

6 December 2024

Department of Health and Aged Care

To whom it may concern,

**New Aged Care Act Rules consultation – Release 2a – Funding for Support at Home program**

Australian Unity appreciates the opportunity to provide feedback on the Funding for Support at Home program as outlined in the draft Aged Care Rules supporting Chapter 4 of the new Aged Care Act.

The draft Aged Care Rules supporting Chapter 4 of the new Act are one of the most critical elements of the introduction of the Support at Home Program—a once in a generation reform for Australia's aged care sector that will benefit older Australians, their families and the caring workforce.

As Australia's oldest social enterprise, Australian Unity is a wellbeing company committed to the delivery of integrated health and aged care services for older Australians.

Our response relates to our position as an organisation that delivers in-home care services to over 58,000 older Australians, including in rural and remote areas, with a 5,100 strong, primarily permanent workforce, made up of 4,500 front line Care Workers and Clinicians and 600 Care Partners.

Please see a summary of our key feedback and recommendations here, with further details provided below.

- 1. Undertake data and behavioural analysis to inform the proposed contribution rates for full pensioners and consider full/part pensioner contributions being managed by Services Australia**
- 2. Clarify protections for providers in the event of non-paying customers**
- 3. Raise the highest proposed level of funding to meet the Aged Care Royal Commission's recommendation of \$132,000**
- 4. Address flexibility of service usage within each funding classification**
- 5. Review of section 273B of the Rules to remove ambiguity and associated restrictions**
- 6. Extend the application of s213 and 222 (Rural and Remote supplement) to MM 4 & 5**
- 7. Undertake a review of the proposed \$15,000 lifetime cap for home modifications**
- 8. Department to facilitate transition of contractual arrangements with care recipients from commencement date**
- 9. Include a Dementia Supplement**
- 10. Re-align Personal Care/showering categorisation to 'Clinical'**
- 11. Enhanced flexibility of the pooled funding model for care management subsidies**
- 12. Caps on rollover of care management credits.**

Further background is provided against each recommendation below.

**1. Undertake data and behavioural analysis to inform the proposed contribution rates for full pensioners and consider full/part pensioner contributions being managed by Services Australia**

It is currently unclear whether robust data and behavioural analysis has been undertaken to inform the proposed contribution rates for full pensioners (5% for independence category services and 17.5% for everyday living services) to confirm that such rates will be sustainable for that cohort.

Australian Unity is concerned that, absent those rates being set at a sustainable level, they made lead to:

1. Service avoidance, where a care recipient will decide not to obtain certain essential services like showering that are otherwise required and appropriate because they cannot afford the required contributions; or
2. Recoverability issues for the registered provider, where the care recipient still obtains services despite being unable to afford the required contributions, resulting in the shortfall being ultimately borne by the registered provider.

To address the second issue, Australian Unity submits that consideration should be given to the payment of full pensioner contributions (and potentially a proportionate amount for part pensioners) being managed by Services Australia.

Given that the ultimate source of the payment is Government funding (albeit via a separate mechanism to aged care funding), there is logic in the payments being handled consistently. This will avoid registered providers having to manage bad debts and will remove the burden for care recipients of separately managing the payments.

**2. Clarify protections for providers in the event of non-paying customers**

Under existing arrangements, providers are permitted to terminate a Service Agreement if a customer has not paid fees for a reason within their control and have not negotiated a payment plan.

It is not clear what protections or safeguards are in place for providers, despite the heightened risk of 'bad debts' under the contribution's framework. Given that there is going to be a significant shift to co-contributions for many common services, including by full pensioners, this will require providers to focus attention on invoice and payment management to ensure they are being paid for services delivered, as well as a robust debt management and collection capability, which will increase providers' cost to provide care and services to customers, a cost which does not appear to have been factored into proposed pricing models.

**3. Raise the highest proposed level of funding to meet the Aged Care Royal Commission's recommendation of \$132,000**

Australian Unity is concerned that the highest proposed level of funding under Support at Home offers a maximum of \$78,000 per year for ongoing support.

