



Australian Government  
Department of Social Services



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# Increasing Choice in Home Care – Stage 1 Discussion Paper

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Submissions close at **5pm, Tuesday 27 October 2015**



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## INCREASING CHOICE IN HOME CARE

### DISCUSSION PAPER

## 1 Introduction

### 1.1 Summary of the proposed reforms

Australians are living longer and healthier lives and it is important that as people age, they have choice about their care. To support this objective, the Government announced significant reforms to home care as part of the 2015-16 Budget (the *Increasing Choice for Older Australians* measure).

The reforms will support consumers to receive the services they need. At the same time, the reforms will strengthen the aged care system to provide high quality and more innovative services through increased competition. The changes will build on the current consumer directed care (CDC) approach in home care and will be introduced in two stages.

From February 2017 (Stage 1), funding for a home care package will follow the consumer. This will make it easier for consumers to select a home care provider and to change their provider should they wish to do so. The current requirement for providers to apply for home care places will be removed, significantly reducing red tape. The changes will give older Australians greater choice in deciding who provides their care and establish a consistent national approach to prioritising access to care.

From July 2018 (Stage 2), the Government intends to integrate the Home Care Packages Programme and the Commonwealth Home Support Programme (CHSP) into a single care at home programme to further simplify the way that services are delivered and funded.

### 1.2 Purpose of this discussion paper

This Discussion Paper has been prepared by the Department of Social Services (the Department) to provide further detail about Stage 1 of the reforms and to seek feedback from aged care providers, consumers, carers and other interested parties on the implementation arrangements. While the paper includes some specific suggestions on how Stage 1 might be implemented, the programme design and operational arrangements are not yet settled. Your feedback will help to inform the policy framework for implementation and transition, the legislative amendments and the business requirements for IT/systems changes.

The Department will also consult with stakeholders on the design and implementation of Stage 2 of the reforms. These consultations are likely to commence in early 2016.



## 1.3 Opportunities to provide input

### 1.3.1 Written submissions

The Department invites submissions on this Discussion Paper from all interested parties. A submission template is available to download from [engage.dss.gov.au](http://engage.dss.gov.au). Submissions close at **5pm, Tuesday 27 October 2015**. Submissions received after this time may not be considered.

### 1.3.2 Stakeholder briefing

The Department will also be holding a webinar to cover the issues outlined in this Discussion Paper and provide an opportunity for interested parties to ask questions. Details of the webinar will be available at [dss.gov.au/2015webinars](http://dss.gov.au/2015webinars).

## 1.4 Policy context

### 1.4.1 The current Home Care Packages Programme

The Home Care Packages Programme forms part of the Government's continuum of care for older Australians (see Figure 1). The objectives of the Programme are:

- to assist people to remain living at home; and
- to enable consumers to have choice and flexibility in the way that the consumer's aged care and support is provided at home.

Home care packages are available at four levels, with the majority of the packages funded at level 2 and level 4. At present, packages (home care places) are allocated to providers through the Aged Care Approvals Round (ACAR). There are around 73,000 operational home care packages across Australia. Around 6,000 new packages will be allocated to providers through the 2015 ACAR.

To receive home care subsidy, a provider must also be approved by the Department under the *Aged Care Act 1997*, i.e. be an 'approved provider'. The subsidy is paid to the approved provider in respect of a home care place occupied by a consumer. Providers are required to comply with a range of responsibilities under the Act relating to factors such as quality of care, user rights and accountability requirements.

To access a home care package, a consumer has to be assessed and approved as eligible for home care by an Aged Care Assessment Team (ACAT) and offered a package by an approved provider. A package may include a range of co-ordinated personal care, support services, clinical care and other services tailored to meet the assessed needs of the consumer, including people with dementia and other special needs.



