Summary: Home Care Packages Program

30th May 2013

Introduction

As part of the *Living Longer. Living Better.* reform package for aged care in Australia, on 20 April 2012 the Australian Government announced that community care would be enhanced. The number of new community care packages will increase by 40,000 over 5 years to 2017-18. Community care packages will be delivered on the basis of consumer directed care (CDC), and there will be new means-testing arrangements in place for community care. Current Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) packages, and Extended Aged Care at Home-Dementia (EACH-D) packages will be combined into a single program: the Home Care Packages Program.

Changes to subsidies and consumer fees are contained in the *Aged Care (Living Longer Living Better) Bill 2013*, which was tabled in Parliament on 13th March 2013. This Bill and other Bills relating to the aged care reforms were then referred to the Senate Standing Committee on Community Affairs for a public inquiry. Submissions to the inquiry closed on 22nd April. The Bills were agreed to by the House of Representatives on 27th May 2013. The Senate Committee is due to report on 31st May.

Changes relating to CDC, assessments, included and excluded services, and package levels will be in Principles and Determinations made under the *Aged Care Act 1997*. The Department of Health and Ageing (DoHA) has indicated that it will not consult on the specific contents of the Principles or Determinations before making changes, but that consultation about legislation and guidelines would inform changes to the Principles and Determinations. The draft *Home Care Packages Program Guidelines* were released for comment on 26th April, with responses due by 17th May.

In 2011 the Productivity Commission delivered the final report of the *Caring for Older Australians* Inquiry into aged care. As part of a suite of recommendations, the Productivity Commission recommended that the cap on the number of places for supporting frail older people living in the community should be removed, to give anyone assessed as needing support an *entitlement* to support. The Government did not accept this recommendation, but will consider it in the review of the *Aged Care (Living Longer Living Better) Bill 2013*, which is due to take place in 2018. The Home Care Packages program will also be subject to an ongoing evaluation.

New package levels

The current Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) packages, and Extended Aged Care at Home-Dementia (EACH-D) packages will be combined into a single program: the Home Care Packages Program. CACPs will become Level 2 Home Care Packages, and EACH packages will become Level 4 Home Care Packages.

The reforms also introduce two new package levels: Level 1 and Level 3. Level 1 packages are a basic level of package, with a dollar value less than a current CACP. Level 3 packages are an intermediate level package, with a dollar value between the current CACP and EACH packages.

Current package	Home Care Package level	Subsidy per annum (approx.)
EACH	Level 4	$45,600
(new)	Level 3	$30,000
CACP	Level 2	$13,600
(new)	Level 1	$7,500

Dementia Supplement

Instead of a designated EACH-D package for people with dementia, the reforms introduce a new Dementia Supplement, which can be applied to any package. The supplement will be an additional 10% subsidy on top of the value of the package.

Assessment

Aged Care Assessment Teams (ACATs) will continue to assess and approve people for Home Care Packages as they do currently for CACPs and EACH packages. Approvals will be 'broad-banded', with a person being approved for either level 1 and level 2, or levels 3 and 4. A person approved for level 3 or 4 can access a level 1 or 2 package.

NCOSS is aware of many people who currently require EACH level support, but use CACPs due to a lack of availability of EACH packages. NCOSS and stakeholder organisations are concerned a person who receives a lower level package than their assessed need might not be a priority when the higher level package becomes available compared with someone who has no support services. This may occur due to a limited supply of packages and packages being set at pre-defined levels rather than in response to consumer need. NCOSS recommended that ACATs should be involved in prioritisation in all areas to make sure the process is consistent, and to monitor waiting list management and prioritisation.

NCOSS questioned how well pre-defined levels of packages fit with the aspirations of CDC to be responsive to consumers. The rationale for the value of the package levels is not clear, and seems to be based on the current value of packages, not the level of need in the community. Level 1 packages are also extremely small and would not provide much support. In contrast, the NDIS (DisabilityCare Australia, the National Disability Insurance Scheme) will provide funding allocations in response to a person's needs rather than according to a pre-determined amount. The entitlement approach recommended by the Productivity Commission would also be more responsive to consumer needs than fixed package levels.

New financing and means-tested fees

Overall financing for aged care is being shifted towards consumer contributions. The Australian Government currently funds about 84% of the total costs of community care packages (CACP, EACH, and EACH-D). Under the reforms, the total share of government funding is planned to reduce to approximately 76% of the total cost of Home Care Packages. This will occur through changes to the way subsidies for Home Care Packages are calculated, and, as a consequence, providers will need to rely more on consumer fees.

Providers will still be able to charge a **basic daily fee** of up to 17.5% of the basic Age Pension.

Income-tested care fee

For anyone with income above the basic pension amount, the provider can charge up to 50% of their income above the basic pension amount as an **income-tested care fee** in addition to the basic daily fee. (Assets will not be tested for Home Care Packages.) This is the case now, but many providers do not charge the full amount, and the full subsidy is paid to a provider regardless of the consumer's income.

