DELIVERING HOME CARE IN RETIREMENT VILLAGES

A GUIDE FOR OPERATORS

JANUARY 2017

PROPERTY COUNCIL of Australia

ANSELL STRATEGIC

CONTENTS

1. INTRODUCTION

The Australian aged care and retirement living sectors are currently undergoing substantial change as a result of an ageing population and evolving consumer preferences. Accelerating this change are legislative reforms in the provision of home care services that pave the way for greater consumer choice and improved efficiency. The retirement living sector is well placed to capitalise on these changes through the delivery of home care services in their villages.

Whilst action is being taken by the Government to address care needs of the ageing population, less action has been taken to address the accommodation needs of older Australians. Traditional Australian homes are usually not built to facilitate ageing in place, or require significant modification. In contrast, retirement villages are purpose built homes for older Australians.

As these sectors begin to evolve and new models of care and accommodation emerge, retirement village operators must look at the relevance of their current business models. The services and facilities currently offered at retirement villages are being challenged by new residential estates and apartment developments and the ability to age in place at home is being encouraged by Government policy.

From February 2017, relaxation in home care supply will enable consumers more choice in their providers of care and where they receive care. Retirement villages represent a highly effective and efficient environment in which to deliver at home care, and a growing number of operators are expanding their service offering to residents.

In light of this, the Retirement Living Council (a division of the Property Council of Australia) commissioned Ansell Strategic to produce this useful reference guide for the retirement living sector. Developed in consultation with retirement village operators and home care providers, this guide identifies home care delivery options in villages, as well as outlining the associated benefits and challenges operators may face.

The Retirement Living Council is a leading industry association for retirement village operators and provides a wide range of services designed to ensure villages remain a high quality lifestyle and accommodation choice for senior Australians. These services include village accreditation, professional development courses, industry-focused events and networking opportunities, award programs, sector-wide research, and government advocacy.

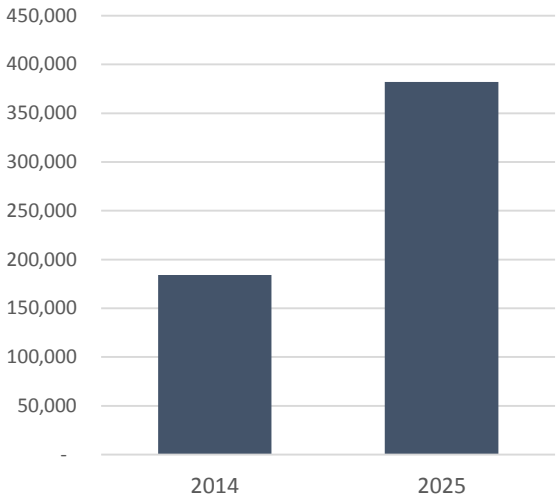
Additional supporting resources for this guide can be found on the Retirement Living Council and Property Council website.

1.1 RETIREMENT VILLAGE SECTOR

The Retirement Village sector plays an important role in providing age appropriate accommodation to more than 184,000 older Australians.[i] The quality of service and amenity has increased substantially in recent years to meet consumer demands. However, the expected demand for retirement villages is forecast to outweigh supply.

Due to these projected growth and penetration rates, it has been estimated that more than 382,000 older Australians will need retirement village accommodation by 2025.[ii] Increased investment activity now and in future years is necessary to meet this challenge given the lead time in designing, planning and building villages.

Chart 1: Estimated Number of Older Australians requiring Retirement Village Accommodation[II]



At the same time, the sector will need to revamp a substantial proportion of its current stock to ensure that it remains attractive and relevant to consumers in the future.

1.2 HOME CARE SECTOR

Home care is the provision of care and assistance that is delivered directly within the private home of a care recipient. This form of care delivery is becoming increasingly popular in aged care as it enables seniors to remain in the comfort of their homes to receive their required care, rather than entering a residential aged care facility. Popular forms of home care include:

- Support services. This includes help with domestic services, transport and socialisation.
- Personal care.
- Nursing, allied health and other clinical services.
- Care coordination and case management.

Services will differ from client to client. As clients age and become accustomed to receiving support at home, they may demand additional services.

