



A New Program for In-Home Aged Care

Discussion Paper



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Minister's Foreword

Older Australians who have contributed so much to Australian society rightly expect to be well supported in their frailer years. For many older people, that means support to live safely at home and in their community. Approximately one million older Australians are supported through in-home aged care services ranging from transport and house cleaning through to clinical care such as nursing and allied health. Most people want to stay in their homes for as long as possible, and value the services that allow them to do this.

As outlined by the Royal Commission into Aged Care Quality and Safety (the Royal Commission), the current in-home aged care system needs to be improved to better support older Australians. Wait times for care are too long, administration fees are too high, program arrangements are confusing, services are not always well targeted, and older Australians do not always get the help they need to support their independence. These issues have been exacerbated by workforce shortages and underpaid workers.

The Australian Government is committed to resolving issues in the current aged care programs, starting with listening to the people who use and deliver the services.

The new in-home aged care program should:

- be simple to access and understand so that older Australians don't have to waste time getting the care that they need
- provide people with timely access to the safe and high-quality services they need, so they can live at home for longer
- provide people with real choices about who provides their services and the types of services that they receive
- have fair and transparent fees, and ensure that funds are directed towards care
- support workers to deliver the highest standard of care for older Australians living at home, including through remuneration that recognises the value and complexity of their roles,
- support providers to be more innovative and to invest in improvements to service delivery.

I welcome your feedback on the questions raised in this discussion paper. We can learn from your experiences to ensure the new in-home aged care program delivers excellence in aged care services for older Australians, their families and their carers. These reforms must meet the challenges of the coming decades. We have to do it once and we have to do it well.

The Government has returned to the Royal Commission's recommendation to commence the new in-home aged care program on 1 July 2024. The Government has committed that people who receive support through Commonwealth Government aged-care programs will not lose any existing services under the new in-home aged care program.

With your support and input we can create a better in-home aged care program that will serve the needs of all older Australians today and into the future.

The Hon Anika Wells MP
Minister for Aged Care
Minister for Sport

Purpose of the Discussion Paper

This discussion paper canvasses key issues in the design of reforms to in-home aged care. It seeks the views of older Australians, carers, and service providers on five key areas of focus for the design of a new in-home aged care program.

This paper builds on previous consultations on reforms for in-home aged care which found broad agreement to a range of elements including:

- Improving the consistency of assessment of aged care needs by independent assessment organisations
- Introducing a new scheme for goods, equipment and assistive technology and home modifications that supports older Australians to remain independent
- Explicitly funding care partners to monitor older Australians' clinical needs and support them when they need help
- Introducing a service list that provides more clarity around the services available in the home.
- Further work is being done on these program elements, but they are not the focus of this paper.

The five key areas of focus set out in this discussion paper are:

- how to give older Australians the opportunity to manage their own services simply and easily should they choose to do so
- how to best implement the desired clinical oversight and practical assistance through care partners for older Australians receiving care at home
- how to fund providers to meet the full cost of care while achieving value for money across different service types, regions, and client cohorts
- how to ensure the flexibility to respond to the changing needs of older Australians
- how to foster innovation and future investment in in-home aged care.

We invite interested parties to provide a submission regarding the indicative model and discussion questions we have outlined in this paper. Submissions may be written or uploaded into a web form on the Department of Health and Aged Care's [Consultation Hub](#). Alternatively, you may call My Aged Care on 1800 319 209 and provide your views over the phone. Submissions will be open for six weeks until 25 November 2022.

In the coming months, we will continue with our consultations through seminars, workshops, and analysis of the submissions. In December 2022, we aim to have our third webinar to update the community on what we have learned through these engagements and the likely direction of the new in-home aged care policy.

Part One: The Case for Reform

Overview of current in-home aged care programs

Commonwealth Home Support Programme

The Commonwealth Home Support Programme (CHSP) provides recipients with entry-level services which support activities of daily living. CHSP is designed so recipients can improve their independence at home and be active in the community. Services can be short-term or long-term, depending on the assessed needs of the older Australian. Client contributions are set and collected by service providers in accordance with an older Australian's capacity to pay.

In 2020-21 approximately 825,383 people received CHSP services valued at around \$2.7 billion.¹

Home Care Packages

The Home Care Packages (HCP) program supports older people with more complex care needs to live independently in their own homes. Under the Aged Care Act 1997, the Australian Government provides a subsidy to an approved provider of home care, chosen by the older Australian, to coordinate a package of care, services, and case management to meet their individual needs. There are four package levels, ranging from supporting individuals with basic care needs to supporting individuals with high care needs. A basic daily fee and an income tested care fee are applied to HCPs.