However, the reforms mean that, for a person with an income above the basic pension amount, the subsidy for that person's package will drop by 50% of the amount of their income above the basic

pension amount. Providers will thus have more incentive to recover costs through charging the full income-tested care fee.

NCOSS is concerned at the impact this may have on low income part-pensioners. Lower income part-pensioners would pay a higher proportion of their income in fees than people on higher incomes. This is obviously regressive and inequitable, and could result in financial hardship.

The Department of Human Services (Centrelink) will perform income tests and advise providers about how much they can charge as an income-tested care fee (in addition to the basic daily fee). NCOSS commented that this might deter people from accessing a package, as there are people who have histories of their personal information being abused, making them reluctant to share personal details. NCOSS recommended that providers and Centrelink staff need to be culturally competent to work with Aboriginal consumers and consumers from culturally and linguistically diverse communities to ensure that their rights are protected, and that they understand the process.

There will be an annual cap ($5,000) and lifetime cap ($60,000) on **income-tested care fees** (not basic fees). A person would stop paying any care fees once they had paid $5,000 in one year. However, fees for HACC (Home and Community Care) and the Home Support Program (which the HACC Program will be incorporated into from 2015) will not count towards the annual or the lifetime cap on care fees.

Hardship Supplement

A hardship supplement will apply for people who cannot pay the basic daily fee, but there are no guidelines for determining financial hardship in community care. NCOSS made a range of recommendations about things DoHA needs to take into account when determining if someone is experiencing financial hardship, e.g. taking into account that many older Aboriginal people support a number of people in their family who aren't officially their dependents.

Consumer Directed Care (CDC)

Consumer Directed Care (CDC) is an approach to funded supports that involves the person using support having decision-making control over the way support funds are spent, and how, why, when, where and by whom supports are delivered. CDC has been applied in a number of overseas aged care and disability support systems.

CDC allows for creative and flexible solutions that are responsive to a person's situation. There are various approaches to implementing CDC around the world, with some involving more direct control and portability by the person, including options to receive payments in cash to purchase supports, than others. The implementation of CDC in Australia through Home Care Packages involves more limitations than CDC internationally, including funding allocated to providers rather than consumers, limited portability, and included and excluded supports. Within these limits, a consumer will be able to exercise greater choice and control over the supports provided.

CDC is similar to person centred approaches in the disability sector. The focus of CDC is on consumer choice and control, but less on human rights and social inclusion than person centred approaches. NCOSS' recommendations focused on making sure that CDC implementation will be more person centred, including through the Aged Care Complaints Scheme.

All new Home Care Packages will be delivered from a CDC approach, and all Home Care Packages will become CDC packages from 1 July 2015 onwards.

Individual budget

The consumer will have an individual budget (held by the provider) and will receive monthly statements about how the package is being spent. They will be able to have an active role in managing the package (i.e. brokering services, interviewing support workers, designing the budget) if they choose to. All Home Care Packages will still involve case management, with a case manager supporting a consumer to take on these roles.

Under CDC, the total value of a package must be spent on one individual. Currently, a provider has an allocation of a number of packages by government, and they can be flexible about cross-subsidising funds from one package to another depending on the level of consumer need (i.e. if one consumer has lower support needs and does not need to use the total value of their package, the provider can use surplus funds to support another consumer with higher support needs). Under CDC, providers will no longer be able to cross-subsidise.

Included and excluded supports

CDC has the option of greater flexibility about supports that a package can fund. This means it can be more responsive to a person's circumstances and aspirations.

However, the draft Guidelines maintain a single list of included and excluded supports for both CDC and non-CDC based Home Care Packages. NCOSS is concerned that these lists are too limiting, particularly for disadvantaged people. There are excluded items which might be critical for low income people, e.g. support with permanent accommodation, purchasing capital items not related to care needs, and purchasing food.

Additional costs relating to making sure that a package is culturally & linguistically appropriate would be covered from the package. This means that Aboriginal consumers who require an Aboriginal worker to be present for assessments, or who want to broker the services of Aboriginal support workers, would be paying more than non-Aboriginal consumers. Similarly, a consumer who doesn't speak English as a first language would pay for the costs of interpreters and translations from their package. NCOSS argued this is inequitable and that there should be a language and cultural supplement introduced to cover these additional costs.

Limited portability

Home Care Packages are allocated to a provider and not directly to the consumer through a planning framework based on geographical areas, so they are not easily portable between locations. A person moving from one location to another would not be able to take their package with them. For a person to take any remaining funds, or a planned contingency, with them if they move from one provider to another, the current provider would have to negotiate with the future provider to transfer remaining funds. The entitlement approach recommended by the Productivity Commission would overcome these barriers.

For more information

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