20,000

**Transfer portion note:** if a care recipient has moved from one provider to another:

- The Commonwealth portion of any amount paid to the provider by another provider (the transfer portion) must be included in the Commonwealth contribution above.
- The care recipient portion of any amount paid to the provider another provider (the transfer portion) must be included in the care recipient contribution above.

**Step 1:** During this time, Cecilia has received \$18,000 worth of services

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

**Step 2:** The provider will need to calculate what proportion of Cecilia’s total home care package budget came from the Commonwealth and what proportion from care recipient fees, as set out below, if she is:

- moving to a new home care package provider, or
- exiting the home care packages program, or
- the provider is preparing to report Cecilia’s Commonwealth portion of unspent funds to Services Australia under IPA Phase 2 requirements.

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

**Step 3:** The provider will then apply these proportions to the unspent funds amount, as set out below:

Unspent funds amount: \$20,000	
Commonwealth portion: 75% of \$2,000 = \$1,500	Care recipient portion: 25% of \$2,000 = \$500

## Returning unspent funds before 1 September 2021

If the care recipient transferred to a new home care service **before** 1 September 2021

Portion	Where to return?	Timeframe to return
<b>Care recipient portion of unspent funds</b>	The losing provider must transfer the care recipient portion to the gaining provider*	Up to 70 calendar days after the departure from the losing provider
<b>Commonwealth portion of unspent funds</b>	The losing provider must transfer the Commonwealth portion to the gaining provider*	Up to 70 calendar days from the date of departure

\*Services Australia will process a negative manual adjustment for the gaining provider to recover the care recipient and Commonwealth portions of unspent funds. This will allow for the funds to be add to the care recipients home care account.

If the care recipient **exited** the HCP program **before** 1 September 2021

Portion	Where to return?	Timeframe to return
<b>Care recipient portion of unspent funds</b>	The provider must return the care recipient portion to the care recipient	70 calendar days from the date of departure
	If the care recipient has passed away, the provider must return the care recipient portion to the care recipient's estate	14 calendar days after the home care provider is shown the probate of the will of the care recipient or letters of administration of the estate of the care recipient
<b>Commonwealth portion of unspent funds</b>	The provider must return the Commonwealth portion to Services Australia.	Up to 70 calendar days from the date of departure

For all transfers and exits that occur on or after 1 September 2021 providers must follow the Improved Payment Arrangements rules on [Returning unspent funds post-1 September 2021](#)