



Australian Government
Department of Health and Aged Care

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Mr Brian Buckett
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Dear Mr Buckett

Thank you for your correspondence of 27 April 2023 to the Minister for Aged Care, the Hon Anika Wells MP regarding the new Support at Home Program. The Minister has asked me to reply.

As you may now be aware, the Government announced in the May Budget that it has postponed the commencement of the new Support at Home Program to 1 July 2025. This will enable the program to be refined with input from older people, in-home aged care providers and peak bodies, while providing more time for provider readiness and transition.

The Government also announced the establishment of an Aged Care Taskforce to inform the final design of the program. The Taskforce will provide independent advice on funding and consumer contribution arrangements to support a fair, equitable and sustainable aged care system. Information for service providers about consumer contribution arrangements is expected to be available later this year or in early 2024 after the Government has considered the Taskforce's advice.

I appreciate your insights about the uncertainty amongst CHSP service providers over future funding arrangements. The funding model that is currently proposed for the Support at Home program involves activity based (ie fee-for-service) payments for ongoing services at prices set by Government. Prices will be set based on the advice of the Independent Health and Aged Care Pricing Authority, which is currently undertaking a costing study. This approach is similar to the unit prices in the current CHSP funding agreements. However, payments would be made in respect of services actually delivered. In addition to these payments, the proposed funding model includes supplementary grant funding for providers operating in thin Markets, and for those service types highlighted in your letter – social support group, meals, transport, centre-based respite and cottage respite. These grants would be part of the ongoing funding for these organisations, but they would supplement the activity-based payments, not replace them.

For the purposes of the Support at Home program, the intention is to have a broad definition of a thin market. In essence, a provider would be eligible for a grant if its costs exceed what could be earned through prices for services due to:

- unavoidable costs - eg high travel costs in remote areas or the cost of supporting people at risk of homelessness; or

- low client numbers – eg this may be the case in rural and remote areas, or for providers specialising in supporting particular special needs groups in an urban setting.

We are hoping to provide thin market grants on a 3-5 year basis.

In terms of the supplementary payments for different service types, I have had several meetings with the Australian Community Transport Association and Meals on Wheels Australia about how this could work. One option would be to provide an automatic top-up payment if fee-for-service payments fall below a minimum monthly amount (rather than a fixed grant amount). This would give service providers funding certainty for planning purposes while also giving them the ability to expand services at full prices. These details will continue to be progressed in coming months.

The proposed funding model is intended to have a number of benefits for service providers and older Australians that are often overlooked amidst concerns about how the changes will be implemented. Firstly, the model would remove the constraints on CHSP service providers who have demand they can't meet within their current grant funding. With the population of older Australians growing significantly over the coming decade, this would help to ensure growth in services aligns with needs in the community.

Secondly, supplementary grants to explicitly recognise cost pressures in thin markets should better support the provision of services for older people. For example, service providers will not have to under-deliver services against their funding agreements in order to pay the bills.

The new program is also intended to collect real time information on services being delivered through invoicing arrangements, removing the need for DEX reporting. This will enable the Department to monitor where there may be workforce shortages or other issues affecting service delivery in different regions that can then be targeted.

The department welcomes the Combined Pensioners and Superannuants Association's involvement in consultations to inform final program design. If this is of interest, I encourage you to visit the department's website to view the consultation calendar, which highlights engagement opportunities: www.health.gov.au/resources/publications/in-home-aged-care-program-consultation-calendar.

Thank you for writing on this matter.

Yours sincerely



Nick Morgan
Assistant Secretary
Support at Home Reform Branch
23 May 2023