



Australian Government

Department of Health and Aged Care

Mr Daniel Craig  
A/g Executive Director  
Office of Impact Analysis  
Department of the Prime Minister and Cabinet  
1 National Circuit  
BARTON ACT 2600

Email: Helpdesk-OIA@pmc.gov.au

Dear Mr Craig

### **Certification as Impact Analysis Equivalent – Revised Approach to In-Home Care Services: Home Care Packages**

I am writing to the Office of Impact Analysis to certify that the attached independent review (Attachment A) with addition of supplementary analysis (Attachments B) have undertaken a process and analysis equivalent to an Impact Analysis (IA) for the Revised Approach to In-Home Care Services: Home Care Packages proposal.

The scope of the Impact Analysis Equivalent covers the scope of the policy proposal with the exceptions of details on the implementation and evaluation of the proposal. To address these gaps in the analysis I also certify the attached supplementary analysis on the implementation and evaluation plans for the proposal. Therefore I am satisfied that with this addition, the scope of the certified documents matches the policy proposal.

I certify these documents adequately address all seven IA questions, and are submitted to the Office of Impact Analysis for the purposes of satisfying the regulatory impact analysis requirements of a major decision point.

The regulatory burden to business, community organisations or individuals is quantified using the Australian Government's *Regulatory Burden Measurement* framework. These are provided below.

Table 1: Regulatory burden estimate table

<b>Average annual regulatory costs (from business as usual)</b>				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total, by sector	\$0	\$0	\$0	\$0

Table 1 describes that there are no changes in the regulatory burden estimate.

Accordingly, I am satisfied that the attached report is consistent with the *Australian Government Guide to Policy Impact Analysis*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'm lye', written in a cursive style.

Mr Michael Lye  
Deputy Secretary  
Department of Health and Aged Care  
13 May 2024

**Attachment A:**

Independent Reviews for certification of response to the Royal Commission into Aged Care Quality and Safety

**Attachment B:** Supplementary Impact Analysis, Revised Approach to In-Home Care Services: Home Care Packages

## **Attachment A**

### **Independent reviews for certification**

Royal Commission into Aged Care Quality and Safety, Final Report, *Publication Date*,  
1 March 2021

Available at: <https://agedcare.royalcommission.gov.au/publications/final-report>

Attachment B

# Revised Approach to In-Home Care Services: Home Care Packages

## Supplementary Impact Analysis

May 2024

## **Introduction**

This supplementary Impact Analysis has been prepared by the Department of Health and Aged Care (the Department) to inform Australian Government regulatory decisions.

This supplementary analysis complements the certification by the Department that the Aged Care Taskforce and Royal Commission into Aged Care Quality and Safety has undertaken process and analysis equivalent to an impact analysis (IA) for these regulatory changes.

The Office of Impact Analysis (OIA) found the scope of the independent review covered the Policy proposal for Revised Approach to In-Home Care Services: Home Care Packages and recommended that a supplementary impact analysis be prepared to address questions 6 and 7 of the Impact Analysis Framework:

- Question 6 – What is the best option from those you have considered and how will it be implemented?
- Question 7 – How will you implement and evaluate your chosen option?

## Background

The Home Care Packages (HCP) Program supports older people with complex care needs to live independently in their own homes. The support is provided through a HCP – a coordinated mix of services that can include:

- help with household tasks
- equipment (such as walking frames)
- minor home modifications
- personal care
- clinical care such as nursing, allied health and physiotherapy services.

The Australian Government provides funding for Home Care Packages under the:

- *Aged Care Act 1997*
- *Aged Care (Transitional Provisions) Act 1997*

We know that most people want to stay at home for as long as possible as they get older. To support this, the program subsidises:

- in-home aged care services
- services to help people stay connected with their community.

The Department of Health and Aged Care assigns Home Care packages to people. People who have been approved for a package are prioritised in the National Priority System (NPS) based on:

- the assessed priority for home care (either medium or high)
- the date of their approval.

## Current setting

There are currently over 272,000 HCP care recipients and 55,000 people on the HCP NPS waiting to receive a package they have already been assessed and approved for under the current *Aged Care Act 1997*. Demand for the HCP Program continues to grow faster than the release of new HCPs, with a substantial increase in wait times for services. Without an injection of new packages, the average wait time for a HCP will be 10-12 months at 30 June 2025.

Wait times on the NPS has increased from a relative low of 2-3 months in May 2023 to up to 7 months in February 2024. Demand for HCPs continues to grow at a faster rate than population. Growth in demand for HCP, measured by all people in a package or on the NPS, is on track to reach 13% in 2023-24, and projected to remain at this level in 2024-25. This is due to increasing frailty hastened by social isolation and delays to accessing medical care brought about by the pandemic, community distrust of institutionalisation in a residential care service, a preference for ageing in home, difficulty in accessing the Commonwealth Home Support Programme services in some areas, and administrative improvements in some jurisdictions' assessment processes.

The additional 9,500 HCPs funded for 2023-24 did not meet the increasing demand and will taper off in 2024-25. This represents a reduction of 3% to the HCP Program in 2024-25. As a result, wait times are forecast to increase further through 2024-25, reaching 10-12 months at 30 June 2025.

The Royal Commission recommended (Rec. 39(b)) that between 1 January 2022 and 30 June 2024, people be allocated their approved level HCP within one month of being assessed. Lengthy wait times for home care result in: danger of declining function, inappropriate hospitalisation, carer burnout and premature admission to residential aged care.

**Question 6: What is the best option from those you have considered and how will it be implemented?**

**Indicate which of the identified options you are recommending.**

The option to reduce the NPS to 6 months (or less) has been recommended. This option would be implemented through the same extant program management architecture, is not any more complex to implement and requires no ICT changes.