While this is a much-needed increase of \$17,000 more than the current maximum, in real terms at the current national average hourly rate, it equates to an extra 4 hours of standard weekday support per week.

Australian Unity is concerned that this falls short of the Aged Care Royal Commission's recommended funding formula which identified that the top level of Support at Home funding for individuals should be raised to \$132,000 in order to offer Australians genuine choice and control

to age in place, in the setting of their choosing. To bring this to life, we have included a case study from one of our customers who we have de-identified:

## CASE STUDY

Ms LK, age 74, commenced a HCP 4 in early 2021 and entered residential care three years later, due to exhausting all funding options, including private.

Ms LK requires assistance with most activities of daily living due to medical conditions and physical limitations (wheelchair bound).

### Medical history

Chronic leg ulcers, right leg, polio at age 11, morbid obesity, hypertension, lymphoedema, hypothyroidism, anxiety, appendectomy, hysterectomy and recurrent UTIs. Lower limb ulcers are very painful and she usually takes Oxycodone for analgesia.

Ms LK lives in public housing with two flatmates that have mental health and physical disabilities. She has some family interstate and no designated carer.

### Assessment Summary

**Mobility:** She mobilises with a motorised wheelchair (since 1990).

She has difficulty bending (cannot put on socks and has concerns about slipping). She has use of a strap to help move her feet regularly and ease foot pain. She tends to sleep in her wheelchair. She can weight bear for short periods only.

**Transfers:** Australian Unity carers wake her and assist with transfers in the morning.

She manages toilet transfers using upper arms and toilet rails. She does get fearful with toilet to chair transfers and she is very cautious. She has a hoist but isn't using it.

**Personal Care:** She has been assigned two person assist for showering and transfers (rails, handheld hose and commode chair) however prefers to be sponge bathed. She is assisted with dressing.

**Meals:** She can prepare simple meals. She feeds herself despite hand numbness.

**Medication:** She manages her own medication. Sometimes she forgets to take the medication however does remember to take it later.

**Continence:** She is assisted with bladder continence pads. She sometimes needs pads to be changed at night however does not have a designated carer at night. She is continent of bowel which she manages herself.

**Cognition:** She is alert with occasional forgetfulness only. She tends to be very cautious with everyday tasks. She does experience apathy at times. She continues to take prescribed medication for anxiety and mood. She has become quite isolated and would benefit from increased individual social support.

**Services:** Personal Care: Seven days a week – twice daily. Nursing – weekly – Wound Care. Domestic Assistance: Shopping, Meals, Equipment hire. Continence Support.

Mrs. LK exhausted her HCP level 4 funding in November 2023 and agreed to self-fund additional services to support her at home.

In June 2024 Mrs LK, advised she couldn't cope at home with the limited support available to her within her Home Care Package, and made the decision to call an ambulance, then subsequently decided to enter residential care permanently.

Although Mrs LK, signed a private fee arrangement she currently has an outstanding debt of over \$10,052 relating to services received from January 2024 to June 2024.

#### 4. Address flexibility of service usage within each funding classification

Australian Unity is concerned about the potential for a high level of prescription for the services a participant may be able to access within a funding classification, as outlined in a participants' Notice of Decision or Support Plan, and the unintended consequences this may lead to including an overburdened assessment and hospital system.

For the system to function efficiently, and most importantly, for participants to access the services they need in a timely, person-centred, and responsive way, Australian Unity believes that participants should be able to access the full menu of services on the defined service list as long as it is aligned with their quarterly budget and health and wellbeing goals.

#### 5. Review of section 273B of the Rules to remove ambiguity and associated restrictions

We are concerned that the wording in section 273B(b) limits the application of an administrative loading to circumstances where the individual directly sources the delivery of the service from an entity that has arrangements in place with the registered provider (an associated provider).

This appears inconsistent with the apparent intention of the Rule—being to both protect individuals from high administration costs but also to enable registered providers to cover their costs of supporting third party arrangements for activities such as screening and suitability checks, participant claiming and regulatory reporting.

