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What are the prospects for a single home-based care and support program for older Australians?

In the 2015-16 Budget, the Australian Government announced an intention to combine home care packages and the Commonwealth Home Support Program (CHSP) into a single program by 1 July 2018 in order to simplify the way that home-based services are delivered and funded. At the time, the CHSP was in the process of replacing the former Commonwealth-State funded Home and Community Care Program (HACC), which was administered separately in each State and Territory.

With the 1 July 2018 target date fast approaching and with many integration issues unresolved, the Government announced in the 2017-18 Budget that the funding contracts with current CHSP providers would be extended until 2020. Consequently, the creation of a single home-based care and support program has been delayed until at least 2020.

So what are the prospects that the policy and administrative issues raised by combining the two home-based care programs will be sorted by 2020, or any time after?

First, some history

Up until the early 1990s, aged care comprised residential care and the HACC program, with the primary objective of the latter being to avoid premature entry into residential care.

HACC providers were, and CHSP providers still are, each contracted and block funded to deliver specified support services. Up until the creation recently of the Regional Assessment Services (RASs), HACC providers, operating within guidelines, determined who received services and which services they received. Now all first time consumers of CHSP services are assessed by a RAS, a process that over time will extend to all CHSP consumers.

Residential providers, on the other hand, apply for bed licences under the population-based target provision ratio administered through the Annual Aged Care Approvals Rounds (ACAR). Residential providers are funded according to occupancy and the assessed care needs of each resident.

Home care packages did not appear until the early 1990s when the Commonwealth piloted them as an alternative to residential care. The Commonwealth created home care packages (initially called Community Aged Care Places) by converting lower level residential aged care places under the residential target provision ratio to home care packages on a one for one basis, thereby making savings on accommodation subsidies.

Because home care packages are a spin off from the residential aged care program, most of their program characteristics mirrored those of the residential care program. In particular, home care packages were allocated (until recently) to providers through the ACAR and, unlike block funded HACC/CHSP providers, home care package providers are funded according to occupancy, and eligibility for a package is determined by an Aged Care Assessment Team (the same as for residential care).

Since February 2017, home care packages are no longer allocated to providers through the ACAR. Instead, they are assigned under a national prioritisation process to consumers who may then choose their preferred care provider.

With the success of home care packages, the proportion of home care packages under the target provision ratio has been gradually increased and additional package funding levels have been introduced. The current target is to have home care packages comprise 36% of places by 2021-22 under the expanded target of 125 places (residential and home care) per 1,000 people aged 70 or over.

What future does the Aged Care Roadmap envisage?

A key objective of the Aged Care Roadmap prepared by the Minister for Ageing's Aged Care Sector Committee is to maximise consumer choice and control by uncapping supply, separating care and accommodation subsidies and removing controls that govern the proportion of residential and home care places. Eligible consumers would then be able to choose where they live while receiving care, as well as who provides the care.

Under such a system, a logical construct would be to have care subsidies funded under a single home-based care and support program.

What would be involved in creating a single home-based care and support program?

Transitioning from the two current home-based programs into a single program poses many challenges. Many of the challenges arise because of the separate evolution of the two programs, resulting in differences in almost every respect despite both having a home-based care focus.

Matters that will need to be worked through include:

- Should individual budgets (packages) and 'funding following the consumer' be extended to all 900,000 (and growing) CHSP consumers or is there a continuing role for some CHSP services to be block funded?
- Should block funded CHSP services be paid according to the number of consumers they attract in order to foster consumer choice and control?
- Would the national prioritisation process used for home care packages apply for CHSP consumers?
- Noting that the overwhelming majority of CHSP consumers access only one or two services, would package levels apply for CHSP services, as currently applies for home care packages, or would each consumer's subsidy be determined separately, as currently occurs in the NDIS. Alternatively, would individually determined subsidies (the NDIS approach) replace current funding of home care by package levels?
- What level of subsidy would apply for home-based care and support compared with the level of care subsidy that applies in residential care, noting that at higher levels of care need, home care is an alternative to residential care, and the latter covers the full cost of 24-hour care.
- What are the IT, payment system and overhead implications of extending individual budgets to another 900,000 consumers?
- Developing a consistent and equitable fees regime across all home-based care and support, and administrative arrangements for conducting means assessment.
- Developing funding and related arrangements designed to enable and encourage home-based care providers to take a reablement approach to service delivery.
- Developing a strategy for the 1,600 currently block funded and contracted CHSP providers, most offering a limited menu of contracted services, to transition to a competitive service environment where their viability is dependent on attracting consumers. Only a small proportion of providers currently deliver both home care packages and CHSP services.
- Reviewing respite care funding models, which currently enable respite in various forms to be accessed through the CHSP, home care packages and residential care, so that they allow greater consumer choice and control.

Other confounding issues

The implications of creating a single home-based care program for the transition to greater consumer choice and control based on uncapped supply of aged care services also needs to be taken into account.

The *Legislative Review of Aged Care 2017* concluded that a key condition that would have to be met before uncapping could occur was for government, the major funder of aged care, to have an accurate understanding of the underlying demand that an uncapped system would be expected to meet. In this regard, the *Legislated Review* concluded that it was not possible at this time to determine an accurate estimate of underlying demand, and that "robust measures of demand and unmet demand in aged care are a significant way off".

Noting the strategy in the *Living Longer Living Better* package for a gradual and substantial expansion of services under an increased provision target ratio, including a significant expansion of home care packages both in absolute terms and as a proportion of total services, the *Legislated Review* observed that this expansion would provide important information about demand.

The *Legislated Review* also recognised the potential reduction in demand for residential care as the availability of home care packages is increased. Accordingly, the *Legislated Review* recommended greater flexibility to respond to consumer preferences by allowing for the temporary allocation of a home care package when there is a residential care place that is not being used.

It is hard to envisage how this strategy for gaining a better understanding of the level of unmet demand and consumer preference, based on the target provision ratios for home care packages and residential places, could be pursued if Budget-capped CHSP services were included.

Another confounding issue that has arisen since the decision to create a single home-based care program is the quantification for the first time of apparent unmet need as a result of the national prioritisation process introduced in conjunction with 'funding following the consumer' for home care packages in February 2017. This process has identified that, at 31 December 2017, there are some 48,000 consumers using interim packages lower than their assessed needs, and another 57,000 on a waiting list for home care packages (compared with the current supply of about 70,000 home care packages).

Given the above experience with home care packages, the chances of extending 'funding following the consumer' for CHSP services through a national prioritisation process before government has a better understanding of the real level of unmet demand, and has explored other funding avenues with the community, are exceedingly slim.

Where to next?

Given the above, the creation of a single home-based care program is a significant way off. However, this should not preclude reforms that would result in greater integration of home-based care services that would make access by consumers simpler and more equitable. Such reforms would also lay the groundwork for eventual full integration into a single program under a common funding model.

The current intention to transition to a single quality framework for all aged care from July 2018 is a key step in this direction. Greater integration can also be achieved by targeting greater consistency in eligibility, assessment and referral processes across all home-based care, and indeed all aged care, by the integration of ACAT and RAS workforces and processes. Important Initial steps are being taken, but much more development work is required.

There is also a need to develop and implement an equitable consumer contribution

regime across all home-based care based on capacity to pay. This is essential for the sustainability of aged care services, as is the implementation of a greater focus on reablement, especially for entry-level services.

All of the above have been identified by the *Legislated Review* as priorities in the medium term. All of these must also be prioritised by government.

Finally, vigilance is required to ensure that these reforms do not compromise access by marginalised individuals and communities, and indeed that access is improved.

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.

You can read previous Aged Care Updates here.