At 30 June 2021, there were 176,105 HCP recipients.² The cost of the HCP program was \$4.19 billion in 2020-21.³

Short-term Restorative Care

The Short-term Restorative Care (STRC) program provides support for recipients over a short period, to assist them to manage or adapt to their changing needs. Its goal is to have recipients regain or keep their independence at home, using allied health services, including chiropractic services, nursing, physiotherapy, and occupational therapy. STRC allows for services to be provided for up to eight weeks, twice in any 12-month period. In 2020-21, 6,227 people received STRC.⁴

¹ Department of Health and Aged Care (2021) *Aged care data snapshot – 2021*, www.gen-agedcaredata.gov.au/www_aihngen/media/Data-Snapshot/Aged-Care-Data-Snapshot-2021-Release-3.xlsx, viewed 16 September 2022, GEN.

² Department of Health and Aged Care (2021) *Aged care data snapshot – 2021*, www.gen-agedcaredata.gov.au/www_aihngen/media/Data-Snapshot/Aged-Care-Data-Snapshot-2021-Release-3.xlsx, viewed 16 September 2022, GEN.

³ Department of Health and Aged Care (2021) *Aged care data snapshot – 2021*, www.gen-agedcaredata.gov.au/www_aihngen/media/Data-Snapshot/Aged-Care-Data-Snapshot-2021-Release-3.xlsx, viewed 16 September 2022, GEN.

⁴ Department of Health and Aged Care (2021) *Aged care data snapshot – 2021*, www.gen-agedcaredata.gov.au/www_aihngen/media/Data-Snapshot/Aged-Care-Data-Snapshot-2021-Release-3.xlsx, viewed 16 September 2022, GEN.

Residential Respite

Residential respite provides short-term care in aged care homes, with the primary purpose of giving a carer, or the person being cared for, a break from their usual care arrangements.

In 2020-21, 67,775 older Australians accessed an average of around 35 days of residential respite per person. Residential respite was delivered by 2,613 providers, with Commonwealth subsidies of \$458.0m.

Issues with Current Arrangements

Existing aged care programs deliver care to around a million older Australians at home through many dedicated service providers and a committed workforce. However, there are several issues with how well the current arrangements support people as they age, many of which were highlighted by the Royal Commission.

Program complexity

Entry into aged care and progression through the system is complicated by having different assessment organisations assessing for different programs. This is confusing and can lead to multiple assessments to get a person into the right program. Similarly, having multiple in-home aged care programs creates unnecessary complexity for older Australians. For example, a person receiving entry-level services from a CHSP provider is likely to have to change providers when their needs increase and they are assigned a home care package. This can be distressing for people who have developed trusted relationships with their care workers. Different fees under different programs can also create perverse incentives for people to decline the services they need.

The Royal Commission recommended existing programs be consolidated and simplified into one aged care program with one set of eligibility criteria and one assessment process, to improve accessibility, choice, and inclusion.⁵

Access to services

While wait times for HCP have improved over time, many older Australians are still waiting for up to 3 to 6 months to receive access to funding. People waiting for a HCP can access CHSP services in the interim, but this is unlikely to fully meet their needs. Additionally, CHSP funding is not always distributed efficiently according to need in the community – in some Aged Care Planning Regions, CHSP providers are at full capacity before the end of a payment period and manage wait lists, whereas other providers will return unused funds. For example, in 2020-21 people in several areas in regional NSW had to wait around 15 weeks for home modifications services.

In the HCP program, providers are required to provide care management services to older Australians, especially for those with complex needs. HCP providers may charge against the older Australian's subsidy for this service. While existing HCP clients have acknowledged the importance of care management, many have queried whether this service is currently more administrative than clinical. Care management is not separately funded under the CHSP.

Alignment with needs

Aged care assessments need to do a better job of accurately identifying the needs of older Australians, and programs need to better direct funding to address needs. A recent

⁵ Royal Commission into Aged Care Quality and Safety (2021), *Final report: Care, dignity and respect (Volume 1) - Summary and recommendations*, agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1_0.pdf, viewed 16 September 2022.

Department study of around 2,500 in-home aged care clients found that people with similar support needs may be receiving very different levels of service. In the HCP program, older Australians accumulate unspent funds if they do not use their full budget. At 13 September 2022, there was \$2.4 billion⁶ in unspent HCP funds while other older people were still waiting for a package.

Value for money

HCP recipients regularly raise concerns with the Department about not receiving value for money from home care providers. As highlighted by the Royal Commission, between one-quarter and one-third of the HCP funds can be directed towards administration and care management fees.⁷ According to StewartBrown, in 2018-19, people on a Level 4 package received over three times as much care management per week as nursing and allied health care combined.⁸ Care management fees represented around 12.0 per cent of provider income in March 2022.⁹ Administration fees as a percentage of provider income were around 23.6 per cent in March 2022.¹⁰ In a recent survey undertaken by the department, more than half of older Australians and their carers and families said they did not know why they were charged care or package management charges. HCP direct service costs also include administration, meaning that there are three levels of administration charges being levied by providers.