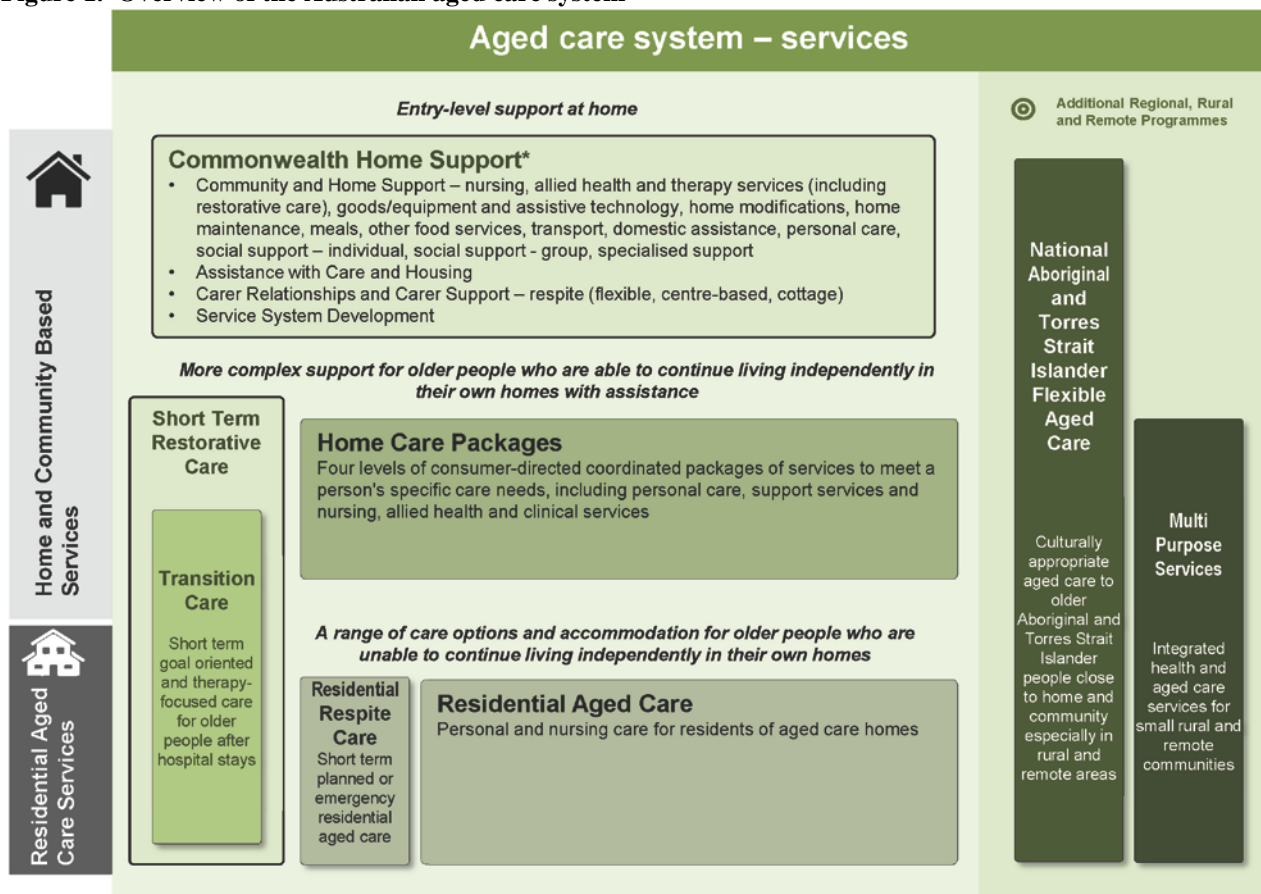
### 1.4.2 Consumer directed care

From 1 July 2015, all home care packages are required to be delivered on a CDC basis. CDC gives consumers greater flexibility in determining what level of involvement they would like to have in managing their own home care package. Consumers and providers work in partnership to identify the consumer’s goals and needs, which form the basis of a care plan.

While the total amount of care and services will be limited by the level of the package, approved providers are encouraged to sub-contract or broker services from other service providers in order to deliver the range of care and services agreed between the approved provider and the consumer.

CDC also provides consumers with clear information about what funding is available for their care and services and how those funds are spent through an individualised budget and monthly income and expenditure statements. These tools ensure that providers and consumers have a shared understanding of available resources and how those resources are being expended to meet the consumer’s needs.

Figure 1. Overview of the Australian aged care system



\* Home support assessment and some home support services may be different in Victoria and Western Australia. My Aged Care assists older people in these states to access state specific home support assessment and services.



### 1.4.3 How the home care reforms relate to the Government's aged care reform agenda

In recent years, there have been a number of changes to the aged care system. These changes have included the establishment of My Aged Care as the entry point into the aged care system, the introduction of CDC in all home care packages, a consolidated CHSP and major changes to the financing of aged care. However, there is still a way to go on the journey to create an aged care system that is consumer focussed, flexible and sustainable.

An Aged Care Sector Committee has been established to assist in the co-design of future reforms. The Committee has an independent chair and includes representatives from across the aged care sector and the Department.

The Committee and the Government recently developed the Aged Care Sector Statement of Principles to guide continuing reform of the aged care system and to embed a lasting partnership between the Government, consumers, providers and the workforce.

The Principles for the aged care sector of the future are:

- consumer choice is at the centre of quality aged care;
- support for informal carers will remain a major part of aged care delivery;
- the provision of formal aged care is contestable, innovative and responsive; and
- the system is both affordable for all and sustainable.

The Government was guided by these Principles in developing the *Increasing Choice for Older Australians* measure, which will increase competition and innovation, and will place consumers at the centre of their care.

Working within the shared vision outlined in the Principles, the Committee has also been tasked with developing a detailed Aged Care Roadmap by December 2015.

