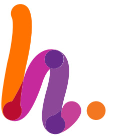
HammondCare
Champion Life

Aged Care Rules Stage 2a

Department of Health & Aged Care

December 2024



Executive Summary

HammondCare welcomes the opportunity to provide feedback on the proposed Rules stage 2a. We also would like to acknowledge the importance of the Aged Care Transition Taskforce in ensuring that providers, government, older Australians and their family members are ready and prepared for this once in a generation change.

While HammondCare is aware that it was not enshrined in law, HammondCare believes it would be wise to have Senate Community scrutiny on all aspects of the Rules to avoid unintended consequences from 1 July 2025.

Below is a summary of the feedback within this document:

- 10% care management is not adequate
- The supplement for additional care management should apply to clients with complex psychosocial factors, even if they did not enter SAH via Care Finders
- Client contribution model is tested with the service list prices to ensure affordability for clients at the proposed contribution rates
- Thin markets should be addressed through an automatic subsidy, not via grants
- Safeguards are implemented in response to the increasing amount of debt collection activity and increased risk of unpaid client contributions.

HammondCare's Response

Care management not sustainable at 10%

The data informing DoHAC of the appropriate care management amount includes providers that are not meeting compliance standards and/or are not financially sustainable. ACQSC found only 64% of home care providers audited in Q3 FY24 met all requirements of the Aged Care Quality Standards (and the standards are about to be strengthened), and DoHAC reported 1/5 of home care providers are operating at a loss in the same period. When considering care management amount, providers who are non-compliant or financially unsustainable should be excluded from the calculations.

Care management should reflect what it costs to deliver the required care management activities, as outlined in the Strengthened Aged Care Quality Standards, Support At Home Handbook and (draft) Support At Home Manual.

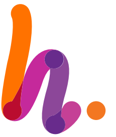
HammondCare recommendation 1

Set care management reflects the cost to deliver Support At Home in a way that meets regulatory requirements and is financially sustainable for the provider.

Care management supplement – applicability (205B)

Complex psychosocial factors include moderate to severe dementia, experiences or homelessness, significant financial and social disadvantage, mental health challenges and substance misuse (see examples). Many of these clients enter home care via Care Finders, but they can also enter via the Single Assessment System. Providing home care for older people with complex psychosocial factors costs more due to:

- Additional case management activities to coordinate access to holistic services and supports on behalf of or with the client, such as referrals and appointments with housing services, financial counselling, or mental health teams.
- Coaching needed to maintain independence in activities of daily living. Particularly when clients do not have a carer or someone living with them, the intensity of coaching increases. 43% of HammondCare At Home clients have no carer and 39% live alone.



- The need to use staff with a higher level of experience and training, such as expertise in mental health, substance misuse and dementia care. Staff may also need to possess specialised skills, such as crisis intervention, motivational interviewing, or therapeutic communication techniques to effectively support clients with complex needs.

There is emerging evidence of an increasing number of older people who either cannot access home care due to psychosocial complexities or are accessing home care but without appropriate and sustainable support. For example:

- Care Finders programs are reporting aged care providers are unwilling to take on high complexity clients
- State public health systems have identified a bed block crisis, where older people are unable to exit hospital as they cannot access appropriate aged care. In NSW there were 680 patients experiencing this in August 2024.

Whilst clients may be allocated a higher level package due to complex psychosocial factors, providers need to be able to access a higher service unit rate due to the higher cost to serve. Note – this is not related to care management, which also is often inadequate for clients with complex psychosocial factors. There is risk that providers will be disincentivised to care for this cohort with care management decreasing and no higher service unit rate.

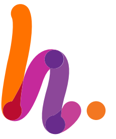
Client profiles that demonstrate what psychosocial complexity looks like in home care and the need for additional case management and coaching services:

- **Michelle*** is 79 years old and lives in a unit in a retirement village. She has **multiple medical conditions** including osteoarthritis, hearing impairment, vertigo, and anxiety. Michelle is impacted by **alcoholism, hoarding and squalor**. It is difficult to support Michelle as her pattern of behaviours includes **cancelling or declining visits**, unpredictable moods, agitation, **not attending medical appointments** (including GP, mental health and geriatrician). The last time she became gravely ill due to hypokalaemia, Michelle self-discharged herself from hospital against medical advice. Michelle is **socially isolated**, and her two children live interstate and are not in regular contact. Michelle will only communicate via email however her internet is regularly cut off due to unpaid bills, which means care managers and care workers can have **difficulty remaining in contact**.