Limiting its application to associated providers does not factor in subcontractors that are not yet associated providers or providers that an individual may have chosen but that the registered provider is otherwise responsible for all other aspects of the engagement. It is also unclear what 'directly sourced' means in this context.

In the Aged Care Bill 2024 – Overview of Aged Care Funding (Chapter 4), it is noted on page 15 that the requirements for pricing to be included in Rules are:

1. *That the provider must not charge above the final efficient price; and*
2. *If the funded aged care service is delivered by a subcontracted organisation by request of the individual (i.e., they chose the subcontracted organisation and requested that the service be delivered by them specifically, rather than by the registered provider), the registered provider must not charge more than 10% of the actual cost of service as part of the price charged to the individual.*

The commentary in the Chapter 4 Overview for the Senate is not, in our view, consistent with the wording drafted in section 273(B)(b) of the Rules.

If a key intention of the administrative loading is to capture additional costs that a registered provider will incur in onboarding a subcontractor chosen by the individual (akin to a 'brokerage

fee' under the previous HCP program), the wording of section 273B(b) does not appear to meet this objective.

With the removal of package management fees, registered providers should be able to recover costs incurred in supporting an individual's choice outside of what would otherwise be absorbed into the service fees such as organising the scheduling of third-party services, including invoices, conducting quality, assurance, and compliance assessments of third-party services, responding to queries about third-party invoices etc.

Australian Unity suggests that the wording in section 273B(b) of the Rules be considered further to avoid ambiguity and ensure registered providers are not restricted from claiming costs incurred in supporting individual choice.

#### **6. Extend the application of s213 and 222 (Rural and Remote supplement) to MM 4 & 5**

We are concerned that the Rules attracting a Rural and Remote supplement are only applicable to MM 6 & 7 and therefore hold concerns about funding adequacy for Australians in MM 4 & 5 who also face significant challenges and barriers to accessing aged care.

The Rules essentially group MM 1-5 areas together, which serves to wrap home and community providers operating in metropolitan cities, regional areas, large and medium rural towns together into a single funding category.

Australian Unity has significant expertise operating across MM 1-5 areas and our experience has been that costs for services varies enormously. There are different cost drivers, workforce pressures, and financial outcomes for non-metropolitan service provision and we have found the cost profiles of MM4-5 areas to be more akin to MM 6-7 areas rather than MM 1-3.

In our experience, many older Australians in MM 4 & 5 regions are not receiving the care and support they need, increasing the risk of poorer quality of life and increased health systems costs. This is also attributed to workforce challenges in MM 4 & 5 regions, which leads to higher operating costs, higher distances of travel to participants, limits on economies of scale, and an overall reduction of service provision.

Australian Unity believes further consideration should be given to MM 4 & 5 funding adequacy and studies undertaken to ensure older Australians continue to receive the care they need to age well, wherever they live within funding limits, and that providers operating outside of metropolitan areas are adequately funded for the cost-of-service provision.

#### **7. Undertake an urgent review of the proposed \$15,000 lifetime cap for home modifications**

Australian Unity is concerned that the proposed \$15,000 lifetime cap for home modifications and holds risks forcing many older Australians prematurely into residential aged care, increasing taxpayer costs and reducing quality of life for participants.

Appropriate modifications, introduced progressively to follow the gradual functional decline of an older person, can add years of safe and independent living at home.

For older people the bathroom is often considered the most dangerous room in the house. The combination of slippery surfaces, water, and the need to navigate small spaces can lead to falls, which are a significant risk for older adults. Falls here are often associated with severe injuries such as hip fractures, head trauma, and other serious complications.

This type of modification is often complex and will usually well exceed the proposed \$15,000 cap. Australian Unity requests that the lifetime cap be urgently reviewed, and consideration be given to implementing a targeted, needs-based, and flexible funding model that truly supports ageing in place.

