

CPSA



**COMBINED PENSIONERS
& SUPERANNUANTS
ASSOCIATION OF NSW INC**

Submission to the consultation on fees for the Commonwealth Home Support Programme

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Combined Pensioners & Superannuants Association of NSW Inc (CPSA)

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CPSA is a non-profit, non-party-political membership association founded in 1931 which serves pensioners of all ages, superannuants and low-income retirees. CPSA has 130 branches and affiliated organisations with a combined membership of over 30,000 people living throughout NSW. CPSA's aim is to improve the standard of living and well-being of its members and constituents. CPSA depends for the majority of its funding for core activities as a peak body on a \$460,000 grant from NSW Family and Community Services' Office for Ageing. CPSA engages in systemic advocacy on behalf of its constituency. CPSA acknowledges the potential for conflict of interest arising for CPSA and the NSW Government as a result of this funding arrangement. CPSA is committed to managing any conflict of interest issues in an ethical manner.

CPSA welcomes the opportunity to provide comment on the Commonwealth Home Support Programme (CHSP) National Fees Policy Consultation Paper.

The overall fee proposal

CPSA is not anti-fee, but believes that fees should be fair and affordable for the most disadvantaged. CPSA does not believe the proposed fee schedule meets either of those objectives and is struggling to see how it reflects existing Home and Community Care (HACC) fees in any jurisdiction as stated in the consultation paper. As far as CPSA can tell, the proposed fees will dramatically increase the cost of services for existing HACC recipients and see many disadvantaged older people reduce or cease their services because they cannot afford the cost increase.

Although Victorian HACC care recipients will not be subjected to the new fee structure, their fees are considerably lower than the fees proposed under the CHSP. The below table illustrates that the proposed CHSP fees are up to 279% higher for full-rate pensioners compared with the equivalent Victorian HACC services:

Table 1. Comparison of proposed CHSP fees with the Victorian HACC programme¹

	Proposed CHSP fees for a full-rate pensioner	Victorian HACC fees for a full-rate pensioner (2014)	CHSP fee difference
Allied health	\$10 per hour	\$9.40 per consultation	+ 6.3% and up
Nursing	\$10 per hour	\$3.60 per visit	+177% and up
Domestic assistance	\$10 per hour	\$5.80 per hour	+72%
Personal care	\$10 per hour	\$4.30 per hour	+132%
Respite	\$11 per hour	\$2.90 per hour	+279%
Home maintenance	\$12 per hour	\$11.60 per hour	+3%
Meals	\$9 plus ingredients	\$8.70	+3% and up

The Department of Social Services has not provided any evidence of the need to increase client fees. CPSA has spoken to many HACC providers since this consultation paper was released and not one has said that they need the extra revenue from fees to continue and indeed expand their services. One service stated that the best way they saw fit to use the extra revenue was to put it into a fund and redistribute the money back to their clients. This raises the question of what benefit is to be derived from higher fees when they may price many older people out of CHSP services.

¹ Victorian Department of Health (2014) 'HACC schedule of fees', Victorian Government, Melbourne.

The proposed fee policy also seemingly removes the longstanding HACC policy of not denying services to clients because they lack the capacity to pay. This is perhaps the most alarming omission of the policy. HACC services help achieve a government objective of keeping people out of residential aged care and in their homes. They provide much needed social support to socially-isolated older people and maintain their independence so that they are not hospitalised or institutionalised in a far more costly nursing home.

The policy proposes that a client who cannot afford the fees should claim financial hardship and emphasises that any fee reduction or waiver is to be temporary. Given that the vast majority of clients will never see a real increase in their income, it is unclear why a fee reduction should be temporary if the client was assessed as having insufficient means to pay. Rather, clients paying fees under financial hardship rules should only have their fees reassessed following a change in circumstances, which they should report to the provider.

Recommendation: Clients paying reduced fees or who have fees waivered under the financial hardship rules should only have their fees reassessed if they experience a change in circumstances.

Fee cap

There is no proposed cap on fees. Instead, the proposal states that the financial hardship provisions deliver the ‘same policy outcome’ as a cap.

CPSA rejects this assertion. Unless all pensioners apply for financial hardship, the financial hardship provisions will not deliver the same policy outcome as a fee cap. Declaring that the financial hardship provisions will act as a fee cap suggests that the Department knows that the fees will be unaffordable for many CHSP recipients. It also means that rather than a ‘consistent’ fee policy operating for the CHSP nationwide, there will be a dog’s breakfast of fees, differing on the basis of the benevolence of providers (who will be responsible for assessing financial hardship claims) and the financial circumstances of care recipients.

