

To Whom It May Concern,

Response to New Aged Care Act Consultation - Release 2a – Funding for Support at Home program

Thank you for the opportunity to submit feedback.

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Introduction and Statement of Experience

Latrobe Community Health Service is a major independent health provider based in Gippsland, a Commonwealth-designated thin market. We provide services across Victoria and New South Wales, supporting over 1,700 participants on Home Care Packages, the majority of whom reside in eastern regional Victoria. In addition to Home Care Packages, we offer a wide range of services, including:

- Over \$10M in Commonwealth Home Support Program (CHSP) services across Gippsland and into eastern Melbourne.
- The largest Local Area Coordination (LAC) program for the National Disability Insurance Agency (NDIA) in Victoria, and one of the largest providers of Early Childhood Services.
- The largest provider of community allied health services in Gippsland, employing over 100 occupational therapists, physiotherapists, podiatrists, and allied health assistants.
- The largest non-hospital employer of nurses in Gippsland, with over 100 staff across specialties such as palliative care, wound care, diabetes management, continence, and general nursing.
- The largest provider of public dental services in the region.
- General practice services, which we provide to some of the most vulnerable people in our community, with 22 general practitioners and several nurse practitioners, all of whom bulk-bill.

In summary, our extensive geographic reach and the breadth of our services—developed in response to regional health needs—provide us with unique insights into the challenges faced by older people in rural and regional communities. As such, we feel a strong responsibility to contribute to this consultation.

Key Concerns: The Impact of Reduced Care Management Funding

We believe that the **Support at Home** model has significant potential to enhance the independence of older Australians. However, we are concerned that the new model introduces unnecessary complexity compared to the existing system, which may undermine its effectiveness.

A key concern is the proposed reduction in the care management funding cap from 20% to 10%. This change would severely limit providers' ability to manage and oversee care, placing older Australians at greater risk during the transition phase. Care management plays a critical

role in reducing risks, supporting participants, and adapting care to meet the changing needs of older people.

While we acknowledge the Commonwealth's goal of increasing efficiency and addressing concerns about the visibility and allocation of care management costs, we believe that this significant reduction will lead to adverse outcomes, particularly in rural and regional areas. Many providers, especially those in financially marginal positions, will struggle with the halving of care management funds.

We understand it is the Commonwealth's goal that many of the activities currently classed under care management will be covered by increased unit rates. The lack of clarity surrounding the introduction of new service unit rates, however, further compounds the issue. Our estimates are that service unit rates would need to increase between \$33 and \$41 per hour to compensate for the elimination of package management and the halving of the care management cap. Given the gap this would create between aged care and NDIS unit rates, we see no palatable pathway to unit rate increases of this magnitude. Given the financial constraints of many providers, we believe this sudden and dramatic change will inevitably lead to a significant reduction in service quality. As a major Victorian provider recently stated publically "We are preparing to make redundant 40% of our care management workforce [when they will be most needed by older Australians; during this complex transition]".

Proposed Solution: A Transitional Allowance for Care Management

To mitigate these risks and ensure a smooth transition, we propose a transitional allowance for Care Management, which would allow for a gradual reduction in funding. Our suggested structure is as follows:

- **1 July 2025 to 30 June 2026:** Maintain the Care Management funding cap at 20% of participant packages. This will allow providers to manage the transition while maintaining the necessary oversight for risk management.
- **1 July 2026 to 30 June 2027:** Reduce the Care Management funding cap to 16%. This gives providers time to adapt and innovate to improve efficiency.
- **1 July 2027 to 30 June 2028:** Reduce the Care Management funding cap to 13%, allowing for further adjustments.
- **1 July 2028:** Finally, reduce the cap to the 10% currently envisioned in the Support at Home model.

We believe this progressive reduction would:

- Ensure the critical care management workforce is maintained during the transition, especially in the first 12 months when the risks are highest.
- Provide time for the sector to innovate and find ways to manage risk and support participants with fewer resources.
- Allow participants to better adapt to the new system, without the added confusion of losing their familiar care manager.
- Address public concerns about excessive "management" costs by demonstrating a clear plan for improving efficiency.

Conclusion

As a provider of community services in one of Australia's thinnest markets, Latrobe Community Health Service has a responsibility to advocate for a smooth and responsible transition to the Support at Home model. While we see significant strengths in the proposed model, particularly the expansion of reablement and palliative care services, we urge the

Commonwealth to consider our proposed change to the care management cap. This progressive reduction would provide the necessary support to ensure a successful transition, safeguard the wellbeing of older Australians, and align stakeholders behind a common goal of efficiency and care quality.

We would be happy to discuss this proposal further and provide additional information as needed.

Sincerely,