In the CHSP, administration costs are invisible to older Australians as they are included in grants paid directly to providers. Unit prices for providers vary significantly around the country based on historical patterns and many providers have administration costs that are significantly higher than others.

Support for independence

In-home aged care programs could do more to provide older Australians with the supports they need to remain independent. At present, HCP clients need to 'save up' package funding if they need to purchase higher cost capital items like aids and equipment or home modifications. This may be at the expense of forgoing ongoing services they need. In CHSP, program guidelines allow for access up to \$1,000 in goods, equipment and assistive technology.¹¹ The STRC program provides supports to assist people who have experienced a setback get back to their best level of independence, but funding is limited.

⁶ Department of Health and Aged Care (2022), unpublished data.

⁷ Royal Commission into Aged Care Quality and Safety (2021), *Final report: Care, dignity and respect (Volume 1) - Summary and recommendations*, agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-1_0.pdf, viewed 16 September 2022.

⁸ StewartBrown (2020), *Home care provider survey analysis of data collected*, www.health.gov.au/resources/publications/home-care-provider-survey-analysis-of-data-collected, viewed 16 September 2022.

⁹ StewartBrown (2022) *Aged care financial performance survey: March 2022 (nine months) summary results*, www.stewartbrown.com.au/images/documents/StewartBrown_Aged_Care_Survey_-_March_2022_Results_Summary_Presentation.pdf, viewed 16 September 2022.

¹⁰ StewartBrown (2022) *Aged care financial performance survey: March 2022 (nine months) summary results*, www.stewartbrown.com.au/images/documents/StewartBrown_Aged_Care_Survey_-_March_2022_Results_Summary_Presentation.pdf, viewed 16 September 2022.

¹¹ Department of Health and Aged Care (2022) *Commonwealth Home Support Programme: Program manual 2022-23*, www.health.gov.au/resources/publications/commonwealth-home-support-programme-chsp-manual, viewed 16 September 2022.

Stakeholder Perspectives

The Department has conducted a range of consultation with older Australians, carers, service providers, assessors, allied health professionals, and other stakeholders on a draft program design for Support at Home released in January 2022. A summary of the feedback about the reforms is outlined below.

Older Australians

The engagement with older Australians, including current and prospective consumers, and experienced consumer advocates, highlighted several priorities including:

- choice over aged care services, including through self-management of funds
- flexibility to adjust services over time as needs change
- value for money through controls on unreasonable administration fees, and
- better clarity and transparency around how funding is used, including for care management.

Indigenous elders emphasised the need for aged care services to be delivered by staff with strong cultural competency and expressed a preference for care to be delivered by Indigenous owned and run organisations, where possible.

Older Australians from culturally and linguistically diverse backgrounds (CALD) emphasised the importance of access to interpreters, and the value of bi-lingual care workers that can help CALD clients navigate the system and communicate their needs.

Service Providers

Service provider consultations included providers of CHSP and HCP, STRC and residential respite, as well as peak bodies. The Department spoke to providers varying from small to large who are located right across the country, from rural, regional, and remote areas through to providers operating in our cities.

Priorities identified by providers and peak bodies include:

- sustainable funding that recognises the full cost of delivery, including travel and administration
- recognition of the cost of complying with regulatory frameworks and requirements
- the importance of predictable funding for some service types
- the need for flexibility to adjust services on the ground as older Australians' needs change
- consideration of appropriate implementation timeframes, particularly when looking at significant ICT changes.

Carers

The Department consulted with carers, including the peak body, Carers Australia. Carers emphasised the importance of:

- supporting sustainable caring relationships through access to respite and dementia support services
- care partners who can help as things change, and
- understanding the circumstances of carers in the aged care system and in connected government systems.

Part Two:

Reform Considerations

Objectives for Reform to In-Home Aged Care

In August 2022, the Government announced its intention to align the commencement of a new in-home aged care program with the timeframe recommended by the Royal Commission, 1 July 2024. To assist readers to respond to the discussion questions, this section, and the next outline the overall objectives for reform and the indicative overall model. Feedback from this consultation process along with other work on program design will continue to refine the model.