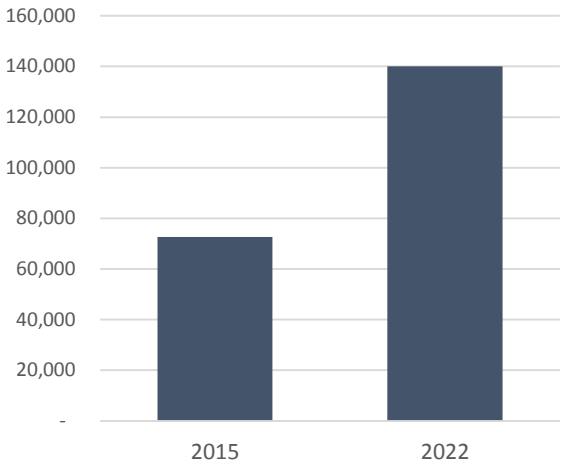
There has been significant reform within the home care industry as a result of the Living Longer, Living Better legislation. The two main programs are the Commonwealth Home Support Programme (CHSP – also known as the Home and Community Care Programme (HACC) in Western Australia) and the Home Care Packages Programme (HCP).

CHSP provides entry level support for older people who need some assistance with daily living in order to live independently at home. HCP provides more complex, coordinated and personalised care at home, and offers four levels of care packages to progressively support people with basic, low, intermediate and high care needs.

CHSP funded services to more than 812,000 older Australians in FY2014-15. Comparatively, HCP offered 73,000 packages to older Australians during that period. The Government funded $1.9b and $1.3b for CHSP and HCP in FY2014-15, respectively.[iii]

The Commonwealth Government has increased the target ratios for Home Care places for every 1,000 people aged 70 and above. As a result, the number of home care packages released by the Commonwealth will double over the next five years from 72,702 currently to around 140,000 by 2021-22.[iii]

Chart 2: Estimated Number of Older Australians requiring Home Care[v]



Home Care Providers receive a basic subsidy from the Commonwealth Government between $22.04 (Level 1) and $133.99 (Level 4) per package for each day that the care recipient receives home care. There are additional supplements the approved provider would be entitled to, depending on the care profile of the care recipient.[iv] Home Care Providers can ask care recipients to pay a maximum basic daily fee of $9.97. [v]

Table 1: Basic Home Care Subsidy Rates, Per Client, Per Day

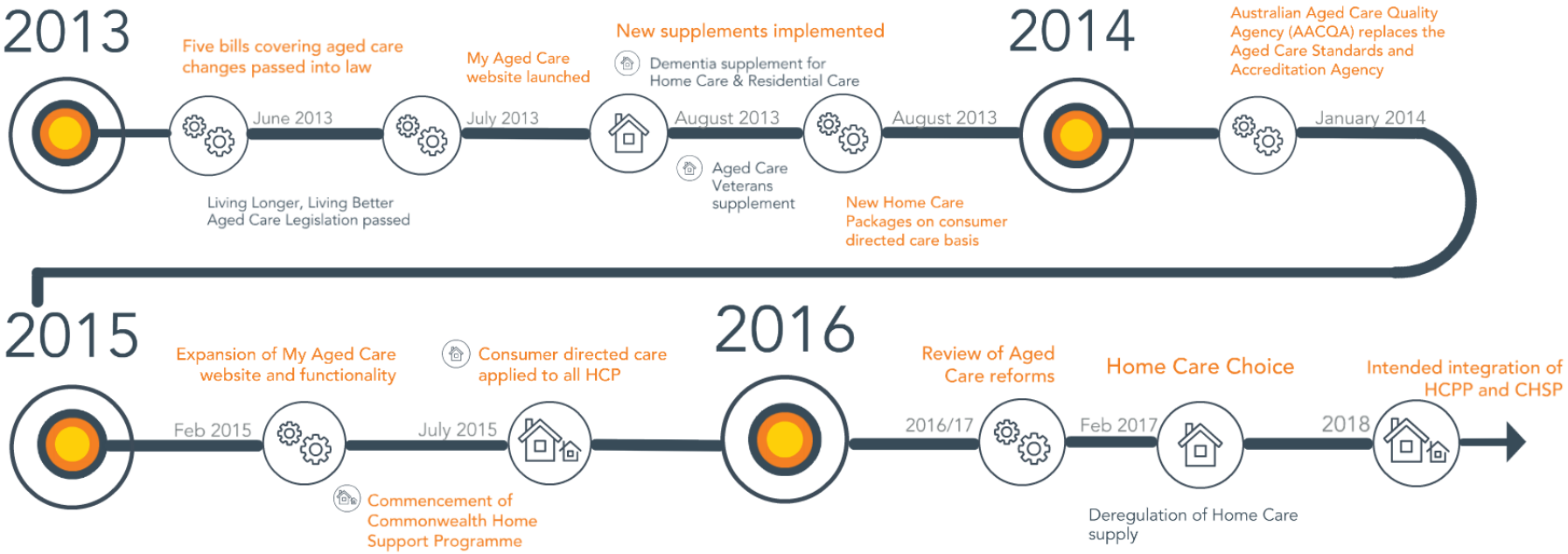
Home Care Package Level	Subsidy Rate
Level 1	$22.04
Level 2	$40.09
Level 3	$88.14
Level 4	$133.99

Source: Department of Health Aged Care Subsidies and Supplements, effective 1 January 2017

The aged care sector is still undergoing significant change. The Government has outlined the long term plan for the sector in the Aged Care Roadmap. The most significant change will take place in February 2017, when the consumer will be able to choose any provider to deliver their care and their packages will be transportable between providers.

