

# Home Care reforms information series

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Welcome to the third edition of Leading Age Services Australia's weekly newsletter on the Increasing Consumer Choice Home Care reform package. This newsletter series is being released to our Members every Monday until 6 March 2017, and is also available on our [website](#).

## Unspent Home Care Amounts and Exit Amounts

### 1. Unspent Home Care Amounts

From 27 February 2017, if a home care package client decides to leave their provider's care, the provider will need to reconcile the client's package to determine if there will be an unspent home care amount. The unspent home care amount is the total amount including the total subsidy, any supplements and home care fees paid for the period of care that have not been spent or committed to the client's care and services. It is important to note that:

- If a client has paid their fees in advance, this amount is not considered an Unspent Home Care Amount and cannot be included in the calculation.
- An exit amount cannot be charged if the client does not have an unspent amount (i.e. the client cannot go into debt due to an exit amount charge).

The unspent home care amount is calculated when a care recipient leaves home care (eg they move to another provider, pass away or move to residential aged care). The unspent home care amount is worked out for the period that begins on the later of:

- 1 July 2015, or the day the provider started to provide home care services, and
- to the day they cease to provide home care services (known as the 'cessation day').

An [example](#) of how to calculate an unspent home care amount is available on the Department of Health (DoH) website. It is important to note that if the care recipient portion is a negative amount, it is taken to be nil. If the client has unpaid care fees this remains a matter for the original provider and cannot be transferred to the new provider.

This information is covered in the [Aged Care Legislation Amendment \(Increasing Consumer Choice\) Principles](#) which will be incorporated into a number of existing Legislative Instruments, including the [Accountability Principles 2014](#); [User Rights Principles 2014](#); and the [Records Principles 2014](#). The information is also outlined in the DoH factsheet on [unspent home care amounts](#). A summary of the process required when a client leaves their home care provider is available [here](#).

### 2. Exit Amounts

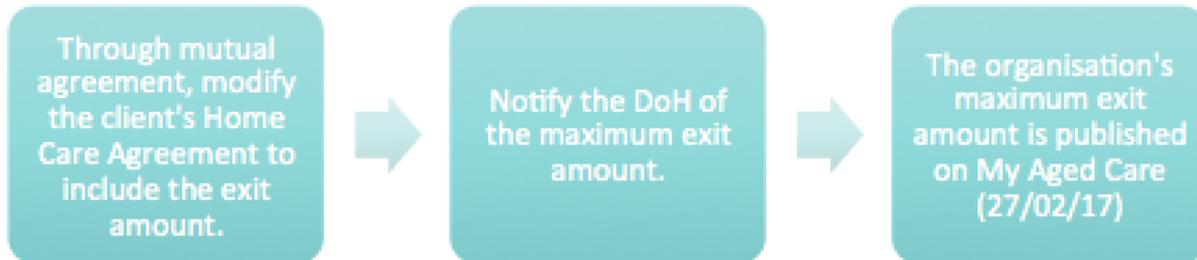
As identified in the [Aged Care Legislation Amendment \(Increasing Consumer Choice\) Principles 2016](#) and to be inserted into the User Rights Principles 2014, an exit amount is "an amount deducted by an approved provider in working out a care recipient's unspent home care amount when the approved provider ceases to provide home care to the care recipient".

An exit amount is a charge that a provider may deduct from a client's unspent home care amount if the client has chosen to leave the Provider. It is not mandatory for a provider to charge an exit amount. There are a number of reasons a client may leave a provider's care, for example they may be moving into residential aged care or they have passed away or they

have decided to change providers. The exit amount has been established to allow providers to recover the administrative costs that are associated with determining and paying the unspent home care amount.

The process to include an exit amount into a Home Care Agreement will be slightly different before and after 27 February 2017, this information is summarised in the figures below.

#### **Before 27 February 2017 (an exit amount cannot be charged until 27 February 2017)**



#### **From 27 February 2017**



Due to amendments made to the Aged Care Principles, which became effective in September 2016, providers will be able to start to include an exit amount in their home care agreements before the 27<sup>th</sup> February 2017, this process will require both consultation and consent from the care recipient. However, providers cannot charge this amount until the 27<sup>th</sup> February 2017 or later. The DoH will need to be notified of the maximum whole dollar figure no later than 24<sup>th</sup> February 2017 via the '[notification of home care maximum exit amount](#)' form for publication on My Aged Care on the 27<sup>th</sup> February 2017. The provider may negotiate with clients the amount included in their Home Care Agreement. Additional information on Home Care Agreements is available on the [LASA website](#) and on the DoH [website](#).

### **3. Important Things to Remember**

- An exit amount cannot be charged if the client's unspent home care amount is zero or nil. An exit amount charge cannot result in a debt to the client.
- If a client is moving services but isn't moving providers (i.e. remaining with the same provider), an exit amount cannot be charged.
- If a client changes package level with the same provider, this is not regarded as the client exiting their package, so an exit amount cannot be charged.
- If a client has an unspent amount, then the exit amount is deducted before calculating the Commonwealth portion and the care recipient portion (or the transfer portion, if moving providers).
- The unspent home care amount is calculated based on the amount paid by the Department Human Services (DHS) payment system for the client's period of care at the time of calculation, not the amount owed.
- The new provider must notify DHS within 28 days of the client starting care, by submitting an Aged Care Entry Record.
- The new provider must identify the transfer portion received from the original provider in the next monthly statement after they receive the transfer.
- If a client is moving to residential aged care they are considered to be leaving the home care package and the outlined process must still occur, even if they are remaining with the same provider (i.e. the unspent amount, if applicable, must be returned to the care recipient and the Commonwealth).
- Failure to pay the care recipient portion or the transfer portion (portion to the new provider) can result in a sanction.
- Providers must ensure that they keep accurate records of these processes.
- Monthly statements must be updated so that they no longer state that unspent funds will not be refunded, if applicable.