The following objectives are proposed to guide the final design of reforms:

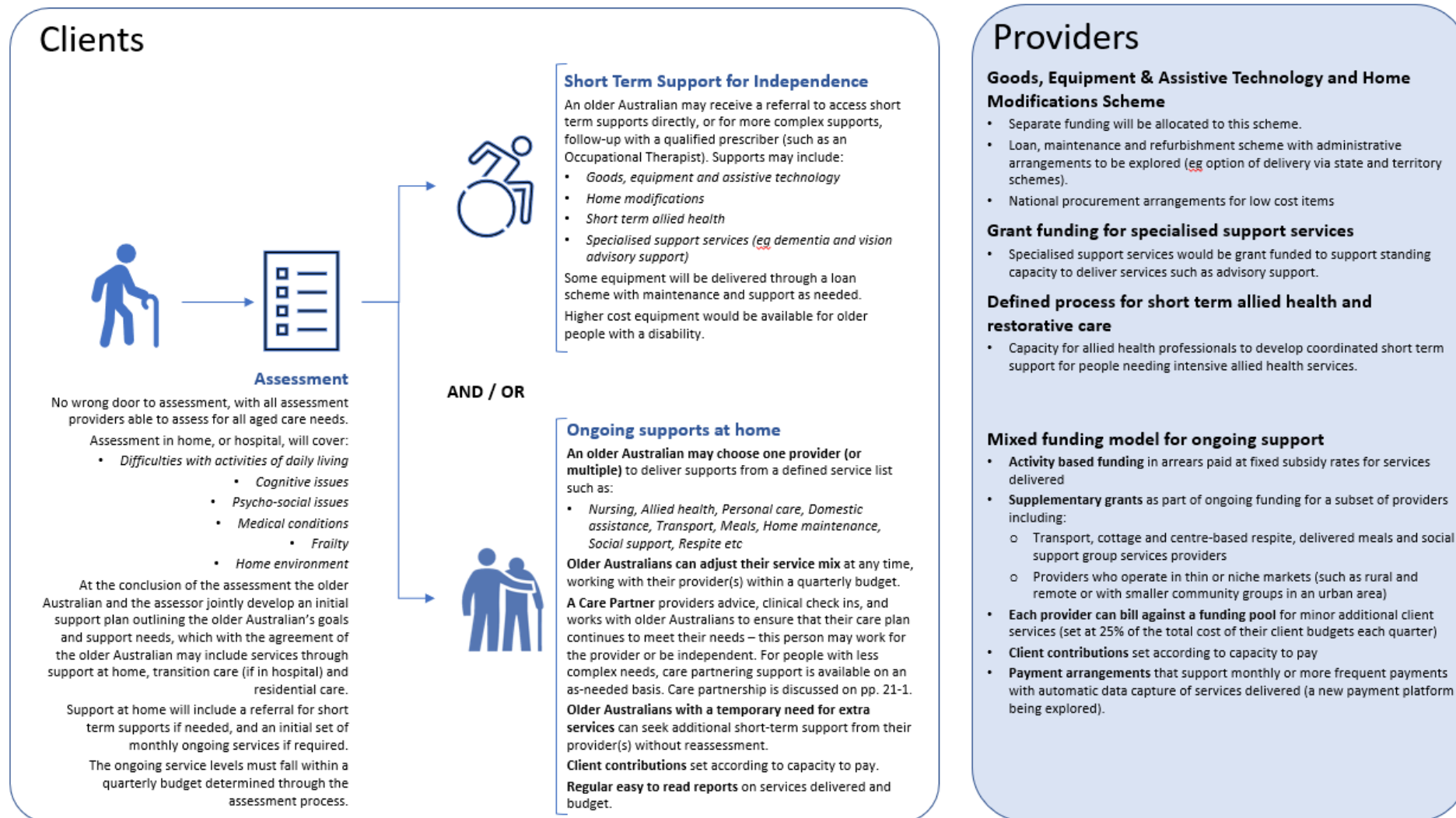
- Reform to in-home aged care should simplify current arrangements for older Australians by consolidating assessment arrangements and programs that are currently cumbersome for older Australians to navigate.
- Services should represent value for money for government and older Australians.
- Services should be underpinned by a robust evidence base on how to meet a person's assessed needs and support independence.
- Older Australians should have timely access to a full range of services that meet their assessed aged care needs.
- People who can afford to contribute to the cost of their care should do so.
- Older Australians should have choice and control over services that meet their assessed aged care needs.
- Funding and quality assurance arrangements should ensure that older Australians receive services that are safe and high quality.
- Aged care expenditure over time should be predictable and fiscally sustainable.

Indicative Model for a New Program

An indicative model for a new program is outlined in Figure that brings together in-home aged care programs to achieve these objectives. The model includes:

- Assessment for aged care services using verified assessment tools
- Early support for independence at home, including aids and equipment, home modifications and allied health
- Support plans for monthly ongoing services that outline service levels
- Flexibility for older Australians to adjust services according to their needs
- Care partners to provide clinical monitoring and support as needed
- Potentially higher levels of support at home (pending further research)
- A mixed Funding model for providers with a combination of activity-based payments in arrears and grants
- Program growth to meet an ageing population
- Risk proportionate regulation
- Automatic data capture on services delivered, enabling improved reporting for older Australians and providers and better program oversight by Government.