The Commonwealth plan to amalgamate CHSP/HACC and HCP to form an integrated care at home programme with individualised funding that follows the consumer by 2018.

2. AGED CARE REFORM PROCESS AND ROADMAP



3. OPTIONS

The following section will explore the benefits, challenges and suitability of home care delivery options for retirement village operators. A summary can be found at Appendix One.

3.1 OPTION ONE: BECOME AN APPROVED PROVIDER AND CARE PROVIDER

As a retirement village operator, you might prefer becoming an Approved Provider and Care Provider if you have/are:

- An operator with multiple, closely located sites or an operator with a large village, enabling sufficient scale to be achieved across your village(s).
- You operate a boutique village(s) and therefore want to maintain control of the services delivered in your village(s); and/or
- Your organisation wants to expand into delivering care services or already delivers care services.

Further advice on the steps to take for Retirement Village operators electing to become an Approved Provider and Care Provider can be found in Appendix Two.

An approved provider of aged care is an organisation that has been qualified to provide residential care, home care or flexible care under the *Aged Care Act 1997.* To receive Australian Government aged care subsidies an organisation must be an approved provider. An approved provider can directly deliver care or broker out services to a care provider. Care providers, in the context of aged care, are those providing care as an approved provider or on behalf of approved providers.

3.1.1 ADVANTAGES

Greater control.

As an Approved Provider, the village operator is directly responsible for delivering care services into the village and this allows providers to have the highest level of control over the care services delivered. In particular, there is a greater sense of accountability attributed to care scheduling, recruitment of staff, quality and client satisfaction.

Highly efficient environment with care services being delivered within the site, portfolio and across service disciplines.

With the increasing emergence of co-located villages and residential aged care homes, there is an opportunity to realise synergies (and savings) between the services, including:

- The opportunity to share staff across home care and residential aged care services
- Sharing of administration overheads
- Sharing of general services such as cooking, cleaning, laundry and maintenance services
- Referral sources for the residential aged care home
- Home care referral sources from the retirement village

Additional steady income streams.

As highlighted below, providing home care can generate profitable results, and as providers become more sophisticated with the delivery of care, there is potential for further improvement.

Table 2: EBITDA per Package Level per Annum

	Level 1	Level 2	Level 3	Level 4
Top Quartile Average	$2,699	$3,820	$8,754	$13,885
Top 50% Average	$1,400	$2,672	$6,908	$11,914
Average	$218	$934	$3,582	$8,781

Source: ACFA Fourth Report of Funding and Financing the Aged Care Sector, July 2016

Table 3: Summary of Financial Performance of Home Care Providers, 2014-15

	Total Revenue ($m)	Total Expenses ($m)	Profit ($m)	Average EBITDA Per Package Per Annum ($)
Total Sector 2013-14	$1,140	$1,035	$104	$1,973
Total Sector 2014-15	$1,166	$1,040	$127	$2,235
Not-For-Profit	$988	$878	$110	$2,341
For-Profit	$95	$84	$11	$2,348
Government	$83	$78	$5	$1,052
Metropolitan	$625	$562	$63	$2,060
Regional	$185	$168	$16	$1,806
Metropolitan & Regional	$357	$310	$47	$2,819
Single Service	$88	$85	$3	$627
2 to 6 Services	$305	$276	$29	$1,953
7 or more Services	$773	$678	$94	$2,626

Source: ACFA Fourth Report of Funding and Financing the Aged Care Sector, July 2016

Ability to on-sell additional services.

Some retirement village operators and home care providers are offering clients additional services, also known as private fee-for-services.

"We introduced fee-for-service home care at all of our villages. Initially the service was targeted at higher wealth and affluent residents but we found residents across all income brackets were interested." – Large Not-For-Profit Retirement Village Operator

Savings from efficiencies can be passed onto clients.

Transport expenses can represent between 4% and 5% of revenue, and between 8% and 10% of direct service costs.[vi] Retirement village operators and clients will be able to benefit from the close proximity of residents, thereby reducing travel time and costs.

