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Implications of the Latest Home Care Packages Data Report

The Department of Health has released its second Data Report on the assignment of home care packages to consumers under the national prioritisation arrangements introduced on 27 February 2017.

Most of the data covers the period to 30 September 2017, except data on the number of consumers i.e. the number of people using packages to purchase services. The latest available data on consumers is at 30 June 2017. The time taken for new clients to be notified to the Department of Human Services by providers means that more recent data that is complete is not available.

What this Data Report, and the first Data Report, reveal about the demand for aged care services has significant implications for the future reform of aged care services and the Aged Care Roadmap.

What does the Data Report tell us?

The national queue for home care services

One of the objectives of a national prioritisation system was to establish a more reliable measure of the level of demand for home care services and to prioritize access according to need and waiting time. When packages were allocated to providers, waiting lists were maintained by providers, but there was no way of aggregating them or prioritising access for those on the lists.

Now that we have a national queue, it is the size of the queue, revealed for the first time, that is attracting considerable Government attention as it weighs up all the recommendations of the various reviews it has before it.

The queue published in the Report comprises people approved for a package but who are waiting to be assigned a package, as well as people assigned an interim package less than their assessed level.

The number of people waiting to be assigned a package at 30 September 2017 was 60,614, an increase of 13% since 30 June 2017. This compares with 64,069 home care

package consumers at 30 June 2016. The number of consumers with interim packages also increased, by 16% to 40,894, i.e. about two-thirds of existing consumers.

As well as highlighting the apparent level of unmet demand for home care packages, we now also have a better measure of the extent to which the allocation of packages by package level is not aligned with need as currently assessed. That is, the current distribution of packages is skewed towards lower level packages whereas the demand is at the higher levels. The introduction of individual budgets has magnified the impact of this distribution as it put an end to cross subsidisation.

It is not a simple case of solving this matter by releasing more high-level packages. The Commonwealth Budget's forward estimates are based on the current distribution of package levels. The only way more high-level packages could be released is to release fewer packages at the lower levels or to increase the forward estimates. More on this later.

ACAT Approvals

Mirroring the increasing length of the national queue, approvals for home care packages by ACATs have increased by about 100 per day since March 2017, to about 500 per day in September. The Department speculates that this increase reflects increased demand due to promotional activities. There is no comparable data published on residential care approvals.

The gradual increase in approvals per day has resulted in 69,716 approvals since February 2017. Of the approvals in the September quarter, 72% were Level 3 and 4, 27% Level 2 and only 0.6% Level 1, demonstrating the mis-alignment of packages with demand referred to above.

A worrying feature of the approvals is the wide variation in the proportion of approvals at Level 4. The proportion varies from a high of 52% in WA to a low of 34% in Victoria. This suggests that there is much more work to be done to achieve greater consistency in ACAT assessments before we can be confident of the data.

Number of packages assigned to consumers

There have been 80,451 packages assigned to consumers since February 2017, drawing on ACAT approvals completed before and since February 2017.

Of this total, 29% was for upgrading consumers who were on interim packages below their assessed level and 71% was for new consumers. This distribution has been relatively stable since February 2017.

Also stable has been the distribution of assigned packages by level i.e. about two thirds to Level 2 and the balance fairly evenly spread across the other levels. Level 3 and Level 4 packages assigned between February 2017 and 30 June 2017 totalled 11,054 (23%) compared with 8,188 (25%) over the period 1 July 2017 to 30 September 2017. This perpetuates the large number of consumers on interim packages.

The current distribution of assigned packages across levels contrasts with the distribution of approvals by level referred to above. Anticipating this situation, the Government on 14 September 2017 announced that an additional 6,000 higher-level packages would be released. The impact of this release will be reflected mainly in subsequent Data Reports, though it is not expected to be great because at 30 September 2017 there were 40,894 consumers using interim packages.

Number of home care consumers

The total number of consumers at 30 June 2017 (i.e. people accessing home care services with packages at their assessed level or with interim packages) has increased by 11.5% since 30 June 2016 to 71,423.

However, there has been a decline of 1.2% in the number of consumers (or 849 consumers) since the new arrangements were introduced in February 2017. At February 2017, the number of consumers peaked at 72,272.

