CATHOLIC HEALTH
Australia

Catholic Health Australia – response to Home Care Pricing Transparency and Comparability Consultation Paper – September 2018

Catholic Health Australia (CHA) appreciates the opportunity to provide comment on the Home Care Pricing Transparency and Comparability Consultation Paper. A working group representing Catholic Health Australia members met to consider the issues raised and the following comments are provided as a means of supporting consumer choice of home care services.

Introduction

One of the key pillars the Government highlighted when introducing consumer directed care was encouraging providers to better innovate service delivery and offer a range of services that will meet the increasingly diverse care and support needs of consumers. CHA is concerned that a template that compares prices does not stifle innovation in service delivery and recommends that the template be simplified to ensure consumers have greater clarity for comparability. The following comments are provided as a means to partly address this issue.

Administration Costs

The composition of administration costs incurred by Home Care Package providers is unique in that it includes significant government transaction costs as well as normal business overhead costs.

Specific to the Home Care Package program, there is a requirement that providers engage with MyAgedCare, upload data for government use, connect to ACERS, manage individual balance sheets (client funds), undertake income tested fee collection and manage unspent government subsidies held on behalf of consumers. All of these requirements increase administration costs and financial risk for the provider, and are not a feature of open markets nor other aged care programs.

Government-related transaction costs add to normal business overheads and makes unit service prices higher than they would otherwise be, including when compared with similar services purchased by consumers in the open market. Whilst this is not an argument for not including normal business overheads in unit prices, as happens in the rest of the economy, there is a case for making the element of administration costs that are government-related transaction costs transparent through a separate line item.

Future reform should consider ways to reduce government-related transaction costs. For example, the objectives of individual budget holding arrangements and unspent funds could be achieved more effectively and efficiently through the introduction of a debit card facility as part of the development work on a new Medicare payments system.

Whilst providers continue to manage individual budget arrangements, CHA recommends that business overhead costs be rolled into service price items but the costs incurred by the government imposed budget holding arrangements be a transparent line item.

Care management (rather than case management)

CHA recommends amending the term 'case management' to 'care management' to better reflect the focus on clients remaining independent and well in their own home. The definition on page 15 needs to outline that care management is a key requirement of Home Care Packages and differentiates the program from CHSP, as well as being a value adding service in its own right. It needs to be outlined that all Home Care Packages, irrespective of level, will need care management as current regulations require the development of a care plan.

Rather than referencing 'maximising the use of package funds available', the focus should be on developing a care plan and ensuring it can be delivered within the budget.

Care management is more commonly a set price per hour regardless of whether it is fully, partially or self-managed. There are however different costs across the four levels of care and therefore for this service type, package level price should be retained. Given that care management is costed by the hour and level, it is recommended in the interests of simplifying the template that the terms fully, partially or self-managed be removed and replaced with 'care management' which is priced by the hour.

Indicative Available Package Amount

There needs to be a more fulsome explanation of what constitutes the value of the package by level of care and the treatment of unspent funds. It is suggested that the explanation of what is included in the package cover daily fees, income tested fees, additional supplements and an explanation that daily fees contributed by consumers add to the value of the package and individual budget.

Updates to the Schedule

CHA members would prefer that the timing of updates be left to the provider's discretion and amendments made as necessary. Prescriptive timeframes introduce unnecessary additional compliance costs which increase administration costs.

Standard Charges for Common Standards

Care coordination aside, CHA members recommend removal of the package levels as there is no material cost differential for services across levels. Suggested changes regarding specific service items are outlined below.

- Cleaning and domestic services should be renamed 'domestic assistance' as it better reflects the broad range of services under this item. The definition on page 13 needs to remove reference to accompanied shopping as this is a defined personal care item.
- Personal care definition needs to include accompanied shopping, and the reference to accompanied transport needs to clarify whether it is an incidental activity associated with personal care or a service item in its own right, and therefore needs to be removed from this definition. For clarity, the reference to medication assistance and monitoring needs to be clearly defined and the point of differentiation from nursing needs to be made clear.

- Nursing needs further clarity, including replacing 'etc' with specific examples. Given the significant cost difference between nursing and personal care, it is important to ensure the differentiating elements of each service type are clear.
- Physiotherapy should be removed as a comparator item. CHA providers have identified that podiatry is the most used allied health service, but given that podiatry is predominantly a contracted service, it will not be possible to price such items given variability in fees charged by individual podiatrists. Accordingly all allied health services should be treated the same ie prices are subject to prices charged by allied health providers, which will vary according to the allied health service required and local market conditions.
- Telehealth should be removed as a service item. Very few providers access Telehealth and there is wide variability in the cost of equipment depending on location.
- Gardening should be removed as a service item given providers do not employ gardeners as staff and contract prices differ widely depending on location and local market conditions.
- Overnight respite and full day respite should be removed and replaced with 'In home respite'. Overnight and full day respite are not commonly used as the cost is prohibitive for consumers irrespective of their package level. In home respite, charge by the hour is commonly used and understood by consumers.

Guidance: Hours of Service Provision

CHA acknowledges that 'hours of service' is a currency that consumers understand, and the comparison across levels indicates the concept of building service intensity and quantity as frailty increases.

However hours of service provision does not reflect the individual care plan and can only be an indicative estimate. The proposed guidance definition is likely to raise consumer expectations for a defined number of hours rather than services based on each consumer's needs.

Reference to the 'Minimum call out unit' should be amended to 'Minimum service time' to ensure a better understanding of the measure. As with other service types, there is no material cost differentiation across the package levels and therfore should be removed, acknowledging this would separate the item from 'hours of service'.

Costs to Providers of Implementation

It is noteworthy that implementation of the pricing comparability template will create significant additional costs for providers. It will involve system changes and updating of contracts, support tools and marketing material. Providers have substantial investment in trained staff and software and accounting IT systems. The proposed changes will be a significant impost for mid-sized providers especially, estimated to be in the vicinity of $75,000 to $100,000.

Updating all existing consumer agreements is likely to take 24 months given that renegotiating agreements is significantly more complex than updating the care plans at the annual review. The amended prices will need both the consumer and the provider to agree given that costs are likely to both increase and decrease depending on the service item. Smaller providers will be further challenged to meet the suggested timeframes given their scale and limited financial ability to amend business models. Given the significant change and revised prices to be uploaded for April 2019, there is little to be gained by having providers upload current prices by November 2018.

Given the tight timeframe for implementation, and taking into account the significant change to business models and systems that will be required, it is recommended that implementation post

April 2019 have a 'soft educative' approach rather than a punitive one. This will ensure a more positive implementation process.

Finally, the Government will need to be confident that software vendors will have the ability to adjust provider systems within the suggested implementation timeframe.

If CHA can be of further assistance please contact Shona McQueen on shonam@cha.org.au or Nick Mersiades on nickm@cha.org.au

Kind regards,
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