



CONSUMER DIRECTED CARE AND HOME CARE PACKAGES

Reflecting on the First Year of Increasing Choice in Home Care

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INTRODUCTION

Implementation of the *Increasing Choice in Home Care* (IHC) reforms is focused on improving the way home care services are delivered to older Australians. It aims to strengthen the aged care system, providing consumers with more choice in accessing quality care and service innovation through increased competition. It also lays the foundations for future aged care service delivery.

At the first anniversary of the IHC reforms, Leading Age Services Australia (LASA) has generated this broad reflective account of the reform experiences and impacts thus far. There are three key stakeholder groups that are inter-related and fundamental to IHC implementation, comprising consumers, providers and Government. Each has had their own experiences and impacts with the key items reported on below.

Implementation of the reforms has not been without its challenges. A strong ongoing commitment to co-design, co-production and change management is necessary to improve upon the initial implementation experience and facilitate continued stakeholder engagement in the reform process. In this respect, LASA has outlined some of the emerging issues likely to feature in 2018 as we head past the first year sign post of IHC into the future of an integrated care at home program to support older Australians.

CONSUMER EXPERIENCE

2.1 Demand for HCP approvals

Evidence clearly indicates that there has been a strong demand by consumers for access to approval assessments following referral to My Aged Care (MAC). Data highlights that there has been a 23.1 per cent increase in the demand for approval assessments to September 2017¹. With this demand, we have seen extensive delays in consumer access to approval assessments. Of particular note has been the variability in the length of consumer delays to access approval assessments across various regions within Australia. This has significantly impacted on the equity and prioritisation for consumer access to care and support via the national queue². More work is required to improve on the consistency and timeliness of approval assessments for consumers following referral to MAC.

2.2 Delays in HCP assignments

There have been extensive delays for consumer assignments of home care packages (HCP) within the context of the growing national queue. The length of the national queue was last reported as comprising over 100,000 consumers at 30 September 2017¹, with many consumers waiting near twelve months to be assigned a HCP³. Just over one in four consumers were reported as receiving high prioritisation for assignment of a HCP which aims to reduce the length of delay in HCP assignment, however, most of these were for a Level Four HCP with limited availability of these HCPs relative to demand¹.

2.3 Confusion following HCP assignment

When consumers have eventually been assigned a HCP, they have often found themselves confused in response to official HCP assignment letters. Low rates of HCP activations by consumers have been

¹ Department of Health, Home Care Package Program Data Report, 1 July – 30 September 2017.

² Leading Age Services Australian, LASA response to implementation of IHC Issues Paper, September 2017.

³ Department of Health, Home Care Packages Program Data Report, 27 February – 30 June 2017.

reported across the first six months of ICHC^{1,3,4}, signalling a likely failure of ICHC to account for the necessary consumer infrastructure required to support consumer activation of HCPs. Such experiences are somewhat consistent with expectations for an immature, open market system. Initial consumer experiences signal the need for further attention by Government and providers to support consumers in their engagement in ICHC.

2.4 Consumers with unmet needs and unspent funds

When consumers have accessed a HCP, near forty percent have received an interim HCP at a level lower than what they have been assessed as needing¹. With limited availability for upgrade to a higher level HCP, a substantial number of these consumers are faced with unmet care needs. For many of these consumers they are then faced with either premature entry into residential care, the topping up of their HCP with additional Commonwealth Home Support Program (CHSP) services or the purchasing of additional full fee services⁴.

Similarly, there appears to be a substantial amount of accumulated unspent funds being held by providers administering HCPs for consumers^{4,5}. Reasons for the accumulation of unspent HCP funds are diverse and may include consumers not needing services at the level their HCP is funded, consumers preferring to access a reduced level of service relative to HCP funds with intent to 'bank' funds for later use, and/or a reluctance to take on additional services in the face of change-related anxiety or readiness to make use of these services⁴.

