Victorian Healthcare Association
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Submission

12 November 2019

Aged Care Financing Authority consultation on improving home care payment arrangements

About the VHA

The Victorian Healthcare Association (VHA) is the not-for-profit peak body supporting Victoria's public health and community services to deliver high quality care. The VHA represents Victorian public hospitals, registered community health centres, multi-purpose services, and bush nursing services.

On behalf of its members the VHA responds to system reform, helps shape policy and advocates on key issues. The VHA also supports the Victorian healthcare sector by providing sector development that builds capacity, governance and executive support as well as supporting innovation and collaborations that act as a catalyst for strengthening the Victorian health system.

Background

The Victorian public health system is the largest public sector aged care provider in Australia. As well as residential aged care, the state's hospitals and 29 registered community health services deliver approximately 11 per cent of Home Care Packages (HCPs) and a significant proportion of Commonwealth Home Support Program (CHSP) services.

While the move to a more transparent and individualised funding model has been positive for consumers, the transition has presented significant challenges for public sector HCP providers.

The impact and implications of location, size and demographics on the cost of delivering care or the requirement for workforce development, infrastructure and systems, innovation and research are not included in the funding model.

In addition, case management is not explicitly recognised by consumers as an essential component of care that must be costed. Without case management and the coordination of care and services, many vulnerable older Australians would fall through the gaps and rely on more costly types of care to meet their needs.

Public hospitals and registered community health services deliver a significant number of services in remote and rural areas of Victoria and face challenges including increased costs associated with travel to client homes and reduced revenue due to operating in thin markets with less dense populations.

Public sector providers in remote and rural Victoria have strong local community networks that support the provision of community-based aged care. They must be supported to ensure their ongoing viability and sustainability. This ultimately supports equitable access to services for older people living in these communities.

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Background to consultation

The 2019-20 Budget announced that payment arrangements in home care would be improved to address stakeholder concerns about unspent funds.[1]

HCP providers are currently paid a recipient's full entitlement to Government subsidy for each month (i.e. their HCP level less any income-tested care fee), regardless of the services actually provided. Any amount that is not spent providing care and services to a care recipient in a month is then held by the provider as available funds to be drawn upon by the care recipient in future.

This Budget measure involves HCP providers being paid the difference between the full Government subsidy that the care recipient is eligible to receive based on HCP level, days in care, and, the cost of the services actually provided to the care recipient. The unspent funds will then be held by the Department of Human Services (DHS) to be drawn upon by the care recipient in future, through the provider.

The VHA welcomes the opportunity to provide a response to the Aged Care Financing Authority (ACFA) consultation on improving the home care payment system.

VHA comments

- Under the current system, if an HCP provider goes into receivership there's a risk of funds not being returned to the consumer or Government. If DHS holds the funds this risk is mitigated.
- Currently the system complicates accounting, so some providers may prefer that 'unspent funds' are not accrued at the service level.
- Payments in arrears may impact smaller businesses also potentially leading to a decrease in the number of providers.
- If a HCP recipient exits a service to move to a new provider it can take up to 132 days for the new provider to receive the care recipient's funds due to a number of factors, including Medicare advice on the unexpended amount. Some providers advise that they transfer funds to the new provider from their pool of unspent funds held in trust so as not to disadvantage the HCP recipient and new provider.
- There are concerns about whether the DHS Medicare Payment IT systems will be able to support the change.
- There needs to be careful planning around implementation and timing of changes.

Clarification is required regarding:

- whether the provider will still be required to obtain the income tested fee (ITF) from the HCP recipient. If the ITF amount is used in advance by the consumer, the Approved Provider will be required to pay it back to DHS the following month, even if the amount has not been received from the HCP recipient
- if a provider has unspent funds on the June 2020 commencement date, will they be required to return unspent funds to DHS, or will they continue to hold the unspent funds for their current HCP recipients
- the Government's ability to make payments in a timely manner
- whether an Approve Provider needs approval from DHS for expending funds on what is in a HCP recipient's plan, and what compliance measures will be in place.

[1] https://agedcare.health.gov.au/reform/more-choice-for-a-longer-life-package

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