Given the size of a number of villages, new home care staff can spend considerable time navigating through villages, which further limits the time available to deliver care services. By directly delivering home care services in villages, staff will become familiar with the village and further efficiencies can be gained.

When charging Home Care clients for services, a number of Home Care providers have a minimum unit (time) charge. In a village environment, the proximity of residents allows operators to offer smaller blocks of visitation time as required by the client with minimal or no extra charge. This increases the competitiveness and attractiveness of the service.

More personalised level of service.

In addition to identifying care recipients earlier in the continuum of care, a study in 2006 found that the delivery of home care in retirement village settings enabled the delivery of a personalised level of service that has high preventative care and social support value for care recipients at relatively low cost. There was evidence that residents and families have an increased sense of support and security. Further, staffing arrangements and co-location of clients allows for efficient delivery of care services, even at short notice.[vii]

"Nearly all of our new and prospective residents ask about the level care services available when enquiring at our villages. We find this is particularly important for the residents' family members." – Midsize Not-For-Profit Retirement Village Operator

"We have been maintaining substantial waitlists for villages where a Registered Nurse is on site 24/7. It is particularly important with older residents and gives piece of mind to their families." – Large For-Profit Retirement Village Operator

3.1.2 DISADVANTAGES

Setup costs.

Significant investment of time and resources is required to set up home care delivery services. Below is a high level list of some set up costs and resources that are likely to be incurred.

- Becoming an Approved Provider which requires organisation resources and/or consultant costs;
- Identifying and implementing required IT System(s) and Hardware;
- Establishing policies, procedures and forms for clinical and corporate processes;
- Recruiting and training staff (this may include a Project Leader/Manager, Case Managers, Nurses, Support Workers, Administration Staff);
- Greater exposure to the risk of liability by delivering care;
- Establishment of home care agreements; and
- Establishment of Enterprise Bargaining Agreement(s), Agency (brokering) agreements, supply contracts.

Becoming and maintaining status as an Approved Provider.

An entity is required to become an Approved Provider of aged care to receive subsidy payments from the Commonwealth for the provision of aged care services. Careful and diligent completion of the Approved Provider form is essential. The Department of Health received 112 applications in FY2016, and of these applications only 68% (77) were successful. Further information on becoming an approved provider and can be found in Appendix Two.

Further, the operator will be required to comply with Commonwealth regulation and principles to maintain Approved Provider status. Home Care Providers will be subject to accreditation audits. There are three Home Care Common Standards detailed in *Quality of Care Principles 2014* that the Australian Aged Care Quality Agency will assess Home Care providers against. Further information on the standards can be found here.

Efficiencies are only gained via scale.

Scale needs to be achieved in order to realise efficiencies and to be viable. Whilst industry average penetrations rates of residents receiving care are reportedly low at 17%, village operators that provided home care services reported penetration rates of over 30% of residents. It is important to assess the requirements of each village before offering services to determine if scale can be achieved.

Additional regulatory and legal burdens.

In addition to complying with the relevant Retirement Village legislation in each state, an operator looking to become an Approved Provider will also need to comply with the Commonwealth *Aged Care Act 1997* and *Aged Care Principles.* The current Aged Care Principles are:

- Accountability Principles 2014
- Aged Care (Transitional Provisions) Principles 2014 – made under the Aged Care (Transitional Provisions) Act 1997
- Allocation Principles 2014
- Approval of Care Recipients Principles 2014
- Approved Provider Principles 2014
- Classification Principles 2014
- Committee Principles 2014
- Complaints Principles 2014
- Extra Service Principles 2014
- Fees and Payments Principles 2014 (No.2)
- Grant Principles 2014
- Information Principles 2014
- Quality of Care Principles 2014
- Records Principles 2014
- Sanctions Principles 2014
- Subsidy Principles 2014
- User Rights Principles 2014

Providers offering CHSP services will also need to comply with CHSP Programme Guidelines, CHSP Programme Manual 2015, and the Terms and Conditions of the grant agreement. In some States, CHSP is still provided under HACC services but are currently transitioning to CHSP. Operators in these States will need to comply with the relevant guidelines and manuals.

In addition to complying with Australian Aged Care Quality Agency (AACQA) quality standards, Approved Providers of home care services are required to submit Financial Accountability Reports under the *Accountability Principles 2014* to the Department of Health. These are non-audited financial statements that are submitted by Approved Providers delivering care to clients in all four levels of care.

Further, as a result of the emergence of consumer directed care, home care providers will need to be aware of the Australian Consumer Law and ensure that care and service contracts are fair, there is no price fixing/collusion and that consumer rights are protected.