The Roadmap will provide the Government with the sector's best advice on future reform, and how it should be staged. The Aged Care Roadmap will build on changes that have already been implemented, as well as those that have been announced (such as the home care reforms discussed in this paper) to ensure that consumers are well informed and able to make the right decisions for their circumstances, that industry has regulatory certainty and reasonable lead times for implementing change, and that the Government has adequate time to ensure the necessary systems are in place to support the changes.

Feedback provided in response to this Discussion Paper will also influence the Roadmap.





## 2 Overview of the home care reforms

### 2.1 What are the key features of the reforms?

#### 2.1.1 Stage 1 – Commencing February 2017

The proposed main features of Stage 1 of the home care reforms are:

- the removal of the allocation of places for home care. This will mean that:
  - eligible consumers can receive subsidised home care from any approved provider
    - consumers will no longer be restricted to providers that hold an allocation of places; and
  - approved providers will no longer have to apply through the ACAR to receive home care places. This will reduce red tape and also increase competition in the sector by allowing more consumer focussed and innovative providers to expand their businesses to meet local demand and consumer expectations, including the needs of consumers with dementia and other special needs. The 2015 ACAR is expected to be the last ACAR in which home care places are allocated to approved providers.
- a new approach to the assignment of home care packages. Consumers will continue to be approved to receive home care by an ACAT, but there will also be a consistent system for prioritising access to subsidised home care. Consumers will be notified by My Aged Care when they have been assigned a home care package according to their priority relative to other consumers. The funding for the package will attach to the consumer, giving them flexibility in choosing their approved provider.
- there is portability of funding for the consumer. Consumers receiving home care will be able to move between approved providers. The package including any unspent funds will move with the consumer to their new provider (see discussion at section 3.3 on unspent funds).
- changes to the arrangements for approving providers. This includes:
  - updating the suitability criteria for approving providers;
  - streamlining the process for becoming an approved provider; and
  - providing a simple model for existing residential and flexible care providers to also provide home care.
- changes to certain approved provider responsibilities in order to support consumer choice, flexibility and portability.





- a range of consequential changes will also be made that result from home care places no longer being allocated to providers.

In order to implement these reforms, changes will need to be made to:

- the *Aged Care Act 1997* and the *Aged Care (Transitional Provisions) Act 1997*. It is proposed that amending legislation be introduced into the Parliament in early 2016. Subject to passage of the amending legislation, subsequent changes would be made to the delegated legislation including Aged Care Principles, Aged Care (Transitional Provisions) Principles and aged care determinations;
- My Aged Care services;
- the ACAT assessment process; and
- forms, guidelines and other supporting materials.

There will be no change to the current fee arrangements in home care.

There will be further consultation as the detail of Stage 1 is developed. An exposure draft of the delegated legislation will be available in 2016 after the introduction of the amending Acts into Parliament. The Department will also engage with the sector on changes to My Aged Care.

### **2.1.2 Stage 2 – Commencing July 2018**

The Government has announced that, from July 2018, it intends to combine the Home Care Packages Programme and the CHSP into an integrated care at home programme.

Some of the issues that will need to be considered as part of Stage 2 include:

- home care is regulated in accordance with the aged care legislation whereas CHSP is managed under an agreement (grant);
- providers of home care must be approved under the aged care legislation, whereas providers of CHSP are not approved in the same way;
- providers of home care receive subsidy in respect of eligible consumers, whereas CHSP providers receive a grant to provide services to eligible clients;
- consumers of home care are only able to be assessed by ACATs, whereas CHSP clients are generally assessed by the Regional Assessment Service (RAS);
- consumers of home care are expected to contribute to the cost of care where they have the capacity to do so, and the contribution of Government (via subsidy) is reduced



accordingly. By contrast, CHSP grants are not affected by revenue from client contributions.

In designing the integrated care at home programme, a number of transitional issues will also require consideration such as:

- how providers will be approved or registered to provide care and services;
- how consumers will be assessed as eligible and prioritised to receive care and services;
- consumer contributions and fee arrangements;
- the quality framework that will apply in respect of the new programme (noting that this will dovetail with other reforms aimed at introducing a consistent quality framework across all types of care);
- how existing consumers of each of the programme types will be impacted;
- whether the integrated programme will be grant or legislatively based; and
- the timeframes for transition.

The Department is not seeking feedback on these issues at this time.

There will be extensive consultation with aged care stakeholders on potential programme and funding models for Stage 2, as well as options for implementation and transition. This consultation is likely to commence in early 2016.

The remainder of this Discussion Paper focuses on Stage 1 of the reforms.