2.5 Consumer fee inequity across CHSP and HCPs

With consumer demand for HCPs exceeding supply, providers have reported that consumers awaiting a HCP have been diverted to receive interim CHSP support². There is no mandated fee for consumers receiving CHSP support, making these arrangements financially attractive for consumers when compared to their receiving a HCP in a competitive open market environment where fees apply. Noting the current inequity in consumer contributions to care that exist across CHSP and HCPs, there is no incentive for a CHSP consumer to activate an assigned HCP. Noting most consumers will initially be referred to receive entry level care via CHSP before proceeding to assignment of a HCP in response to increasing care needs, resolving the inherent inequities between CHSP and HCPs needs to be addressed by Government as a priority.

2.6 Portability, flexibility and transparency of HCPs

Most consumers have found the portability of their HCP, the flexibility of services to account for both care needs and preferences, as well as the transparency of HCP funding a real strength of the home care reforms⁶. High and/or widely variable exit fees and administration fees have, however, been a contentious issue and providers have started to respond to consumer concerns by adjusting their fee structures. This said, there is room for further improvement in respect to consumer experience and impacts at one year into ICHC implementation.

⁴ Leading Age Services Australia, Second Home Care Provider Survey Report, November 2017.

⁵ Stewart and Brown, Aged Care Financial Performance Survey, Home Care Report, September 2017.

⁶ AMR, Home Care Package Research, February 2018.

PROVIDER EXPERIENCE

3.1 New approved providers

Industry has seen a strong surge in the number of new approved providers entering the HCP space. Over the 2017 period there has been a 45 per cent increase in the number of approved providers, with 766 registered as of September 2017^{1,3}. With this surge of new HCP providers also comes the potential for increased risks of quality variability. Present arrangements see Government committed to undertake accreditation reviews for new HCP providers at 12 months after service commencement. More work is needed by Government however to ensure preventative supports are in place to assist new HCP providers in developing their quality care systems in the interim period to protect consumers and industry reputation.

With around 1,800 CHSP providers contracted until June 2020⁷ and near 30 percent of them not offering HCPs prior to ICHC, we can also expect a continuing increase of new approved providers emerging from among this group in the lead up to the 2020 timeline for CHSP/HCP integration. CHSP providers not yet approved to offer HCPs can be expected to register to provide HCPs so they can seek to retain the service of these consumers beyond 2020.

3.2 Increasing competition

With the increase in HCP providers has come increasing competition in the HCP market. This has compelled providers to review and position their service offerings relative to competing providers. Ultimately, the impact of the increase in competition has seen some providers extend their HCP activity levels during the first year of ICHC while for others there has been a decrease in HCP activity levels^{4,8}.

In looking closely at the strong competitive focus of 2017, providers have more routinely engaged in competitor analysis and 'mystery shopping'. There has also been an increasing focus on building referral linkages and introducing incentivised consumer offerings and on-boarding initiatives to attract new consumers. Many of the collaborative working relationships previously enjoyed amongst providers prior to ICHC across the industry appear to be diminishing. Brokerage service contracts have also increasingly sought to include clauses that attempt to restrict the 'poaching' of a providers' clients by brokerage agencies contributing to care, noting these brokerage agencies are highly likely to be approved providers themselves.

There have also been some undesired impacts of increased competition that need to be monitored and addressed in an ongoing way. For example, providers have reported observing the inappropriate use of HCP funds by consumers and competing providers. In a competitive environment, with consumer portability of packages, keeping the customer happy can bring about the adverse impact of inappropriate use of package funds and this needs to be closely monitored. Additionally, anti-competitive behaviours have also been reported as being on the increase among some competing providers. It is evident, that without the introduction of additional HCPs into the system to alleviate the pressures of demand, competition amongst providers will become fiercer within a capped/controlled HCP environment.

⁷ Department of Health, Future reform – an integrated care at home program to support older Australians, July 2017.

⁸ Leading Age Services Australia, Home Care Provider Survey Report, June 2017.