Additional skills and expertise required within the organisation/team.

An investment in human resources is required to ensure that the organisation has the necessary skills and expertise to operate home care services. These costs can relate to hiring new staff, or training existing staff. Given the dynamic nature of the industry, clinical complexity associated with care delivery, and reputational risk to the organisation, employing and retaining the right staff is essential.

Ageing connotations associated with retirement villages can be perceived negatively by incoming residents.

Some village operators have expressed concern that the provision of aged care services may be perceived negatively by prospective "younger" residents, and potentially impacting the appeal of the village.

Industry research indicates that residents are entering retirement village's later in life, and that the residents of retirement villages are becoming older, with 96% aged 65 and over, and more than a third aged over 85. Whilst it was common for residents to enter a village in their late 50s or early 60s ten years ago, the average age of admission is now over 75, with over half of village residents being 75 or older on entry.[viii] Therefore, irrespective of the level of care provided in villages, the age profile of residents in villages is increasing.

3.2 OPTION TWO: FORM A PARTNERSHIP WITH AN APPROVED PROVIDER

As a retirement village operator, you might consider forming a partnership with an Approved Provider and Care Provider if:

- Your village(s) do not have sufficient scale; and/or
- Your organisation does not want to expand into the delivery of care services.

Further advice on the steps to take for Retirement Village operators to form a partnership with an Approved Provider is detailed in Appendix Two.

3.2.1 ADVANTAGES

Low cost to set up arrangement.

By leveraging a partnership model, the village operator can avoid potentially significant establishment costs. As evident in the previous option, setting up home care services requires extensive time, resources and investment. Forming a partnership with a reputable home care provider can facilitate access for residents without the large investment from the village operator of being an approved provider itself.

Reduced regulatory and legal burdens.

By forming a partnership with an approved provider, a retirement village operator will reduce the exposure, risk, cost and burden associated with regulatory compliance as these will be the responsibility of the approved provider.

Ability to market services.

Offering home care services will improve the attractiveness and sales proposition of a village. There are further opportunities to leverage from the partnership arrangement to market services. For example, this could be through referral incentives using the home care provider's wider community network.

Wider provision of services to residents.

Providers specialising in home care services are likely to be able to provide a wide range of home care services. This is particularly important given the "consumer directed care" nature of home care and the upcoming changes allowing residents to choose their provider and take their package with them to another service provider or if they move accommodation.

Focus on core services.

The partnership arrangement allows the retirement village operator and home care provider to focus exclusively on their existing areas of expertise. The operator does not need to disrupt their usual business activities or train staff in new skills.

3.2.2 DISADVANTAGES

Limited control over the quality and continuity of care and brand exposure risks.

The changes in February 2017 will drive further innovation in the sector and see the emergence of new providers as the industry moves toward greater consumer control. As a result of new providers entering the market, it will become prudent for the village operator to select a provider(s) who will uphold the organisation's brand and provide quality and continuity of care.

Operators may consider trialling arrangements with different providers or might use different providers in different regions.

No direct financial return.

A pure partnership relationship will usually result in the direct financial benefits flowing to the home care provider. The operator's ability to refer other village services or fee for services may also be reduced. However, retirement village operators should be able to indirectly benefit through the improved sales offering.

Limited ability to provide personalised level of service.

One of the key benefits of home care in retirement village settings is the ability to offer a personalised level of care. In a partnership arrangement, whilst clients may have a preference for individual home care staff, retirement village operators will be unable to control which staff visit the clients and will lose oversight on the services being provided.

It will be important to set key parameters in a partnership agreement between the retirement village operator and home care provider. For example, if a set number of hours of care are provided per week, the provider might be expected to ensure there is a dedicated support worker for that village to provide familiarity to residents.

3.2.3 ALTERNATIVE PARTNERSHIP STRUCTURES

Retirement Village operators may consider different partnership structures that reflect their organisational and resident needs. Structures may include, but are not limited to:

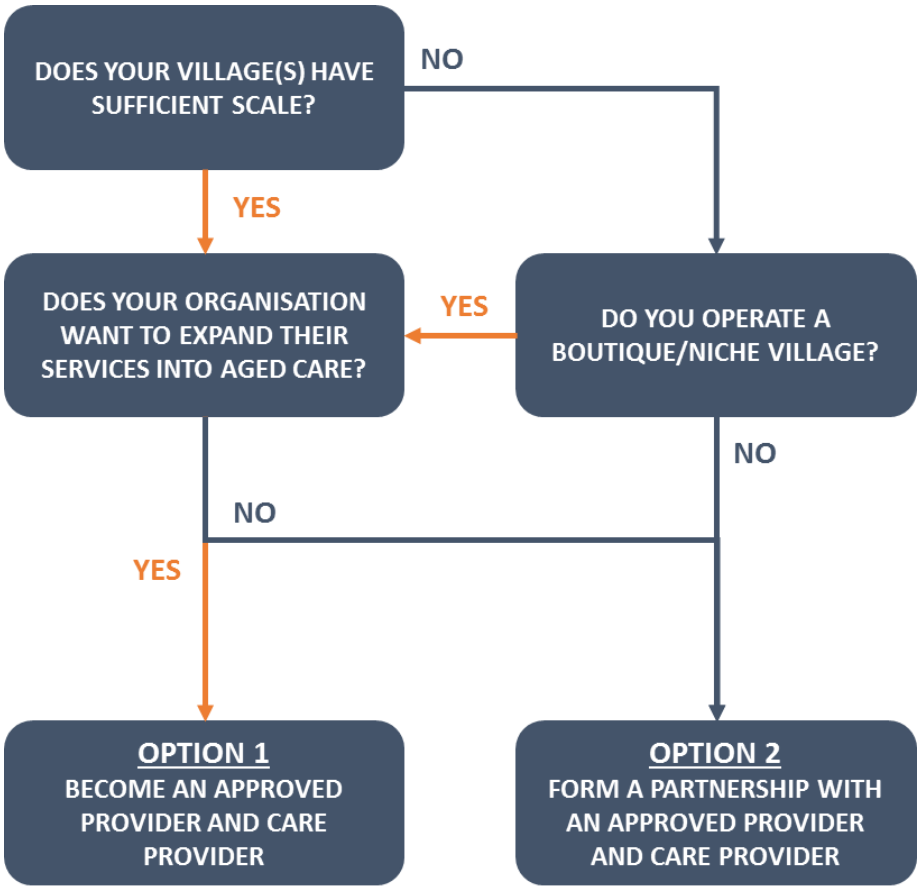
- Retirement Village Operator becoming an Approved Provider and case managing resident packages. The village is responsible for co-ordinating care services and could form a partnership with a care provider to deliver the required services.
- Retirement Village Operator forming a partnership with an Approved Provider and employing the operator's own staff to deliver the services.

The above arrangements are hybrid of the two main options and could mitigate risks identified for those options. The suggested partnership arrangements address risks around the breadth of services available, as well as potentially reducing administrative burdens and set up costs.

For example, the first option allows the operator to offer more comprehensive care and service options that may not be available if the operator was the approved provider and care provider, gives greater control over services and potentially provides a financial return. The second option reduces the regulatory and legal burdens, gives greater control over the quality and continuity of care and also an opportunity for financial returns.

3.3 DECISION TREE

The decision tree below will assist operators to assess the suitability of the two main options.

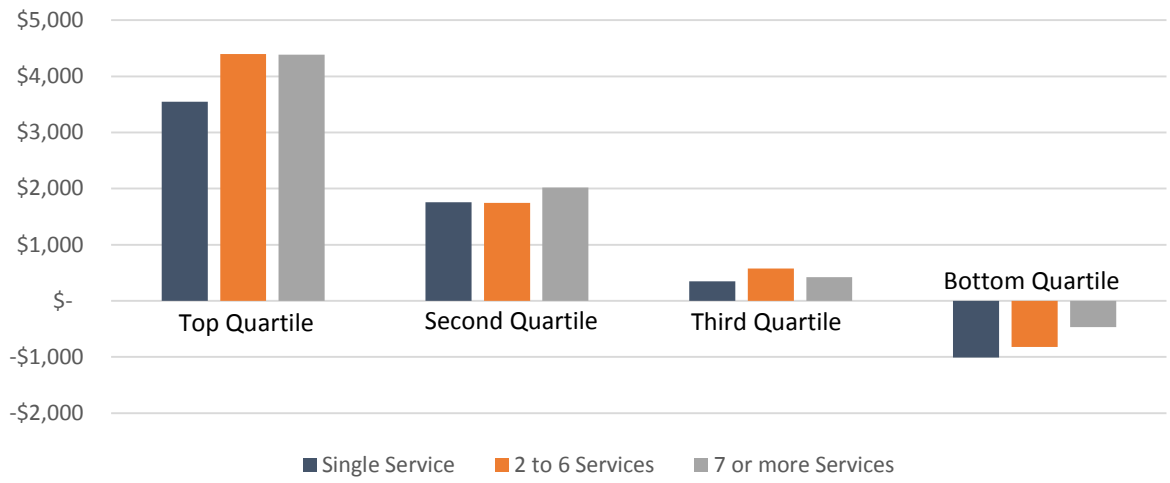


3.3.1 OTHER CONSIDERATIONS

Sufficient scale.