Many existing HACC providers place a cap on fees, with some setting that cap at around ten per cent of a care recipient’s income. For a full-rate age pensioner, a ten per cent cap would currently equate to \$43 per week. Under the proposed fee policy, a pensioner would reach that cap getting three meals delivered in a week, assuming a total cost of \$13 per meal (adding in the cost of ingredients). Paying ten per cent of one’s weekly income on three meals alone would be unaffordable for most people, but particularly for

people on low incomes who spend an average of 18% of their income on their entire food budget.²

Without a cap on fees, an anomaly arises where a full-rate pensioner in receipt of a Level 1 or 2 Home Care Package receiving the same level of service as a CHSP recipient may be better off because their fees are capped at 17.5% of the pension. It is unclear why a pensioner receiving a Home Care Package is considered fit to have their fees automatically capped, while a pensioner receiving services under CHSP has to apply for financial hardship, particularly now that both programs operate under the Department of Social Services.

The consultation paper advises that clients with higher or ongoing care needs should be transitioned to a Home Care Package (again, recognising the unaffordability of the fees for multiple CHSP services). However, given the gross undersupply of home care packages, it is highly unlikely that many of the 750,000 CHSP recipients would be easily transferred to the Home Care Package Programme.

In CPSA's view, if there is no fee cap, people with higher care needs will be disadvantaged and many will restrict their use of services.

Recommendation: CHSP fees should be capped at ten per cent of a care recipient's income so that people who have higher care needs are not disadvantaged.

Charging for currently free services

Many HACC providers offer services to older, disadvantaged people on a no-fee basis because they know that if they started charging fees, the care recipients would stop using the service. This is particularly the case for social support services, which are often provided free of charge or for a nominal fee as they are often carried out by volunteers and cost the HACC provider very little.

For example, under the proposed fee arrangement, a full-rate pensioner may go from paying nothing to \$9 per hour for social support. Not only does this make the service prohibitive for a disadvantaged older person, it removes the sense of community that is provided by a volunteer helping out a fellow member of the community. Charging an older person \$9 per hour of social support commodifies an otherwise benevolent act and forces the care recipient to pay for social interaction.

Moreover, where social support is provided by a volunteer, under the proposed fee schedule a self-funded retiree may pay less than a full-rate pensioner because the cost

² Australian Bureau of Statistics (2009/10) 'Household Expenditure Survey' 6530.0, 6 September 2011

of social support is likely to be under \$9 per hour. This absurd situation arises because provider-set fees cannot exceed the cost of the service, but it appears that the set fees for people on lower incomes can.

Recommendation: CHSP providers should not be required to charge fees for services that they currently provide for free (for example, social support).

Meal fees

If a care recipient received a Meals on Wheels meal every day, they would pay \$91 per week, assuming that the cost of the meal and ingredients is \$13. That equates to 21% of a single pensioner's income. That pensioner would be better off signing up to Lite 'n' Easy or some other home delivery service than get a Meals on Wheels meal every day. Lite 'n' Easy currently offers seven dinners for \$77 in NSW, which is 15% cheaper than the proposed Meals on Wheels fees for pensioners.³ Furthermore, it is likely that the cost of ingredients would be higher than the \$4 assumed in this submission, with many providers stating that it would be between \$5 and \$8 per meal.

The proposed meal fees could see older people choosing less nutritious meals because they have to pay for the cost of ingredients as well. Many may forego meat dishes because they are presumably more expensive than vegetarian dishes. Older people need highly nutritious food (which Meals on Wheels provides) to avoid malnutrition but this fee policy in no way recognises this need.

CPSA questions the setting of the meal fees for full-rate pensioners at \$9 per meal plus the costs of ingredients. CPSA understands that Meals on Wheels in NSW currently charges between \$4.50 and \$9 per meal and that it does not include administration costs in its fees. In Victoria, HACC delivered meals for low-income people (full-rate pensioners) are priced at \$8.70 per meal. Given that NSW and Victoria are the largest HACC jurisdictions, it is odd that the Department of Social Services has set meal fees at rates far above the fees currently charged in NSW and Victoria.

Recommendation: The meal fees for pensioners as proposed are unaffordable. They need to be redrafted to better reflect current practice and affordability for people on low incomes.

Recommendation: Older people should not be charged for the cost of the ingredients on top of a standardised fee. This will only serve to disadvantage low-income people and increase the risk of malnutrition.

³ Lite 'n' Easy NSW Prices as at March 2015: http://www.liteneeasy.com.au/nova/explore_pricing_nsw.html

The fees and pensioners' capacity to pay

The table below illustrates several fee scenarios for a single, full-rate pensioner receiving services under the proposed Commonwealth Home Support Programme (CHSP).

Table 2: CHSP fee scenarios for a single, full-rate age pensioner

Scenarios of services for a single full-rate pensioner per week. Based on weekly income of \$430 (as at 20 March 2015).	Meal & ingredients (\$13 per meal) ⁴	Allied Health (\$10 p/hour)	Nursing (\$10 p/hour)	Domestic assistance (\$10 p/hour)	Personal care (\$10 p/hour)	Social support (\$9 p/hour)	Home maintenance (12 p/hour)	Respite (\$11 p/hour)	Total p/w	% of income
7 meals									\$91	21%
3 meals		1 hour				.25 hours (per week)			\$52	12%
2 meals			1 hour		1 hour				\$45	10%
	1 hour	1 hour							\$20	5%
					1 hour				\$9	2%
3 meals		1 hour						1 hour	\$60	14%
	2 hours							1 day (\$20)	\$40	9%
			1 hour	1 hour					\$20	5%
3 meals						1 hour			\$48	11%

The table above shows that a single full-rate pensioner would easily pay in excess of ten per cent of their income on CHSP services if they received two or more services each week. In short, the fees will likely increase the cost of HACC services for most care recipients, which will be particularly unfair for those already receiving services.