3.3 Provider pressures and administrative burden

While increasing competition was a desired impact of ICHC, there have also been some undesirable and unintended impacts that providers have had to contend with during its first year. Providers have reported dealing with considerable pressures and frustrations in the context of trying to make sense of the impact of ICHC on their program operations in the absence of industry level data^{2,4,8}. The Government's delay in their release of its Home Care Package Program Data Reports^{1,3}, and inherent limitations in the data that has been reported, has proven problematic for providers. This has affected the ability of many providers to adequately manage workforce and resource allocations commensurate with changing patterns of demand. LASA's focus over the past 12 months on generating its own industry level data with the support of Members has gone some way to increasing the transparency of information during ICHC implementation^{4,8}.

In conjunction with this, providers have experienced high rates of incorrect HCP withdrawals, as well as incorrect or non-payment of HCP subsidies^{2,4}. Consumer upgrades have also sometimes resulted in incorrect subsidy payments. Providers have consequently had to set up rigorous administrative processes to ensure all HCP subsidies and adjustments are actively followed up with Government in a timely manner with corrections made by Government in a matter of months. For some providers, however, there are subsidy adjustments still outstanding with Government processes slow in their investigation and making a decision to resolve these issues. This has significantly compounded the frustrations of providers in response to the administrative burden they have endured within the first year of ICHC. It is noted that over half of providers were reported as being dissatisfied with MAC's ability to support their organisation to deliver services⁶. This situation adds increasing costs to business.

3.4 Consumer engagement

There has been an increasing trend to adjust service models to include a stronger focus on consumer enquiry response and prospect nurturing as part of consumer on-boarding procedures. As part of this, providers have also found themselves investing considerable amounts of time in supporting and educating consumers about their engagement with MAC, and in accessing a HCP in the absence of them having access to alternate forms of consumer support^{5,6}.

As consumers have become more informed in commencing a HCP, with increased transparency of HCP funding income and expenditure, communication between providers and consumers about HCP pricing and fee structures has created a new set of challenges for providers in their engagement with consumers and their administration of HCPs. One in four consumers has been reported as being dissatisfied with provider fee structures⁶. Consequently, we have seen providers adjusting and fine tuning their HCP pricing models across fee and various service components of packaged care with the aim of remaining competitive and attractive to consumers.

It is important to note however, that a deeper analysis of customer pricing data across a range of industries outside aged care has found that customers of lower-cost products were more sensitive to price changes. For this group the charging for extra interactions increased the likelihood that they would switch to another offering. In contrast, customers of premium products were largely immune to price increases.

It will be interesting to see in the context of a maturing open market, defined by increasing numbers of HCPs and providers, as to whether we will see these same patterns of customer response to package pricing models emerge as have been observed in other industries. For those providers

seeking to accommodate the demands of price sensitive consumers, the continued pressure on reducing HCP pricing may create a concerning dynamic that will contribute to the deterioration of quality in HCPs for the sake of affordability. Importantly, Government and industry should monitor the natural discourse of this maturing, open market dynamic, noting the evolving impacts for both consumers and providers participating in alternate open markets such as the National Disability Insurance Scheme.

3.5 Home care workforce

In respect of the home care workforce, we have seen a shift to increasing casualisation of the direct care workforce⁶ in response to the reality of fluctuating HCP activity levels across providers. Along with this, we have also seen some providers expand in their use of brokered service delivery⁶. Concurrently, we have seen the emergence of a number of online care worker introduction platforms that support consumer self-management of HCPs. The impacts of an increasing trend to consumer self-management has yet to be realised in HCPs and will be somewhat dependent on increasing consumer supports and market maturation.

GOVERNMENT EXPERIENCE

4.1 Administration of My Aged Care

The transition of all HCP consumers into MAC for ongoing administration of consumer registrations and management of the national HCP queue and release model has been a huge undertaking. Change on this scale has not been without its problems, as is reflected in this report of consumer and provider experiences and impacts. Government has, however, shown an ongoing commitment to improving upon the initial ICHC experience of consumers and providers.