For Option One above, it is important to ensure that the organisation has sufficient scale to achieve viability. For metropolitan based operators, benchmark data suggests that home care providers need a minimum of 15 low care (i.e. Level 1 or Level 2) packages to be viable and lower numbers for higher level packages. However, the feasibility of the service is dependent upon a number of factors, including the ability to leverage existing resources (for example, administration and general/onsite services) and the geographical spread of home care clients. This is where retirement village operators have a strategic and cost saving advantage over providers supplying care in the wider community.

Chart 3: Provider average EBITDA per package per annum 2014-15, by quartile and provider scale



Source: ACFA Fourth Report of Funding and Financing the Aged Care Sector, July 2016

Whilst Home Care Providers can be profitable at a smaller scale, significant infrastructure and resources are required to set up the provision of home care services. With fewer packages, the payback period on your investment is likely to be extended.

Table 4: Home Care Providers

	All	Single Service	Two to Six Services	Seven or more Services
No. of Providers	504	237	197	70
No. of Services	2,292	236	655	1,401
No. of Places	72,702	7,545 (10%)	20,253 (28%)	44,904 (62%)
Average No. Places per Provider*	144	32	103	641

Source: ACFA Fourth Report of Funding and Financing the Aged Care Sector, July 2016
*Calculated

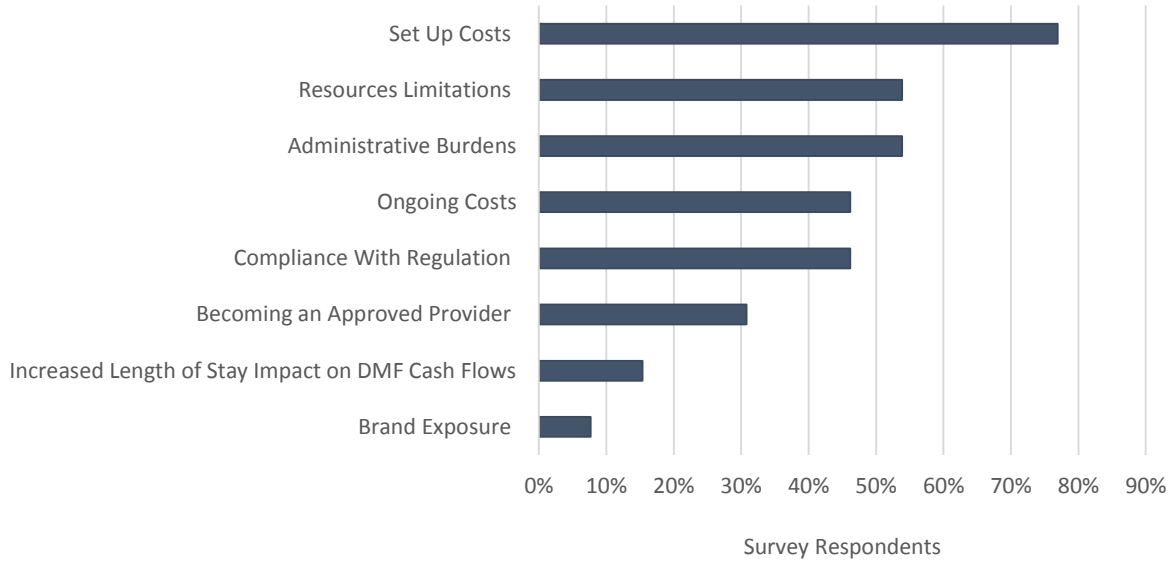
Research indicates that approximately 17% of retirement village residents require assistance.[ix] The care delivered is often by multiple providers. Operators delivering home care into their villages themselves found the number of residents receiving care in their villages increased over time. This was due to the awareness and acceptability of care services, and the fact residents were staying longer to access care, which combined, improved the village's scale.

This is further confirmed by the Government-commissioned pilot study on the delivery of home care in retirement village settings which found that recipients were being identified for care at an earlier stage in the care needs continuum.[vi]

Challenges

Our survey of the operators with over 300 villages found that set up costs, limitation of resources (i.e. ability to access appropriately skilled staff) and the ongoing administrative burden are the main challenges associated with the introduction of home care services.