- **Neil*** started on a **Level 1** Home Care Package at age 67. He has **complex medical conditions**: Hypertension, Type 2 Diabetes, Bilateral Idiopathic Deafness, Right Shoulder Reconstruction, Cervical Disc Disease, Cervical Osteoarthritis, Left Total Supraspinatus, bilateral Carpal Tunnel Syndrome, right Carpal Tunnel release, Diabetic Retinopathy, Diabetic Neuropathy, Lumbar Disc Disease, left fourth toe amputation/left leg peripheral vascular disease, dyslipidaemia and neck radiculopathy. **Cognitive impairment** was noted on admission (RUDAS 20/30). Within 6 months further social complexities were identified. Neil had episodes of **'going missing'** due to **homelessness**, as he was living between crisis accommodation and his car. These unstable living conditions made care very difficult. During the periods when Neil went missing, staff were unable to contact or find him. Neil was known to **self-neglect** and often **declined assistance** and visits. He was in infrequent contact with his family. **Vascular dementia** was later diagnosed during an emergency hospital visit.

- **Vincent*** commenced his Level 3 Home Care Package after receiving support via CHSP for 7 months. His **complex medical conditions** include: Colorectal Cancer, Osteoarthritis, COPD, Emphysema, Asthma, Hypercholesterolemia, Angina, Hypertension, Back Problems/Dorsopathy, Gout, Morbid Obesity, **Depression**, Fluid Retention, Falls, Asbestosis (40% lung capacity). Vincent has **chronic alcohol use** which impacts his daily living, including **self-neglect** of personal care and diet, clutter, hazards and **hoarding** in the home. Our staff liaise with the client, his daughter, GP, hospital, podiatrist, dietician, occupational therapist and physiotherapist regularly due to the number of medical conditions Vincent has. Care workers encounter **difficulties providing care** due to the alcohol misuse.

* Names of HammondCare At Home clients changed



HammondCare recommendation 2
There is a line item added to the service list for supports delivered to clients with complex psychosocial factors, reflecting the higher cost to serve.

HammondCare recommendation 3
Clients with complex psychosocial factors are allocated the care management supplement.

Affordability of client contributions

The new client contribution model outlined by DoHAC will see older people paying fees in proportion to the unit price, with the percentage based on the service category (Clinical, Independence, and Everyday living). HammondCare is concerned that with unit prices increasing to accommodate package management fee, inflation and the regulatory costs, sufficient investigation into the affordability of the proposed client contribution model may not have occurred, especially as unit prices have not been set. To ensure IHACPA's proposed pricing principle of 'access to care' is achieved, Support At Home needs to be affordable for older people under the client contribution model.

HammondCare recommendation 4

Program affordability is analysed based on the unit prices and proposed client contribution model to ensure access to care is achieved for older people.

Pricing in thin markets

Addressing thin markets via short-term competitive grants is not sustainable for providers who are already coming through a financially precarious few years. When it is known that delivering services in certain areas or with certain groups comes with higher costs, delivering those services should trigger an automatic subsidy.

The NDIS Review found that "the markets in the NDIS have not worked as originally imagined. Competition has not produced improved quality, innovation or diversity of services for all participants in all locations. For many participants, especially in remote areas, the limited availability or poor quality of services means that in practice they do not really have choice or control over their supports".

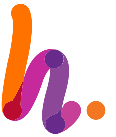
HammondCare recommendation 5
Thin markets are addressed through automatic subsidies once a set criterion is met, rather than via grants.

The need for safeguards due to increasing debt collection and risk of unpaid client contributions

Client contributions will increase and the calculation method changed under Support At Home. This will see a higher proportion of clients contributing to care, with the amount paid by each client changing week-to-week depending on services delivered. Client contributions are very difficult to collect in home care due to:

- Client expectations that aged care is mostly or completely government-funded (research indicates people over 65 are willing to make some contribution, but do not want to pay more, and strongly believe the government should increase funding[1])

[1] Milte, R., Ratcliffe, J., Kumaran, S., Hutchinson, C., Chen, G., Kaambwa, B., and Khadka, J. (2024) *Public attitudes for quality and funding of long-term care: Findings from an Australian survey*, Health and Social Care in the Community, https://doi.org/10.1155/2024/5798242



- The high number of clients on full pensions who feel unable to afford any fees
- Part pensioners may be asset rich but cash poor and therefore unable to afford fees at a point
- The difficulty of providers being 'debt collectors' whilst also providing care
- Legislative requirements requiring providers to prioritise care delivery, maintain high quality services, and comply with Aged Care Quality Standards, regardless of a client's ability or willingness to pay.

The proportion of HammondCare's Home Care Package clients who currently pay a fee is ~10% and for Short Term Restorative Care it is 0%. Once Support At Home is implemented, this will increase to ~80%. Debt collection activities will become a much larger component of work for home care providers, and potential client arrears represent additional financial risk. In FY23 HammondCare spent $15.6m in additional hours, extra case management and discounts on fees where package funding or client contributions was in deficit – there is significant likelihood this will further increase to an untenable amount under Support At Home unless client contributions are collected by government.

HammondCare recommendation 6

Client contributions are collected directly by a federal government agency to avoid having aged care providers as debt collectors. In the absence of this, safeguards are needed to handle increasing debt collection and unpaid client contributions.