## 3 Detail of the proposed approach to the implementation of Stage 1

### 3.1 How will the changes affect existing home care consumers and providers?

#### 3.1.1 Existing home care consumers

From February 2017, existing home care consumers will continue to receive care and services at their existing package level. The Department believes that existing consumers should enjoy the same benefits as new consumers in relation to their choice of provider and the flexible nature of their package. Therefore, it is proposed that packages will be portable for all consumers once the changes take effect.

#### 3.1.2 Home care providers

##### 3.1.2.1 *Approved provider status*

Existing home care providers will not experience any change to their approved provider status.

Where home care providers have capacity and can attract additional eligible consumers, providers will have the opportunity to increase the number of consumers to whom they deliver services.

For organisations which have an approval for home care that has not yet come into force, the approval will continue and will become non-lapsing. As discussed in section 3.5.3, the commencement of the provision of home care services after a period of inactivity may trigger a quality review by the Australian Aged Care Quality Agency (the Quality Agency).

It is proposed that providers who are approved to provide residential care or flexible care will be able to become approved providers for home care through an ‘opt-in’ process (see discussion at section 3.5.2).

Providers that do not have approved provider status at the commencement of the changes (e.g. many CHSP providers) will also be able to apply to become approved providers for home care (see discussion at section 3.5.1).

The Department is seeking your views regarding the proposed changes to the approved provider arrangements.



### **3.1.2.2 Allocated places**

From February 2017, the concept of an allocated home care place will no longer exist and therefore it will not be necessary for a provider to hold an allocation in order to receive subsidy. In other words, the payment of home care subsidy will no longer be linked to the provider holding an allocated place. As a result, home care places that were previously allocated to providers but are unoccupied at the commencement of Stage 1 (February 2017) will lapse at that time. Funding for those packages will become part of a national ‘pool’ of available packages (see discussion below in section 3.2.1).

Currently, some home care places are subject to specific conditions of allocation, for example, to give priority of access to special needs groups or to target services to a particular location. These conditions are made at the time of allocation and are based on information in the applicant’s ACAR application. Feedback from the sector is that the current system of conditions of allocation is not effective – it is not transparent and cannot be monitored effectively.

It is proposed that conditions of allocation will no longer exist once the concept of an allocated home care place is removed from the legislation.

From February 2017, consumers with special needs will continue to access subsidised home care services and there will be greater choice for consumers when selecting a provider. Once an eligible consumer has been assigned a package, the consumer will be able to take their package to any approved provider with capacity to meet the consumer’s needs.

Providers will be better able to market their services, including to people from special needs groups and for specialised care (e.g. for people with dementia). The delivery of care will be tailored to the consumer’s individual needs, including factors relevant to the care of a person with special needs.

## **3.2 How will consumers access home care from February 2017?**

### **3.2.1 Changes to the current planning and allocation process**

At present, new home care packages are allocated to providers at a regional level through the ACAR. Planning and allocation at the regional level aims to achieve an equitable distribution of the total number of packages but there are still significant variances in distribution between states, regions, and local areas within regions.

Waiting lists are managed by individual providers. There can be significant variation in the waiting periods for packages across Australia with no systematic way of measuring or addressing the variation.



With the shift to a more consumer-driven system, there is an opportunity to move to a consistent national approach for making packages available based on the relative needs and circumstances of individual consumers, rather than controlling the availability of packages at the regional level. A national approach would provide an opportunity to monitor and address differences in waiting periods and access to home care across Australia.

From February 2017, it is proposed that home care packages would be assigned to consumers from a national ‘pool’ of available packages. The total number of packages would continue to be capped in line with the current aged care planning ratio. However, additional packages would be released regularly throughout the year to ensure a more even distribution of packages to consumers.

Your feedback is sought on the proposed national approach for making packages available to consumers based on individual needs. This would replace the current system of planning and allocating home care places to providers at the regional level.

### 3.2.2 Entry through My Aged Care

My Aged Care will continue to provide the entry point for people who wish to access aged care services, including access to assessment for, and referral to, home care. My Aged Care will also provide information about the different types of care, eligibility information, the nationally consistent assessment process and help to find local services.

My Aged Care functionality was significantly expanded in July 2015 and it is now genuinely the Gateway to the aged care system. This was a major change and inevitably during the transition, clients, assessors and service providers faced some initial challenges. In addition, high levels of demand, particularly the significant volume of incoming calls and fax/webform referrals, challenged the effective operation of the contact centre. The Department, along with its delivery partners, has sought to be highly responsive and transparent with regard to these issues. A number of system fixes and strategies have been put in place, resulting in rapid improvements to systems access, functionality and usability.

Over time, it is intended that My Aged Care will become an information rich system that effectively supports people to access the services that meet their aged care needs. In addition, the data collected by My Aged Care, in particular service availability information, will be used to inform future aged care policy and service planning.

It is proposed that from February 2017, My Aged Care will manage both the assessment process (via ACATs) and the assignment of home care packages (prioritisation of consumers) – both of which will be required in order for a consumer to access a package. These steps are described below.