#### **8. Department to facilitate transition of contractual arrangements with care recipients from commencement date**

The wide-ranging scope of the Support at Home reforms will have significant implications for the contractual arrangements between care recipients and registered providers. This will extend to the terms of the service agreements themselves, to the service types on offer, and to the fees and charges for those services.

The transition to Support at Home will be significantly impacted if registered providers do not have assurance that all care recipients are able to be moved to appropriate new arrangements from the commencement of Support at Home (taking into account the grandfathering arrangements for recipient contributions under Support at Home).

It will not be operationally sustainable to have divergent arrangements operating for a potentially extended period.

As an example, registered providers will face significant financial risk, given the mechanisms for cost recovery (particularly because of package management fees being abolished) will change fundamentally under Support at Home.

Registered providers will need the support of the Department to facilitate the contractual arrangements with care recipients being transitioned to accommodate Support at Home from its commencement (naturally with appropriate notice to care recipients).

#### **9. Include a Dementia Supplement**

We are concerned by the absence of a Dementia Supplement. In October 2024, 745 (almost 4%) of Australian Unity's Home Care Package participants accessed this additional support, which exemplifies the additional costs of caring for this cohort of participants who experience moderate to severe cognitive impairment.

Australian Unity is committed to working towards an inclusive future where all people who experience dementia receive the care and support they need. In practice, this must be person-centred, trauma-informed and culturally appropriate, and we therefore recommend that consideration be given to the inclusion of a dementia specific subsidy/supplement in the program design.

#### **10. Re-align Personal Care/showering categorisation to 'Clinical'**

We have concerns regarding personal care/showering and the likelihood that some older Australians will choose not to obtain necessary showering services or medication supports due to cost.

As a result of the contributions framework and categorisation of Personal Care services in the 'Independence' category, Australian Unity expects that participant behaviour may change, so that clinical supports are prioritised over non-clinical supports due to not having to make a co-contribution to clinical supports.

We believe that services like personal care, which we deliver to CHSP customers and HCP customers, sits in the clinical services category. It is an intimate service and presents an important opportunity to closely observe whether there is deterioration in the customer—bruising or ulcers. By reducing or removing these essential supports, there is a greater likelihood of falls and acute events during showering, and the exacerbation of existing conditions, which may lead to increase emergency department presentations.

Australian Unity therefore recommends that Personal Care services be re-aligned to the ‘Clinical’ category under the Support at Home program.

#### **11. Pooled funding model for care management subsidies**

Australian Unity is concerned that the pooling of care management funding within a ‘service delivery branch’ restricts a provider's ability to spread care management resources equitably across its entire customer base. This has the potential effect of neighbourhoods with a higher proportion of complex, high needs customers being left worse off and at-risk due to the pooled funding arrangement.

We have seen evidence of regions where we operate across Australia which require a greater level of care management support due to the unique circumstances of the region, and local health infrastructure. For example, our Illawarra/Wollongong, NSW neighbourhoods have a higher proportion of high acuity customers due to the overburdened local health infrastructure including bed and exit blockages of local hospitals and limited access to primary health services. This puts greater pressure on home care service providers to step up and meet local community needs.

Australian Unity's recommendation is that the pooling of care management funds should be directed to each registered provider to flexibly manage. This gives greater flexibility to the provider to allocate care management resources to each of its service delivery branches on a more equitable and person-centred basis, depending on the unique needs of its customers and Australian communities.

#### **12. Caps on rollover of care management credits**

Australian Unity has concerns that the caps on the amount of care management subsidies that can roll over to the next financial year may impact service delivery to customers and have negative consequences on business and financial planning cycles. We query the rationale behind the caps and believe that providers can and should be able to responsibly manage unspent care management credits in a way that both maximises customer support while allowing for dips in operational income over the financial year.

#### **Concluding remarks**

Australian Unity recognises and appreciates the enormity of work that has contributed to the development of the Support at Home Program and the draft Aged Care Rules supporting Chapter 4 of the new Act.

Thank you again for the opportunity to contribute to this consultation round. Please contact Amanda Hawton, Director, Support at Home at [REDACTED] if you have any questions or would like to discuss this submission.