The fees ignore an individual's circumstances and capacity to pay and would require most pensioners receiving multiple services to apply for financial hardship. CPSA is concerned about the impact on people renting publicly or privately because a substantial amount of their income goes towards their rent and therefore, they have limited disposable income. A pensioner renting in public housing generally pays 25% of their income in rent and CPSA regularly hears from pensioners renting in the private system who pay up to 50% and 60% of their income in rent alone. These pensioners would have a very limited capacity to cover the cost of the proposed CHSP fees and would certainly have to limit their use of services if they were not granted financial hardship.

⁴ The proposed cost per meal for a full-rate pensioner is \$9 plus the cost of the ingredients. CPSA has assumed a cost of \$4 per meal ingredients, which is likely to be an underestimate.

The fee structure also makes little sense in terms of capacity to pay. For example, a single part-rate pensioner with an income of up to \$48,000 per annum will pay an extra dollar for a delivered meal compared with what a full-rate pensioner on \$22,000 per annum would be expected to pay. Likewise, the cost of personal care would be \$2 extra per hour, and social services would be an extra \$3 per hour. Despite this part-rate pensioner earning up to twice the income of a full-rate pensioner, their fees (except for nursing services) are only slightly above that of someone whose sole source of income is the pension. CPSA appreciates that a part-rate/full-rate pensioner fee structure is far simpler to administer and is not advocating a comprehensive means test for the CHSP. However, the proposed fee structure does raise questions about equity and in particular whether the full-rate pensioner fees are too high.

All care recipients are expected to pay the full cost for aids, equipment and assistive technology. For some care recipients, this may not be possible. This may be inefficient, particularly if the aid or appliance increases the independence of the person and reduces their need for other care services. CPSA recommends that care recipients who cannot afford the cost of the item should have the item provided under the financial hardship measures.

It is also unclear if care recipients will be able to access state-based aids and appliances schemes if they receive CHSP services. In NSW, the aids and appliance scheme (EnableNSW) is not available to recipients of Commonwealth-funded programs such as the Home Care Packages Programme. As at April 2015, EnableNSW advised that HACC recipients are eligible for their aids and appliances, but it is unclear if this eligibility will continue under the CHSP.

Recommendation: The proposed fees should be redrafted to ensure that they are affordable for pensioners and others on low incomes and do not discourage use of the CHSP.

Recommendation: Existing HACC recipients should not be subjected to the new fee regimen if it increases their fees.

Consumable items

CPSA recommends that there be a definition of ‘consumable items’ so that care recipients are not charged for items for which they would not ordinarily be required to pay. For example, will nursing services cover the cost of ordinary medical supplies (gloves, alcohol wipes, etc.) or will they be added to the client’s bill? Equally, the ingredients of a meal should not be considered a ‘consumable item’, for reasons outlined above. Is petrol for community transport to be considered a ‘consumable item’? Without a definition, care recipients are exposed to unknowing or unscrupulous providers who charge care recipients for items for which they should not have to pay and care recipients

will have no avenue for recourse. Providers should also be made to give the care recipient an itemised account if they charge for consumable items.

Recommendation: DSS supply a list of consumable items for which care recipients may be charged.

Recommendation: Care recipients should be provided with an itemised account for consumable items.

Responsibilities of service providers

The fee policy should be amended so that service providers ‘must’ rather than ‘should’ explain the new fees to care recipients in writing.

Recommendation: Amend the fee policy so that service providers are required to explain the new fees to care recipients in writing.

Clients experiencing financial hardship

This component of the draft fee policy is vague and exposes care recipients to poor practices by providers. CPSA recommends that there be clear guidelines for assessing financial hardship so as to avoid a scenario whereby care recipients have to prove their poverty to have fees lowered by providers.

There should be a guideline for what constitutes essential expenses, which should include, but not be limited to: shelter, food, health care, transport, clothing, toiletries, social outings, funeral payments, and any debt repayments. Rather than providers making a determination about what a care recipient ‘could reasonably afford to pay’ this should be left up to the care recipient. They are, after all, best placed to make decisions about their budget and what they can afford.

Recommendation: Guidelines for assessing financial hardship should be clear and include a definition of essential services.

Recommendation: Care recipients, rather than providers, should decide how much they can afford in care fees.

Review of fees

If clients request a review of their fees, providers should be required to respond in a set period of time, rather than a ‘reasonable’ period of time, as proposed. CPSA recommends that that be five working days.

Recommendation: Providers must respond to a request for a fee review in five working days.