### 3.2.3 ACAT assessment (eligibility of consumers)

ACATs undertake comprehensive, holistic, multi-disciplinary assessments to determine a person's eligibility to access Commonwealth-subsidised aged care. In Stage 1 of the reforms, the role of assessing and approving a person as eligible for home care would continue to be undertaken by an ACAT.

From February 2017, it is proposed that ACATs determine the eligibility of people seeking home care at a specific package level (i.e. level 1, 2, 3 or 4). This is necessary to determine the appropriate level of subsidy to be paid in respect of each consumer.

The effect of this change is that approvals would no longer be 'broadbanded' across lower level (1 or 2) or higher level (3 or 4) packages. Detailed criteria would be developed to support ACATs to approve people for each of the four package levels.

If a person's care needs change, they may need to seek a review and, where necessary, a new assessment by an ACAT.

### 3.2.4 Transitional arrangements for people who have an ACAT approval but have not commenced care

People who have an existing ACAT approval, but have not commenced in a home care package by February 2017, will be notified by My Aged Care when they have been prioritised for a package. As part of this process, it is proposed that My Aged Care will contact the consumer to confirm whether they intend to commence care and take up the package, or alternatively, if they wish to remain on the My Aged Care waiting list for a package in the future.

It is also proposed that a person with an existing ACAT approval for a lower level package (broadbanded level 1 or 2) would be deemed to be eligible for a level 2 package. Similarly, a person with an ACAT approval for a higher level package (broadbanded level 3 or 4) would be deemed to be eligible for a level 4 package. A new ACAT approval would not be required, unless the person's care needs have significantly changed.

### 3.2.5 Prioritisation (assignment of a package)

It is proposed that from February 2017, all consumers who have been assessed by an ACAT and approved as eligible for a package will be prioritised in order to access subsidised home care. The prioritisation process will be managed by My Aged Care drawing on information collected during the comprehensive assessment.





A basis for prioritising eligible consumers is needed to ensure equitable access to subsidised home care. This is important given that the total number of home care packages will continue to be capped in line with the aged care planning ratio.

The aim of prioritisation is to determine the order in which eligible consumers are assigned a home care package. A person's priority for a package could be informed by factors such as:

- the person's time spent waiting for a package; and
- the urgency of the person's assessed need, taking into account:
  - availability of other support; and
  - risk of no longer being able to safely remain at home without intervention.

Where there is a limited number of home care packages available, what factors do you believe should be taken into account in prioritising consumers to access a package?

It is proposed that prioritisation be an administrative process undertaken through My Aged Care. This would allow flexibility to adjust the process, based on actual experience once the new arrangements commence. To ensure transparency, the criteria used by My Aged Care to prioritise consumers would be publicly available.

The Department would closely monitor the distribution of packages, as well as waiting times, to ensure that there is equitable access to care.

### **3.2.6 Accessing home care services (finding a provider)**

Once a person has been notified through My Aged Care that they have been assigned a package, the consumer can seek to receive subsidised home care from any approved provider. Each approved provider will need to consider whether it is able to provide care to a consumer, based on the capacity of the organisation (taking into account the potential to sub-contract or broker services) and the consumer's individual needs. However, the approved provider will no longer be limited by an allocation of home care places.

As funding will follow the consumer and packages will no longer be allocated in respect of a specific geographic area (e.g. an aged care planning region), a consumer may choose an approved provider in any location within Australia.

Consumers will be able to access information about the services provided by approved providers from their ACAT, by using the service finder on the My Aged Care website, or by contacting the My Aged Care contact centre. Providers will also be able to market themselves to consumers and local communities independently of My Aged Care.





Providers will be able to display relevant information on the My Aged Care service finder to enable consumers to choose their preferred provider. This will help ensure that special needs groups, including people with dementia, have access to providers who cater to their specific needs.

It is proposed that My Aged Care will support the referral of clients to providers, either directly or through a referral code.

Once a consumer has been notified that a package has been assigned to them, the consumer may be asked whether they intend to commence care and take up the package, or alternatively, if they wish to remain on the My Aged Care waiting list for a package in the future.

Feedback is sought on whether there should be a specified timeframe for the consumer to commence care once they are notified that a package has been assigned to them, and if so, what types of circumstances might extend this period.

Currently, where a consumer has been approved by an ACAT for a package at a higher broadbanded level but is unable to find an approved provider with an available place, they may access a lower level package (or basic services under the CHSP) as an interim arrangement.

The Department is seeking feedback on how interim care arrangements should be addressed from February 2017 where the consumer's approved level of package is not available. For example, where a consumer has been approved as eligible for a specific package level, should My Aged Care assign a package to the consumer at a lower level as an interim arrangement?

