Aged Care Act 2024: Funding for Support at Home program

Department of Health and Aged Care
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benevolent.org.au

Contents

The Benevolent Society

The Benevolent Society (Benevolent) has been operating since 1813. Our history reflects a passion for helping people live life, their way. We know that anyone in the community could, at some point in their lives, need support from us. We have rigorously campaigned and advocated to create meaningful policy and legislative change for all Australians, especially those at greatest risk of exclusion and disadvantage.

We are unwavering in our conviction that people can build their best lives, even in the most challenging settings, with the right supports and interventions. Our campaigning was integral to:

- Free legal aid
- Age pensions
- Specialist maternity care and establishing the Royal Hospital for Women
- An end to child labour
- The Goodstart Early Learning syndicate
- Early social enterprise entrepreneurship through setting up Social Ventures Australia, and
- Australia's first social benefit bond to mature, supporting Benevolent's Resilient Families Program.

Benevolent is a multi-service provider, with services ranging across age groups and cohort types. We provide early childhood services, disability services, services to support older Australians to live well in the community, and services to support people in times of crisis.

Benevolent has a deep and coherent understanding of how service systems interact with each other, the needs of our client groups and how the perspective of clients can be best leveraged into broader conversations. We think about our service delivery in the context of the bigger picture – we understand that no one sector or organisation controls all the levers necessary to deliver choice, control and quality of life opportunities to the people who access human services or to deliver social change.

Benevolent brings a system leadership mindset to all that we do. Complexity demands collaboration: we are better together. Our experience tells us that collaboration between organisations produces the best outcomes for vulnerable Australians, especially when collaborations are grounded in the resources and knowledge of local communities.

More information about Benevolent is available at www.benevolent.org.au

Executive Summary

Benevolent's vision is for a just society where all Australians can live their best life.

Fundamental to our work is the understanding that all Australians contribute to the richness of our communities. We recognise the worth, potential, and inherent dignity of every person; and the power of diversity when operating in a complex environment.

Benevolent's response to this consultation is informed by our services to our aged care client group across HCP and CHSP who are an average age of 83, and 72% of whom receive a full or part pension. Our Aged Care services operate throughout NSW, predominantly in Central and Eastern Sydney, Inner West Sydney, Western Sydney and Northern Sydney, Nepean Blue Mountains, and Tamworth, in addition to ACT. We also provide Carer Gateway services in NSW 1, Metro NSW and Care finder services in several PHNs.

Benevolent welcomes the passage of the new Aged Care Act 2024 and the response to the findings of the Royal Commission into Aged Care Quality and Safety reflected in the new Act. We share concerns that have been raised by other in-home care providers that the new Support at Home scheme involves major change and significantly complex transitions for the sector, that will need to be carefully managed.

Key points:

1. **Impact on full pensioners**

   Full pensioners should not be expected to contribute to the cost of services in the independence category or services in the everyday living category.

2. **Support for intent of the Act, but reservations about implementation**

   Given the complexity of changes and to ensure smooth implementation, the timeframe for the commencement of Support at Home should be extended six months, to commence in January 2026.

3. **Impact of bad debts on financial viability**

   The Benevolent Society is concerned about the risks of financial hardship for some recipients arising from the proposed contributions approach, and the likely emergence of a significant level of bad debts. In addition to the accumulation of debt and the associated strain for people on low incomes, providers will also need to bear a significant cost in pursuing or writing off bad debts.

Matters for consideration

1. Impact on full pensioners

While the principle of individuals making a contribution toward their home care is supported, the financial impact on full pensioners needs to be better understood before the proposed approach is implemented. The social justice implications for full pensioners are not properly weighted under the proposed approach.

The final report of the Aged Care Task Force dated 15 March 2024 concluded:

> *The need for support for low means participants will continue.*
>
> *While the overall wealth of older people is growing, there will continue to be a substantial number of people with limited means. For example, full-rate pensioners without assets, such as a house, or people whose circumstances diminish while in aged care. It is essential to maintain support to ensure everyone can access the aged care services they need. The Taskforce strongly affirms the need to retain financial supports for residential care providers to care for residents who have low means (supported residents). Consultations showed high community support for a strong safety net, with 89% of respondents to the consultation survey agreeing the government should cover aged care costs for those who cannot afford to pay. There are already strong funding arrangements in place for low means participants in aged care, which need to be preserved. The Taskforce has not made specific recommendations on the long term safety net requirements, but recognises there will be implications for settings as details of the recommendations on participant co-contributions in residential and home care are further developed. Settings will need to ensure those who cannot make a greater contribution are not asked to do so, and rules are in place to support equitable access to high quality aged care services for all participants, regardless of their means.*
>
> *Recommendation 4: Ensure a strong safety net for low-means participants to meet aged care costs*

In support of recommendation 8 (to introduce Support at Home participant co-contributions that vary based on the type of service accessed), the Task Force considered that for everyday living supports, participant contributions would be highest for services that someone not in the Support at Home Program would typically pay for in full (for example, general house cleaning).