4.2 Administration of approval assessments

Government has moved early in ICHC implementation to increase their staffing within MAC and adjust the national release model to account for low rates of consumer HCP activations. We have also seen Government undertake a review of Regional Assessment Services (RAS) and examination of assessment data with this information being used to inform further development of assessment teams and processes. Such developments have included the review of the National Screening and Assessment Form (NSAF), the introduction and enhancement of the *MyAssessor* application to support mobilisation of the assessment workforce in working with MAC, and discussion with industry concerning the establishment of a single assessment workforce as part of intended future home care reforms.

4.3 Home care data reporting

Government has started a quarterly release cycle of Home Care Package Program Data Reports^{1,3} from September 2017 which have revealed the extent of consumer demand for HCPs. Whilst the data provided by Government is appreciated by industry, the scope and depth of data of this data needs to be increased in order to better support HCP program delivery. Furthermore, noting the extensive demand for higher level HCPs, the Government has since committed to reallocation of 6,000 lower level HCPs to higher level HCPs. We have also seen the redirection of consumers with a HCP approval to receive interim support using CHSP resources in the context of extensive HCP wait times. In many cases, the levels of interim CHSP support being issued to consumers are often as high as what is provided through a HCP. Further work is required on the part of Government to improve

this situation as they proceed to continue with existing CHSP grant agreements until June 2020, prior to proceeding further with the integration of CHSP and HCP programs.

4.4 My Aged Care improvements

Government has undertaken investigation of consumer behaviours following assignment of HCPs in the context of industry reporting low rates of consumers activating assigned HCPs^{2,4,8}. As an outcome of this investigation it is noted that in February 2018 the Government has announced a MAC upgrade that includes functionality to improve HCP activation rates through the introduction of consumer readiness letters issued to consumers on the national queue prior to HCP assignment. Government also completed a MAC upgrade in December 2017 resulting in a reduction in the incidence of incorrect HCP withdrawals reported by providers.

Industry has also raised a number of concerns with regards to ICHC implementation² that Government has acknowledged, with their announcement of an injection of additional funding which included \$20 million to improve MAC and \$2.8 million to scope future investment in the sector.

4.5 Future home care reforms

In July 2017 Government released a discussion paper; *Future Reform – an integrated care at home program to support older Australians*⁷, to engage with industry on the way forward in establishing an integrated care at home program for the future. This may involve changes to the existing home care and home support programs, with a range of reform options, from improving the way that the current arrangements operate and work together, to establishing a new integrated program combining the two current CHSP and HCP programs. No decisions have been made about program structures, funding models or implementation arrangements for the next stage of reform.

EMERGING ISSUES

Accounting for LASA's broad reflections highlighting some of the key experiences and impacts of the first year of ICHC implementation, LASA has also considered some of the emerging issues likely to feature in 2018.

5.1 Consumers with unmet needs and unspent funds

LASA has undertaken an extensive review of the disparity that exists in the current release of HCP assignments, noting that there are substantial numbers of consumers on HCPs with either unmet needs or unspent funds⁹. This bimodal distribution of home care package assignments reflects a mismatch between consumer package assignment and a consumer's current care needs. The mismatch appears to be a function of the extended lapse of time that exists between approval assessments and package assignments. Until this dynamic is sufficiently addressed by Government, LASA expects that providers will be faced with a unique set challenges in 2018 when providing care to HCP consumers. This is likely to increase the need for regular care plan reviews in the context of unmet needs and unspent funds. This dynamic could be considered more closely within the context of developing a single assessment workforce.

⁹ Leading Age Services Australia. Unmet needs and unspent funds: Improving home care package assignment. February 2018.