### 3.3 How will 'unspent funds' be treated?

To give effect to choice and flexibility in home care, the Department believes that it is important that funds move with the consumer if they wish to change to another home care provider.

This section discusses what might happen to any 'unspent funds' in two scenarios:

- When the consumer moves their package to a new home care provider (i.e. exercising portability of funding).
- When the consumer exits subsidised home care (this may occur when a consumer no longer requires the services, enters residential care, or dies).



### 3.3.1 What are 'unspent funds'?

'Unspent funds' or 'contingency funds' refer to an amount that is the balance between the income (Government subsidy/supplements and/or consumer fees) and planned expenditure relating to a consumer's package, which may need to be carried over to a new period. The unspent funds may be accumulated as a result of a decision by the consumer to make provision for emergencies, unplanned events or increased care needs in the future.

Since the introduction of CDC in all home care packages, unspent or contingency funds are required to be clearly identified in the individualised budget and recorded in the monthly statements given to the consumer.

Unspent funds do not include the amount related to costs that have been incurred but not yet paid, i.e. accrued expenses.

At present, unspent funds can be retained by the approved provider when a consumer no longer receives home care from that provider, although some providers choose to transfer the funds with the consumer to another provider.

### 3.3.2 How should unspent funds be treated?

#### *3.3.2.1 Treatment of unspent funds when a consumer moves to a new home care provider*

It is proposed that when a consumer moves to another home care provider, any unspent funds would move with the consumer to the new provider. It is intended that this would apply to all unspent funds in the package, including those accumulated prior to February 2017.

This approach aligns with the Aged Care Sector Statement of Principles, which aim to empower consumers to actively exercise choice and direction in their care to the extent that they want to. It would do this by ensuring that there is no financial disincentive or barrier to a consumer changing providers if they choose to do so.

Under this approach, when the consumer chooses to move their package to another home care provider, the existing provider would be required to identify any unspent funds and transfer those funds to the provider chosen by the consumer.

Feedback is sought on the proposed approach to the treatment of unspent funds when a consumer moves to another home care provider.



### *3.3.2.2 Treatment of unspent funds when a consumer leaves subsidised home care*

There are a number of possible approaches to the treatment of unspent funds when a consumer permanently leaves subsidised home care.

- Option one: All unspent funds are retained by the existing approved provider.
- Option two: All unspent funds are returned to the Commonwealth by the approved provider (this would recognise that, in most cases, the Government subsidy/supplements will be the main component of the individualised budget for the package).
- Option three: The unspent funds are apportioned between the consumer and the Commonwealth contributions, and returned to each party by the approved provider. This could be achieved through either:
  - A. The approved provider identifying the exact amount of the unspent funds to be returned to the consumer and the Commonwealth (based on actual contributions during the period of care); or
  - B. Applying a simple formula (based on average contributions) to determine the respective proportions of any unspent funds that would be returned to the consumer and the Commonwealth. There may need to be a different formula for each package level.

Under either option two or three, it would also be possible to set a minimum threshold (i.e. where the total unspent funds are less than a specified amount, the funds can be retained by the existing approved provider).

In considering possible approaches, there is a need to balance a number of factors such as:

- what might be regarded as ‘fair and equitable’ – what was the purpose of the financial contribution (e.g. to support the care needs of the consumer) and who provided the majority of the funds within the package?
- accuracy – is it necessary to determine the actual financial contributions made by the consumer and the Commonwealth?
- ease of administration – is the approach administratively simple and does it minimise red tape for providers?

Feedback is sought on whether there is a preferred approach for the treatment of unspent funds when a consumer leaves subsidised home care.



For options two and three, any unspent funds accumulated prior to February 2017 could potentially remain with the existing approved provider but any funds accumulated after this time would be subject to the new arrangements.

### 3.3.3 Responsibilities and timeframes for dealing with unspent funds

To give effect to these new arrangements, it is proposed that there will be some new responsibilities for approved providers, including timeframes for identifying and reconciling the amount of unspent funds and for transferring or returning amounts to another provider, the consumer or the Commonwealth. These responsibilities could be set out in the legislation.

What types of circumstances might need to be considered in developing the approach and legal framework for dealing with unspent funds? For example, should there be different considerations where there is a deceased estate?

Feedback is also sought on what might be reasonable timeframes for providers to action the transfer of unspent funds.

### 3.4 How will the changes impact the claiming of subsidy by providers?

Currently, the legislation requires that an approved provider has an allocated place before the subsidy (including any relevant supplements) can be paid in respect of an approved consumer. It is proposed that this requirement be removed from the legislation. Instead, there would be a requirement that the consumer must have been notified through My Aged Care that they have been assigned a package.