Figure 1: Summary of proposed model of in-home aged care



Key Areas of Focus for Reform

Several areas that have been identified as needing further consideration are considered further below, including:

- How self-management across multiple providers would operate in practice
- How to ensure care partners are available to support older Australians when needed
- How to ensure funding arrangements provide value for money without adversely impacting the ability to deliver critical services
- How to implement flexibility to meet the changing needs of older Australians over time.
- How to create incentives for providers to innovate and invest in service delivery improvements.

Managing Services Across Multiple Providers

Consultations with older Australians highlighted the need for more choice and flexibility in managing services. While many older Australians prefer to have one service provider take care of their full suite of aged care needs, some HCP recipients told us that there can be challenges with having a single provider delivering all their services. Some service providers may not offer the same level of quality and value for money across all the service types they deliver. The choice to use different providers for different service types may help older Australians to access the care and support that best meets their needs. The option for older Australians to choose multiple providers may also increase the incentives for providers to offer innovative and high-quality services.

The Department proposes to allow older Australians to choose between having a single or multiple providers delivering the services identified on their individual support plan, noting that many CHSP clients currently access services from multiple providers.

There are practical challenges associated with giving people the choice to manage services across different providers. Without a lead provider managing an older Australian's package, a critical challenge is the ability for older Australians to track their budget to ensure they don't over-book services that cannot be afforded within their budget. The Department is exploring new payment arrangements for the new in-home aged care program, which may involve a new payment platform that could help older Australians to manage their funds. The payment arrangements should:

- Enable simple payments to providers, from both the government and older Australians, and
- Support the automatic collection of service delivery information from payment data avoiding the need for additional reporting.

Discussion Questions

When someone chooses to use more than one provider to deliver their care:

- Should a care partner be accountable for monitoring outcomes and changes in clinical and care needs, and ensuring the older Australian is receiving their services? How might this work?
- If an older Australian chooses to use different providers to deliver different services, what should be the responsibilities of each provider to communicate with each other, and with the older Australians' care partner? How should these responsibilities differ for providers of different service types (for example domestic assistance vs nursing)?
- Should the older Australian be responsible for managing their own budget and ensuring they stay within their funding entitlements? How might this work?
- What challenges might providers and older Australians face in coordinating services across multiple organisations? How might these challenges be overcome?

Care Partners for Older Australians

Earlier this year, older Australians, their families and informal carers, peak bodies, service providers, aged care professionals, assessors, and other interested parties participated in co-design sessions to help us better understand how care management should ideally operate. Older Australians emphasised that care management should be a partnership between themselves and an appropriately trained person – or care partner – who can support them to achieve the best outcomes from aged care services.

Care management involves clinical oversight and monitoring to understand and identify changing needs of older Australians. It also includes an element of checking and safeguarding the safety of the older Australian. While care management also includes an element of onboarding and coordination of services, the focus is not on administrative tasks such as scheduling care workers. A care partner must also have a degree of impartiality, even if employed by a service provider responsible for delivering other services and supports.

Participants in the co-design sessions looked closely at:

- what care management might look like in a perfect world
- eligibility for care management
- potential models for care management
- implications of a multi-provider model on care manager roles
- roles, attributes, capabilities, and accountability of care managers
- workforce capability and capacity.

Key messages from the co-design sessions included that care management:

- needs to be available to all older Australians (not just those with complex needs), should they require it
- should support continuity of care and be flexible and responsive to changing needs
- should be enhanced by technology and innovation
- should be delivered in partnership with the older Australian.

Stakeholders agree the system should support all older Australians using aged care services to access the right support when needed – for some this may be through regular check-ins, for others it may only be needed periodically when circumstances change. There are challenges in implementing a care management model that achieves this kind of universal coverage while ensuring scarce expertise is targeted to those who need it most. Another challenge is to ensure care partners can provide effective support to those who choose to self-manage their care across multiple providers. Stakeholders highlighted the importance of having mechanisms (such as IT systems) for care workers to share concerns or observations with care partners outside their organisations.

Discussion Questions

- If an older Australian is using more than one provider, how can information and observations of care workers from different organisations be communicated to the care partner?
 - Does it matter where the care partner ‘sits’?
 - Should they sit with the provider delivering the highest risk services, sit with the provider selected by the older Australian, or alternatively, be independent of other providers?
- A care partner can support transitions in care and proactive responses to prevent crises.
 - What, and how, should a care manager be held accountable for this role?
- What does successful care management look like?
 - What should a care partner’s ‘Key Performance Indicators’ look like?
- What should the role of a care partner be in relation to ensuring services are meeting quality standards?
 - How might this link to Quality Indicators for in-home aged care providers?

A Funding Model that Supports Provider Viability and Offers Value for Money

Recommendations 117 and 118 of the Royal Commission proposed a new funding model to support in-home aged care and support services through a mix of grants and activity-based funding and either an individualised budget or case-mix classification approach.