The Home Care Packages Program is funded through Bill No. 3, Special Appropriation. Services claim using a payment in arrears model based on the actual cost of services delivered to individual care recipients, with claims made in the month the services are delivered. Payments are managed by Services Australia. A care recipient's claim entitlement amount will accrue if not spent in any given month. This places the Commonwealth (CW) portion of the unspent home care amount liability with Government, instead of with home care services.

Under the proposal, additional packages would be allocated in 2024-25. Without the additional packages, wait times are forecasted to increase further through 2024-25, reaching 10 – 12 months at 30 June 2025.

Recently the Department of Health and Aged Care saw a 20.7% growth rate (over 3 quarters) in HCP approvals by Aged Care Assessment Teams (ACAT). ACATs are clinically trained assessment workforces delivered by state and territory governments using a nationally standardised tool to determine eligibility for the HCP Program, among other aged care subsidy programs.

Much of the 20.7% recent increase is attributable to one-off factors rather than structural changes in demand, with presentations for first assessment remaining in line with projections (on a population per capita basis). Rather:

- The Victorian Government ACATs addressing a large backlog of overdue assessments (referrals 75 days or older). Victoria is now approaching mandated levels and reducing wait time for older people to be assessed, but this has consequently increased NPS wait times across Level 2 and Level 3 packages.
- There are increasing assessment backlogs in other states of older people in need of a HCP not yet on the NPS. This will flow through to NPS wait times once assessment efficiency improves in these states.
- Growth in clinical support offerings under CHSP has been lower than planned in recent years, due to the recent 12 month extensions creating perverse incentives to access HCPs.

Demand can only be mitigated through appropriate investment across all tiers of aged care support. Under current settings, without investment, HCP package availability will reduce by 9,500 packages over 2024-25, further increasing wait times for HCP.

### **Reduce NPS to 6 months (or less) by 30 June 2025**

Up to an additional 24,100 HCPs would be allocated in 2024-25 to reduce the NPS wait time to 6 months across all HCP levels by 30 June 2025, at an indicative cost of \$512.8 million in 2024-25.

Weeks until package (medium priority) in weeks (months)

#### *6 months by 30 June 2025*

	Level 1		Level 2		Level 3		Level 4		All Levels	
	week	month	week	month	week	month	week	month	week	month
31-Mar-24	1	0	14	3	34	8	29	7	21	5
30-Jun-24	1	0	13	3	34	8	29	7	22	5
30-Sep-24	1	0	16	4	31	7	26	6	22	5
31-Dec-24	7	2	19	4	30	7	26	6	23	5
31-Mar-25	16	4	22	5	28	6	26	6	24	6
30-Jun-25	26	6	26	6	26	6	26	6	26	6

### **Explain the decision making process**

The Royal Commission recommended (Rec. 39(b)) that between 1 January 2022 and 30 June 2024, people be allocated their approved level HCP within one month of being assessed.

Lengthy wait times for home care result in: danger of declining function, inappropriate hospitalisation, carer burnout and premature admission to residential aged care.

Complaints and escalations are increasing as the community start to realise that access to the HCP program is uncertain. Given wait times are currently up to seven months, it is considered not possible to achieve a one month wait time ahead of the Support at Home (SaH) Program commencing. Six months wait times are achievable by 1 July 2025 with a one off investment.

Older people prefer to stay at home for longer and age in place and this option is more fiscally sustainable for Government than residential aged care. Additional support is required for the sector to ensure the workforce is available to deliver the care needed, including having the workforce available from the commencement of the SaH Program in 2025.

The home care sector has unique challenges to attract, train and retain staff, including ensuring new workers have access to mentoring, support and supervision; a lack of awareness of career pathways and professional training available in the sector; and efficient rostering of staff to ensure the hours they are working suit their individual needs and the needs of their clients. In addition, challenges in attracting and retaining staff are exacerbated in thin markets where there are additional barriers, such as greater geographical distances between clients and increased travel time, the increased focus on delivering care that is culturally safe, and the availability and affordability of housing for staff in rural and remote communities.



Ensuring there is adequate workforce to provide HCP services is key to ensuring the benefits additional home care packages bring can be realised. The Government's investment in increased wages is expected to boost the number of people working in aged care and reduce the nurses and personal care gap in 2024-25 in home care.

### **Explain how the Government will implement the recommended option**

Additional HCPs will be released as per existing business processes. There have been no changes to the process for releasing HCPs. Currently, people who have not had access to HCPs seek services from the Commonwealth Home Support Programme (CHSP) (99% of people on the NPS waiting for package at an approved level, either on an interim HCP and/or approved for CHSP). CHSP is currently insufficient to meet the care needs for people approved for HCPs, especially for people with level 3 and 4 approvals.

### **Implementation issues and mitigation strategies**

- Workforce shortages may impact on care recipients activating their packages

Mitigation: Historically, despite reported workforce shortages in 2021-22, the department was still able to activate and deliver an additional 80,000 packages over the following two years indicating latent workforce supply, that is able to be activated in response to additional demand. The department continues to receive pressure from providers for more package releases indicating that latent workforce supply exists.

### **Question 7: How will you evaluate your chosen option against the success metrics?**

Describe how the performance of your policy will be monitored and evaluated against the objectives and success metrics set out at question 2, during and after implementation.

To reduce wait times on the NPS to 6 months, approximately 24,100 additional HCPs would be allocated throughout 2024-25 and, subject to assessment trends, the wait times at 30 June 2025 for a HCP across all four levels would be 6 months from assessment at 30 June 2025. Success will be measured on the take-up of these packages and the impact on addressing wait times.