The criteria for claiming the subsidy would, therefore, be amended such that in order to be eligible for the home care subsidy, an organisation would need to:

- be an approved provider of home care (this is currently a requirement);
- have a home care agreement in place with an eligible consumer. An eligible consumer will be a person who not only has an ACAT approval for a specific home care package level, but has also been notified by the Department (via My Aged Care) that they have been assigned a package; and
- provide care to that eligible consumer in accordance with the home care agreement (this is also currently a requirement).

Claims for the home care subsidy and supplements will continue to be made in the same way as currently and payments will continue to be paid by the Department of Human Services in respect of a payment period. Providers will continue to be responsible for assessing a consumer's eligibility for a supplement (where it is a current requirement), such as with the Dementia and Cognition Supplement.



### 3.5 What are the proposed changes relating to the approval of providers?

The Department believes that moving to a market-based system that delivers efficient, effective, innovative and quality services for older Australians will require:

- a clear pathway to become an approved provider; and
- appropriate safeguards so that only organisations that are suitable to provide aged care are approved to do so.

To achieve this, there are three proposed changes relating to the approval of providers:

- updating the suitability criteria and streamlining the process for becoming an approved provider to allow more providers, such as CHSP providers, to become approved providers for home care;
- providing a simple model for existing residential and flexible care providers to also provide home care (to expand the range of options available to consumers and increase competition); and
- changing the commencement and lapsing provisions surrounding approved provider status. Currently, approved provider status does not come into force if places are not allocated to that provider within two years of approval. With the removal of the allocation of places to providers for home care, this means that changes must be made to when approved provider status takes effect or lapses.

Where possible, the same changes are proposed to be made across all provider types – home care, residential care and flexible care – to ensure consistent and streamlined approved provider arrangements. This section therefore describes some proposed changes that will also affect providers of residential and flexible care.

#### 3.5.1 Updating the suitability criteria and streamlining the application process

It is proposed that the legislative criteria used by the Department to assess an organisation's suitability to become an approved provider be simplified and made more relevant in order to better meet contemporary expectations. However, this would not reduce the standard to be attained in order to become an approved provider of aged care.

The suitability criteria (described in section 8-3 of the *Aged Care Act 1997*) have not been substantially changed since 1997. Stakeholder feedback indicates that the current criteria unduly focus on key personnel (who may change over time) rather than on the capacity of the organisation to provide care in accordance with the legislation.

Therefore, it is proposed that changes be made to enable a greater focus to be placed on the way that an organisation operates as a whole (or is proposed to operate) with less



focus on individual key personnel. In addition, the current administrative processes, including the application form to become an approved provider, will be reviewed and streamlined.

This will encourage organisations that are not currently approved providers (e.g. many CHSP providers) to apply to become approved providers for home care. Where relevant, existing information held by the Department would be used to assess these applications.

These changes would in no way lower the bar for entry into the market as a provider of Commonwealth subsidised home care. Once approved, providers would remain accountable for meeting the Home Care Standards, as monitored by the Quality Agency through quality review of home care services, and for complying with all other approved provider responsibilities under the legislation.

### **3.5.2 Enabling existing providers of residential and flexible care to provide home care**

It is also proposed that a streamlined process be introduced to enable existing providers of residential care and flexible care to become approved as home care providers.

Under this approach, existing providers of residential care and flexible care would be able to become providers of home care through a simple ‘opt-in’ process, rather than undertaking the standard application process to be approved to also provide home care.

For example, the ‘opt in’ process could entail:

- the Department notifying residential and flexible care providers and inviting them to become home care providers; and
- if the provider ‘opts in’ by expressing that they wish to become a home care provider, the Department would approve them as such and provide written confirmation, advising of the specific responsibilities that apply to home care providers. This includes the responsibility to comply with the Home Care Standards and be subject to quality reviews by the Quality Agency.

The Department believes that increasing the number of approved providers able to provide home care will support greater choice for consumers. Allowing providers who are already approved to provide residential care and flexible care to expand into home care by an ‘opt-in’ approach recognises that these providers have already been tested against the standards required to become an approved provider of aged care.

Organisations that are not currently approved to provide care under the legislation may apply to become an approved provider in home care, and they will be assessed against the streamlined legislative criteria (discussed in the previous part).





How might the criteria relating to the assessment of approved providers (Section 8-3 of the *Aged Care Act 1997* and the *Approved Provider Principles 2014*) be adjusted to better reflect expectations around the suitability of an organisation to provide aged care?

Feedback is also sought on the other proposed changes to approved provider arrangements, particularly those affecting residential and flexible care providers.

### 3.5.3 Commencement and lapsing of approved provider status

Currently, under the legislation, an organisation's approved provider status will lapse after two years if they do not have an allocation of places. Removing the concept of an allocation of home care places from the legislation means that the lapsing rule will no longer have any relevance in relation to home care.