This decline would go a long way to explaining provider concerns about client numbers.

Number of approved providers

The number of providers approved to deliver home care packages continues to increase, from 693 in March 2017 to 766 by 30 September 2017.

What the data does not tell us?

1. The data does not tell us the number of consumers at 30 September 2017. That is, whether the decline between February 2017 and 30 June 2017 has been addressed by modifications to how package releases are determined. A decline in the number of consumers as the system transitioned to the new arrangements is not a surprise. But are transition issues continuing to affect consumer numbers?
2. There is no public information on waiting times for packages. Apparently, however, individual consumers approved for a package can obtain an indicative estimate of their waiting time by visiting the MAC website. Regional information on waiting times is key information for the sector.
3. There is no data published on the average elapse times between a consumer being assigned a package and the commencement of services, nor how many assigned packages are not taken up within the statutory 84 days. Understanding consumer behaviour under the new arrangements is critical to informing the release of new packages.
4. Data on the number of assigned places awaiting activation, including at a regional level, is not published. However the decline in the number of consumers over the period February 2017 to 30 June 2017 (- 849) despite the assignment of 47,729 packages suggests that there is a very large number of assigned packages awaiting activation. Such a large number may reflect the complexity of access arrangements under the new arrangements. It may also reflect issues with the needs assessments being conducted by the ACATs. Further analysis is required to determine whether changes are required to address this situation, or whether it reflects reasonable consumer behaviour.

Wider implications flowing from the Data Report

The extent of the apparent demand for home care revealed by the national prioritisation and assignment of home care packages, especially for higher-level packages, has major policy and funding implications for aged care services.

This includes how to address the inappropriate distribution of packages across funding levels, implications for the creation of a single home care and support program, the need to address problems with the effectiveness and consistency of eligibility and needs assessment processes, how to fund the additional costs and implications for the demand for residential places.

The Government has taken an initial step by announcing the release of an additional 6,000 higher-level packages. While the media release gave no indication how these

higher cost packages would be funded, the Minister Wyatt indicated in a speech to the National Press Club that the number of packages is set to increase to 140,000 by 2021–22 (consistent with the *Living Longer Living Better* home care provision target ratio of 45).

At Senate Estimates, the Department advised that the 6,000 additional higher-level packages will be funded by the conversion of 17,000 lower level packages. This approach to re-balancing the release of packages across the levels would make the provision target unachievable without an increase in the Budget.

The temporary transfer of unoccupied residential places to home care proposed in the Legislated Review would help, noting that home care packages are less costly on average for the Commonwealth than residential places. However, it is doubtful that this will be sufficient to cover the apparent level of demand that has been identified.

Until the demand for home care places and residential care is understood and funded, it is difficult to imagine any Government agreeing to extend a national prioritisation process to home support, which would be the case under a single home care and support program. This does not, and should not, preclude reforms to achieve greater integration of home care and home support across key areas such as consumer fees, assessment and promoting functional independence.

There are also implications for the *Living Longer Living Better* strategy for assessing the level of unmet demand through the gradual increase and re-balancing of the target provision ratio (125 operational places by 2021–22, within which home care's share is to increase to 45). This strategy is potentially compromised by the assignment of packages to consumers because the operational provision ratio methodology for home care packages is based on the number of home care places allocated to providers, which no longer applies.

Increased supply is a cornerstone of a more consumer-driven and market-based aged care system. It will therefore be essential that the Government, as it works through the plethora of review recommendations, be held to the provision target of 140,000 home care packages by 2021–22, the equivalent to a target ratio of 45.

Unanswered, however, remains how the apparent demand identified by the Data Reports will be funded, especially if package levels are re-balanced to align with apparent demand. This brings us full circle back to how the increasing demand for aged care services in a consumer driven market based system will be funded, especially the appropriate mix of public and private funding for a more competitive aged care service industry that delivers higher quality services.

Disclosure statement: The author of this Update, Nick Mersiades, is a member of the Aged Care Financing Authority. The opinions in this Update should not be read as being an expression of the views of the Aged Care Financing Authority.

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