The Task Force's advice, to ensure those who cannot make a greater contribution are not asked to do so, requires further consideration in relation to full pension recipients.

The analysis that the costs of 'everyday living supports' such as cleaning are things that someone not in the Support at Home program (presumably younger people at peak earning capacity) would pay for themselves, and therefore pensioners should contribute to under Support at Home, is flawed.

In-home aged care is premised on the understanding that people prefer to stay in their established homes in older age, rather than moving to residential aged care. Negative attention on the experience of residential aged care, including through the experience of Covid lockdowns, has reinforced this preference. There are recognised cost savings overall if older people can continue to live safely at home, rather than moving to residential aged care.

However, as people age and become more frail, independence and everyday living services such as cleaning and gardening provide them with support which allows them to live safely and with dignity at home. These supports are essential in circumstances of decreased strength, mobility and health. They are not services that are merely 'nice to have' or optional. They are essential enablers for continuing to live safely at home, therefore avoiding the additional costs associated with residential aged care.

In Benevolent's experience the proposed contribution rates for full pensioners of 5% for services in the independence category (such as mobility supports, eating, hygiene, medication self-administration and continence supports) and 17.5% for services in the everyday living category (such as cleaning and gardening) will be a deterrent to people accessing services, with flow on consequences for their health and safety.

Research by ACOSS and the University of NSW has found that 28% of pension recipients live below the poverty line. Aged pensioners who are renting are at greatest risk of living in material poverty[1]. Given these findings, it is unsurprising that clients make a choice between eating, personal care, transport and family connection, and cleaning. In this scenario, cleaning services often miss out. The reluctance or refusal to take up services that could help to keep them safe at home can lead to negative consequences such as avoidable falls due to living in unsanitary or unsafe conditions and hospitalisations, and early entry into residential care.

Benevolent's aged care client group across HCP and CHSP are an average age of 83, 72% of whom receive a full or part pension. Our experience is that many of our clients and potential clients are reluctant to commit to receiving services for which they will have to pay, even at a relatively modest level. The current income tested care fee already deters HCP take up - some of our clients will refuse services for which they are eligible rather than face a client contribution out of fear about the cost.

There should be no disincentive for older, low-income Australians to access these services. A contribution rate of 0% should be considered for full pensioners for all supports: the impact on full pensioners of a contribution rate of 17.5% for everyday living services needs to be better understood from the perspective of affordability and the consequential impact on disposable income.

2. Timeframe for implementation

Benevolent welcomes the establishment of a Transition Task Force, but we consider that the timeframe for commencement of Support at Home on 1 July 2025 is too short, given the range of changes need to transition to the new program.

The draft rules for Chapter 4 of the Act that are the subject of this consultation are complex. With less than 7 months to the proposed start of the new scheme, the rules are still the subject of consultation and even then, the consultation draft rules are incomplete. Further consultations on other parts of the rules are still anticipated through to March 2025.

Implementation of the Support at Home program will require modification to a range of Benevolent's systems for operating our in-home aged care business. This includes:

[1] Naidoo, Y., Wong, M., Smyth, C. and Davidson, P (2024), Material deprivation in Australia: the essentials of life, Sydney: Australian Council of Social Service (ACOSS) and UNSW Sydney.

- Service Delivery: developing new care model
- Workforce and Capability: inclusive of restructuring and training
- Risk, Quality and Compliance: review of all policies and procedures
- Legal: adapt of all policies to ensure meets legislation inclusive of rights based approach.
- Finance: changes in financial systems and structure to ensure capability to manage co contributions and lower care management
- Communications: change management

Our experience is that implementation of very significant change of this kind is challenging and takes time to work through. Poor change management has potential implications for operational efficiency and, ultimately, for effective and safe service delivery for clients.

Benevolent agrees with calls from ACCPA, for the commencement of Support at Home to be delayed until all of the legislation and subordinate instruments are finalised and there is sufficient lead time for providers to implement them.

3. Impact of bad debts on financial viability

Along with other providers of in-home care services, Benevolent is concerned that the new Support at Home program will lead to an escalation of bad debts.

Debts are a considerable source of stress and anxiety for low income debtors. They also have flow on consequences for provider viability. We foresee that the contribution rates proposed under the Chapter 4 rules will lead to a significant growth in bad debts that will exacerbate current problems. Debt recovery, especially from low income older people, is a very difficult and costly task which providers are not resourced to perform.

The cost to providers of pursuing bad debts, and the combined effect of the maximum price service list, and the uncertain implications of the 10% cap on care management fees will make it difficult, if not impossible, for some providers to remain in the market.

Providers dropping out of the market leads to service gaps and reduced choice for clients, as has occurred in some segments of the NDIS market.