The effect of removing this rule is that an organisation's approval to provide home care will commence as soon as the approval is granted by the Department, and it will not lapse even if the provider is not providing care.

It is further proposed that this also apply to approvals of providers to provide residential and flexible care. That is, their status as approved providers would also commence as soon as the Department approves their application to be a provider. It would not be dependent on them receiving places and would not lapse after two years if they do not receive places.

This would simplify the regulatory arrangements across all types of care and create consistency in the way lapsing of approved provider status operates across aged care types.

This approach would not diminish the standard of care and services that is required, nor the responsibilities that an approved provider has in relation to the care and services that they deliver. However, it does mean that an organisation would retain their status as an approved provider of one or more types of aged care regardless of whether or not they are delivering that care.

A well-established mechanism to ensure the quality and safety of the care and services that an approved provider is delivering is through the requirements for accreditation and quality review. It is already the case that providers who propose commencing delivery of residential care services are required to gain accreditation from the Quality Agency prior to service delivery. At present, there is no 'commencement quality review' concept in home care. However, further quality assurance measures could be established in relation to home care providers, for example, where a provider 'activates' their approval to provide home care after a period of inactivity, this could trigger a quality review by the Quality Agency. This would provide an additional assurance of quality and safety.





## 3.6 How will quality of care be ensured?

### 3.6.1 Maintenance of existing provider responsibilities

The aged care legislation sets out a range of approved provider responsibilities in relation to quality of care, user rights for consumers of aged care, and accountability for the care that is provided. There are specific responsibilities for providers of home care that include, for example, the requirement to provide care and services consistent with the *Charter of care recipients' rights and responsibilities – home care* and to meet the Home Care Standards.

The responsibilities that are currently in the aged care legislation will continue to apply.

It is intended that two types of changes will be made:

- consequential changes will be made to existing approved provider responsibilities to reflect the fact that the concept of a 'place' will no longer be relevant in home care; and
- new approved provider responsibilities will be required to support the portability of a consumer's unspent funds. For example, new responsibilities would require providers to provide a final account to the consumer of the amount of unspent funds at the time the consumer leaves the care of that home care provider, and to transfer the unspent funds to the new home care provider within a certain time period (for example, 28 days).

It is also proposed that the responsibilities to comply with the Home Care Standards and be subject to quality reviews would only apply to approved providers who are providing home care services to consumers. This would require amendments to the *Australian Aged Care Quality Agency Act 2013*.

### 3.6.2 Consumer directed care

CDC is a philosophy that applies to all home care packages and will continue to apply through this measure. Providers and consumers should be thinking about innovative ways to meet the consumer's goals and care needs within the framework for the Home Care Packages Programme. Consumers should not be limited by a 'standard menu' of services or service providers.

There is a continued expectation that approved providers will sub-contract services to another service provider in certain circumstances (for example, where the approved provider is unable to provide the service itself or where the consumer has requested the care be delivered by a particular provider or individual). It is expected that the approved provider should make all reasonable efforts to give effect to the consumer's request.



Consistent with current arrangements, the sub-contracted service provider does not have to be an approved provider. However, the approved provider remains responsible for the quality of the services delivered.

In the lead up to February 2017, there will be additional communication activities to reinforce what consumers should expect to receive in a package being delivered on a CDC basis, and what this means for providers. Providers delivering subsidised home care will be expected to fully comply with the philosophy of CDC and work with the consumer to ensure the consumer's requests for services or specific carers are met even if they are outside of the nominated provider's organisation.

Providing portability of the home care package for the consumer also allows greater choice and flexibility to choose a provider that will meet their needs.

In the longer-term, consumers may be able to direct the funding for their home care package to more than one provider. This will be considered as part of the development work for Stage 2.

### **3.6.3 Reform of the quality framework and development of quality indicators**

In parallel with the home care reforms, the Department is working with stakeholders to develop a single consolidated and streamlined national quality framework for all aged care services. The Department anticipates engaging with the National Aged Care Alliance on the single quality framework in late 2015.

As part of the continuum of improving quality of care, the Government is also committed to a quality indicator programme in home care, which will improve the information available on My Aged Care to support improved consumer choice. The work on quality indicators for home care will develop over the next few years.



## 4 Comments and feedback

The Department welcomes your comments on the proposed implementation of Stage 1 of the home care reforms, in particular to the following questions:

- a) Overall, what do you believe will be the impact of the proposed changes in Stage 1 on consumers and providers?
- b) What type of information and support will consumers and providers require in moving to the new arrangements?
- c) What additional information and support will the assessment workforce require in the lead up to February 2017?

The Department also invites feedback in response to the specific questions identified in the paper.

A submission template is available to download from [engage.dss.gov.au](https://engage.dss.gov.au).

Following receipt of comments, the Department proposes to publish a short paper summarising the key issues and feedback received from stakeholders.

*Thank you for your input*