The Department proposes a mixed funding model that includes a combination of each of these elements, including:

- A separately funded scheme for goods, equipment, assistive technology and home modifications that includes both procurements and a loan scheme with maintenance and refurbishment included
- Grant funding for specialized support services to provide a standing capacity to deliver advisory support in areas such as vision loss and dementia
- Ongoing services to be delivered primarily on an activity-based funding basis with:
 - prices set by Government that cover the full cost of service delivery at efficient rates, and
 - payments made to providers once services have been delivered.
- Additional long-term grants as part of the ongoing funding for some providers including:
 - Providers delivering transport, social support group, cottage and centre-based respite and delivered meals services, and
 - Providers operating in thin or niche markets such as rural and remote areas or those supporting particular community groups in an urban setting
- Each older Australian would have a known quarterly budget and will have a monthly support plan that can be adjusted within the budget
- Service providers would have access to an additional pool of funds on top of an individual's budget to facilitate minor tops ups without needing a reassessment (set at around 25% of the total cost of their clients' budgets each quarter). It would be up to the provider how this pool is spent across their clients, based on guidance about how to prioritize needs. Funds would be paid on an activity basis.
- Two areas where the Department has received feedback that greater flexibility is needed which require further consideration are:
 - Care management arrangements, given feedback that there needs to be a standing capacity to provide episodic support as needed; and
 - Indigenous services providers, who have indicated that funding certainty may be required to grow the sector which is needed to increase the proportion of Aboriginal and Torres Strait Islander elders who access aged care services.

The following aspects of this model will be a focus of further consultation.

Prices that reflect the full cost of service delivery

Providers have emphasised the need for prices to be evidence-based to ensure they fully capture the costs of delivering services. For example, providers of goods, equipment and assistive technologies have noted that costs go well beyond just the purchase and delivery of equipment, including organising equipment, costs of running a showroom and staff time to offer product trials. Similarly, providers operating in rural areas have highlighted the significant travel costs often associated with servicing these locations.

Older Australians want a new funding model that does not have administrative charges that appear excessive. The introduction of activity-based funding for services would involve separate prices for each service type. This will enable efficient prices to be established that cover the full cost of delivering services, including administration, travel and regulatory requirements.

The Department will work with the Independent Health and Aged Care Pricing Authority (IHACPA) to develop a set of efficient prices to form the basis for the activity-based service payments.

- Nationally efficient prices could be set for each service type, with loadings for rural and remote areas. For example, IHACPA could develop a national efficient price for an hour of domestic assistance that incorporates the cost of administration, travel, and other costs as with a reasonable profit margin to cover the cost of capital and support innovation. A higher price may be payable in regions with higher travel costs. These prices would then be publicly available providing transparency to older Australians and providers. The approach to consumer contributions will also need to be considered in setting prices.

The CHSP national unit price ranges and reasonable client contributions, as outlined in the 2022-23 CHSP Manual, provide a broad indication of how unit-pricing could operate under a single program (see Figure 1). The 2022-23 unit price ranges illustrate the actual subsidies and contributions that CHSP providers receive for in-home aged care services. Note:

- HCP providers may have different costs not reflected
- This is not a comprehensive list of services, eg it excludes care management
- Providers of some service types have suggested re-examining pricing units, such as the use of simple “trips” for transport

Many of the prices are consistent with unit costs of other government funded programs (for standard weekday delivery during business hours). These price ranges would be an input for IHACPA when developing prices for a new program.

Figure 2: 2022-23 CHSP national unit prices ranges and client contributions

CHSP Service Type	Output measure	2022-23 CHSP National Unit Price Ranges	CHSP reasonable client contribution
Allied Health and Therapy Services	Hour	\$95-\$125	\$5-15
Centre-based Respite	Hour	\$27-\$51	\$2-4
Cottage Respite	Hour	\$28-\$53	\$2-6
Domestic Assistance	Hour	\$48-\$61	\$6-12
Flexible Respite	Hour	\$51-\$67	\$4-8
Home Maintenance	Hour	\$53-\$75	\$8-20
Meals	Meal	\$7.50-\$13	\$4-12
Nursing	Hour	\$104-\$129	\$4-10
Other Food Services	Hour	\$25-\$41	\$6-15
Personal Care	Hour	\$51-\$68	\$6-12
Social Support Group	Hour	\$17-\$27	\$2-4
Social Support Individual	Hour	\$39-\$60	\$4-8
Specialised Support Services	Hour	\$76-\$118	\$3-12
Transport	One-way trip	\$18-\$36	\$2-12

Thin markets have additional delivery costs

The Department acknowledges that some providers in thin markets will require supplementary grant funding in addition to any loadings included in the prices. This is because service costs and volumes in thin markets, such as rural and remote locations or particular CALD communities in urban settings, can vary significantly. For example, an average loading may be sufficient for a rural provider who travels between towns 100km apart but may be insufficient for a provider who regularly has to drive 200km to get an older Australian to a service. Similarly, a national price may be sufficient for a provider servicing a large CALD community in a major city, however there may be a niche provider with a very small client base that needs an additional grant to cover its fixed costs. As such the new program would contain provisions for grants for providers operating in thin markets.