5.2 Competition and quality of care

With a dramatic increase in the number of new approved providers in 2017 and a capped/controlled supply of HCPs available, how providers respond to increasing competition is front and centre in 2018. With this dynamic comes increasing pressures for providers to on-board consumers who have a newly assigned HCP or attract the custom of consumers with an existing HCP administered through another provider. The way providers engage with consumers in this context and their conduct in doing so is critical to industry reputation and regard for consumer choice. Industry guides and educational supports that reinforce the principles of the Competition and Consumer Act 2010 and Australian Consumer Law are required to support the maturation of the home care market and weed out anti-competitive behaviours. Additionally, support is also required among new providers to ensure that both corporate/clinical governance and administrative processes support their delivery of quality care from the onset of care delivery, bolstering industry reputation for quality in-home care. It is noted that Government review of new providers through formal accreditation will not be implemented until at least 12 months after services have commenced and the quality of care in this interim period may present risks for consumers to which industry can step up and offer additional support.

5.3 Consumer supports

Evidence clearly highlights on multiple levels that consumer support for engagement in ICHC is currently inadequate. MAC has demonstrated limited capability to respond to the demands for consumer support in an immature open market. Consideration also needs to be given to the way providers are already responding to the requirements for consumer support in the context of market maturation. The development of a Consumer Support Framework¹⁰ could drive development of an evaluation program to measure the impact of existing and required consumer supports as contribute to building consumer confidence for engagement with ICHC while the market matures over the next stage of home care reforms. A framework and evaluation program may then inform discussion for ongoing consumer supports following market maturation and where these supports are best served.

5.4 Consumer demand for HCPs

With the transparency of the national HCP queue now revealing for the first time the extent of consumer demand for in-home care, it is clear that further packages are required to address the extensive HCP wait list. How these packages are funded and how much additional funding is actually required are critical considerations. A more detailed and granular analysis of Home Care Package Program data is required in 2018 that builds on the Government's existing data reporting framework. Noting the Government's recent introduction of consumer readiness letters and the consumer fee inequity issues across CHSP and HCPs, it appears that some consumers on the national queue are delaying their activation of an assigned HCP in the context of them no longer wanting the package. The Government's advice to consumers who receive the readiness letter is to opt off the queue if they do not want to activate a package. Accounting for this group of consumers who have been approved for a HCP but are not ready to activate a HCP will be important in determining the true demand for additional funding to address the extensive wait times on the national HCP queue. It will also provide for a more consistent and staged approach to the release of additional HCPs at various HCP levels.

¹⁰ National Aged Care Alliance, Integrated Consumer Supports Discussion Paper, July 2017.

5.5 Integration of CHSP and HCPs

The disparity between service provision across CHSP and HCPs is likely to be exacerbated in 2018 in the context of the current demand for HCPs. Disparity exists on a number of levels, including consumer fee inequity, service volume comparability and portability of package funding to name a few. This consequently requires active engagement amongst key stakeholders to further develop an economic model for the future home care reforms which includes principles as to when block funding versus consumer directed funding should apply for entry level home care services; progressing the implementation of wellness and reablement care models; a clear and robust timeframe and supporting infrastructure for integration of CHSP and HCP; improved transparency of purchasing outcomes for CHSP for future block funding agreements; detailed data generation and reporting on CHSP service delivery; and, the redirection of CHSP funds assisting people waiting for HCP to the HCP program. This engagement will not be without its challenges given the political and financial pressures that need to be accounted for in working towards establishing an integrated care at home program.

CONCLUDING REMARKS

The experience of consumers, providers and Government in response to the first year of ICHC implementation has been revealing. It tells a story of rapid change that has been characterised by a combination of challenge, disillusionment, and in some cases disengagement, countered by increased choice and opportunity. Importantly, stakeholders have responded proactively, working together to refine the initial ICHC implementation experience, and this sets the scene for ongoing stakeholder engagement in progressing the implementation of ICHC even further. The range of emerging issues that have been identified at the first anniversary of the implementation of ICHC and the changes experienced by various stakeholders signals the complexity of operationalising the home care reform process. There are clearly key vulnerabilities in moving ahead during 2018 that need to be addressed.

Thus far LASA has demonstrated industry leadership in working with our Members to identify key ICHC issues, consider appropriate solutions, and advocate with authority and influence to enhance the delivery of this program on behalf of LASA Members and older Australians. LASA will continue to engage with key stakeholders and maintain its position of influence throughout 2018.