- CHSP service delivery data gives some indication of the proportion of services that may be supported through thin market grants.
- Around 275 service providers and 3% of CHSP grants (or \$88.5m) operate in MMM 6 or 7 regions
- Around 782 service providers and 9% of CHSP grants (or \$248m) operate in MMM 5 regions

Around 133 service providers and 4% of CHSP grants (or \$95m) have more than 50% of their clients from CALD or Indigenous communities (outside of MMM 5, 6 and 7 regions).

It is not expected that all providers in these categories would require thin market grants, and those who receive the grants may still receive a significant share of their funding through activity-based payments.

It is envisaged that thin market grants would be allocated through a competitive grant process, with five-year funding agreements and minimal reporting requirements, noting that these would be additional to activity-based payments that enable automatic capture of service provision data.

In addition, the Department would anticipate retaining a fund to run a standing ad hoc grants process to address unforeseen pressures such as workforce constraints or to address emergencies as they arise.

Some service types need a degree of funding certainty

Service providers have raised concerns about an activity-based payment model for service types with high fixed costs and/or a high number of volunteers, particularly where services are delivered to groups that can fluctuate in size. Providers of group social support and transport services along with meals delivery providers have advocated to receive an element of guaranteed grant funding as part of their funding mix.

Similarly, specialized support services that are episodic in nature with fluctuating demand, such as dementia support, continence advisory services and vision support services, have indicated that it would be difficult to offer a standing service offer under activity-based payment arrangements.

It is proposed that grants be included as part of the ongoing funding model for the new program to better support providers of these services. In the case of meals delivery, there may be value in considering how this funding can also be used to support social connection. For example, funding rates could vary between meals providers who simply drop off a meal and those who also provide substantial face-to-face social support.

Indigenous providers are seeking an alternative model

Indigenous stakeholders, including indigenous owned providers and providers who specialize in providing services for Indigenous Elders are concerned a predominantly fee-for-service model could be inappropriate for their circumstances and could hamper growth in indigenous care delivery. They suggested an alternative model, where the provider is funded more flexibly, could better allow Elders to reveal preferences over time with a trusted provider. The Department will be consulting on an alternative in-home care delivery model for Indigenous Elders in the coming months.

Discussion Questions

- What key services and types of providers may require supplementary or additional grants?
- What are the positive and negative experiences providers have from current grant programs for in-home care, and the key learnings for future provision of grant funding?
- Which diverse groups may be at-risk from the shift to activity-based payments, both in remote areas and metropolitan areas, and what are the specific supports grants should address?
- What should be the reporting requirements of these grants?
- What are the fairest arrangements for reporting on grant performance, including options for the roll-over of funds across periods, or to other essential service delivery?

Support that meets assessed needs, but is responsive to changes over time

Improved assessment would better match funding to needs

Stakeholders across the aged care system agree that getting aged care assessment right is critical to the success of the program. The Department has worked with HealthConsult, Flinders University and the Global Centre for Modern Ageing to develop and test a new Assessment Tool and classification system to facilitate more thorough assessments of aged care needs.

The intent of the assessment tool and classification system is to better align older Australians' aged care assessment service recommendations and funding intensity with their support needs. While there is further work needed to refine this system, the concept of a new assessment tool and funding classes based on need were not disputed and are not included as a focus area in this paper.

Funding should be responsive to changes in needs over time

While assessment plays a vital role in ensuring older Australians are assigned the right services at the right levels, older Australians and service providers have consistently told us that the new in-home aged care program must have flexibility to adjust the service mix as older Australian's needs change over time. The circumstances of older people are not static, and neither are their aged care requirements. An aged care assessment provides a point-in-time indication of the services that a person may need to help them live independently at home. However, a person's situation can change day by day through factors like the availability of a family member to help with transport, or a change in a medical condition. This can impact whether someone needs extra support on a given day or wants to forgo a service like social support due to feeling unwell.

Under the proposed model, older Australians would be able to adjust the ongoing services listed in their initial support plan as and when required within a quarterly budget. There may be some constraints on this flexibility, such as limiting the total amount of the budget that can be allocated to domestic assistance or home maintenance to prevent people from forgoing the clinical support they need in favour of extra cleaning or gardening. The quarterly budget would reset every three months with no accumulation of unspent funds between quarters.

Older Australians who access services through a single provider would talk to their provider about any changes required. People who are self-managing services across multiple providers would be supported to keep track of their quarterly budget with regular information on their service use against the budget.

It is also proposed that when older Australians have a minor or temporary change in needs that they should have access to additional support without the need for reassessment. This would be facilitated by giving providers access to additional funds to respond to changing needs of their clients. For example, if an older Australian needs additional transport services for a short period because their spouse will be unavailable, they may request extra services which their provider could bill to the funding pool. Each provider would have an additional quarterly funding pool that would be equivalent to 25% of the total value of their clients' quarterly budgets. Service providers would prioritise the use of their flexible funds across all

of their clients based on clear guidance and client need. Payments would be made from this funding paid on an activity basis.

Discussion questions

- What are the benefits and limitations providers anticipate in distributing pooled funds: which services should see increased use, and which may be limited by workforce availability?
- How should the flexible pool be set – is 25% of client budgets appropriate?
- What should be included in guidance for prioritising the use of the funds across clients?
- Are there any unintended consequences of this type of payment model?

Encouraging Innovation and Investment

Reform to in-home aged care presents an opportunity to reconsider how to incentivise innovation and investment in the aged care system. The following three areas are being considered under the new arrangements to foster innovation and investment.

Competition on quality – if activity-based payments are paid at prices set by Government, competition between providers will not primarily be on price. Together with parallel reforms on transparency and quality, the intent of these reforms is to encourage competition on quality. New Quality Indicators and Star Ratings to be introduced for in-home aged care will provide a way for older Australians to compare providers and make decisions. This should result in providers increasing their focus on areas such as staff training, or value-adding services offered to older Australians. Over time there may be potential to consider reward payments for quality outcomes once a sound quality framework has been established and bedded down.

The right conditions for investment – institutional investment in in-home aged care is currently hindered by uncertainty about reforms and regulatory requirements along with concerns about workforce challenges. The proposed reforms would provide greater certainty about future program arrangements along with risk-proportionate regulation. Funding providers primarily through efficient prices for different service types with cost-based indexation will provide greater certainty about revenue estimates. There should also be predictable program growth and more opportunities for services to expand client numbers. These funding arrangements should provide an environment that supports investment in service innovation and staff development.

A funding framework that enables innovation – the proposed funding arrangements include separate funding for goods, equipment, and assistive technologies. This will enable a dedicated focus on new technologies as they emerge to support independence at home. For example, in recent years there has been an emergence of monitoring technology that utilises Artificial Intelligence learn an older Australian's typical behaviours and send an alert when something unusual occurs. This may become particularly helpful for people living alone. For providers operating in congregate settings, such as retirement villages, there may also be opportunities to pool client funds to offer shared services, such as a nurse available on-call. It will be important to ensure such models are not precluded as the funding model is finalised. Finally, an annual innovation grants program could foster and publicise new and innovative practices in the delivery of in-home aged care. This could be a way for organisations to access pilot funding to trial or scale up innovative delivery models. It could also be supported through an online community of practice to share information about new approaches.

Discussion questions

- How can innovation and investment in in-home aged care be fostered under the reforms?
- How might we support innovative approaches to safely deliver higher levels of care at home?
- How might we enable innovation in home care for providers working in congregate care settings?
- How might we encourage innovations that increase the quality of care?

Part Three: Next Steps

Where to next?

We invite submissions in response to the discussion questions listed throughout the discussion paper and our indicative model. We invite input from all stakeholders, including:

- older Australians, their families, and informal carers
- Indigenous elders and their families and informal carers
- older Australians from culturally and linguistically diverse backgrounds, and their families and informal carers
- older Australians with disabilities and progressive conditions, and their families and informal carers
- aged care providers
- aged care and health professionals
- aged care assessors
- peak bodies
- the general public, and
- experts in target areas.

The Department will consider these submissions in updating the policy for the new in-home aged care program. We will aim to provide a webinar update in December 2022. To get updates on consultations and the latest information on the aged care reforms:

- subscribe to Your Aged Care Update (previously called the Information for the Aged Care Sector newsletter) at health.gov.au/aged-care-newsletter-subscribe
- sign up to engage with us through the Ageing and Aged Care Engagement Hub at agedcareengagement.health.gov.au
- download resources at health.gov.au/aged-care-reforms.

In addition, work will continue on new assessment arrangements. The Department is planning a large-scale trial to test a prototype assessment tool and assessment process. The trial is being planned for the first half of 2023, with a refined prototype tool to be used by the existing assessment workforce to assess around 20,000 older Australians over a three-month period. These assessments would be used for research purposes only, with older Australians' formal assessment finalised using the current National Screening and Assessment Form. The trial will provide representative data to validate the allocation of older Australians to classes and the service levels assigned, as well as collecting further feedback to refine the tool and assessment process, including decision support for assessors. A particular focus of the trial will be assessments for First Nations people to inform the practices for new Indigenous assessment organisations that will be established under reforms to assessment arrangements.





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