Chart 4: Challenges preventing RV operators from establishing or expanding home care services



Source: Ansell Strategic/Property Council survey of Retirement Village Operators, 2016

Survey respondents were further asked what challenges prevent them from establishing or expanding their care services. Respondents overwhelmingly indicated that the skills and resources needed to provide more complex and comprehensive care for increasingly frail residents (77%) is a key challenge, followed by the ongoing regulatory compliance (62%) and the additional legislative burden (54%), with all home care providers required to operate under the national *Aged Care Act* (62%) as well as the state Retirement Villages legislation.

Interestingly, the vast majority of operators were not concerned about the impact delivering home care would have on their deferred management fee cash flows, with only 15% voicing concerns. Some operators have raised the concern that by delivering home care in villages, residents will have an increased length of stay/reduced turnover, which undermines the retirement village business model. However, industry benchmark data indicates that the entry age of new residents is increasing, and the average length of stay remains stable.[x]

"We have been delivering care to residents in our villages for a number of years now and find that our average length of stay is still in line with industry levels at 7 to 8 years, however we have also found the average age of residents, both current and new, is increasing" – Single Retirement Village Operator and Home Care Provider

4. FUTURE SERVICE MODELS

The creation of new home care services and an emerging user-pays environment will influence the design of new villages. Not only will this have implications on the design of individual units and apartments but it is also likely to impact the capacity and use of shared services and communal amenities and facilities.

Residents in retirement villages are getting older and as we get better at providing care in the home, there will be a greater delay for entry into residential aged care. As a result, we still start to see an emergence of residents with higher levels of functional dependence, behaviours or complex care needs.

As we plan for brownfield and greenfield developments, we will need to consider the evolving care needs of our current and future residents. This includes designing purpose built villages that are weighted towards frail residents. Units, apartments and common facilities will need to be designed with increased accessibility in mind, as well as consideration for residents who have requirements for large mobility devices and other equipment.

The expansion of services is also likely to impact on the capacity of shared services, including catering and laundry facilities and staff amenities. Larger commercial kitchens and laundries will be required if operators plan to provide these services in-house. Expansion of staff facilities and provision for staff accommodation may be required to provide overnight care services. In addition, consultation and treatment rooms to facilitate the delivery of home care services (i.e. visiting Allied Health and GPs).

Finally, as we begin to cater for residents with different care and lifestyle needs, our villages will need to cater for the different preferences. For example, this may be through the separation, or even duplication, of shared common amenities such as community centres.

Despite the challenges that accompany the aged care reforms, this is an opportunity to create closer connections to residents and expand service breadth. The changes will bring about new innovation in services and building design that will transform the retirement village sector as the Baby Boomers enter the market and are empowered to make choices.

5. APPENDIX 1 – SUMMARY OF ADVANTAGES & DISADVANTAGES OF HOME CARE DELIVERY OPTIONS FOR RETIREMENT VILLAGE OPERATORS

OVERVIEW	ADVANTAGES	DISADVANTAGES	SUITABILITY
RV Operator becomes the Approved Provider and is also the care provider.	▪ RV Operator has greater control over care services delivered. ▪ Additional steady income streams. ▪ Ability to on-sell additional services. ▪ Highly efficient environment with care services being delivered within the site, portfolio and across service disciplines. ▪ Savings from efficiencies can be passed onto clients. ▪ More personalised level of service that has high preventive care and social support for care recipients at a lower cost.	▪ Setup costs. ▪ Becoming and maintaining status as an Approved Provider. ▪ Efficiencies are only gained via scale. ▪ Additional regulatory and legal burdens. ▪ Additional skills and expertise required within organisation/team. ▪ Ageing connotations associated with retirement villages can be perceived negatively by incoming residents.	▪ Large operators (multiple sites and/or large sites). ▪ Experienced and resourced organisations. ▪ Boutique/speciality villages.
RV Operator enters into a partnership with an Approved Provider.	▪ Low cost to set up arrangement. ▪ Reduced regulatory and legal burdens. ▪ Ability to market services without delivering. ▪ Wider provision of services to residents. ▪ RV Operator can focus on core services.	▪ Limited control over the quality and continuity of care. ▪ Brand exposure risks. ▪ Limited direct financial return. ▪ Reduced ability to provide personalised level of service.	▪ Small villages. ▪ Large groups with strong alliances wanting to focus on core services. ▪ Strata groups and developers who do not control administration or have shorter term horizons.

6. APPENDIX 2 – IMPLEMENTATION

INTRODUCTION

The following section provides advice on the steps to take for retirement village operators looking to deliver home care in their villages. Operators should refer to the main body of the document for suitability, advantages and disadvantages of each option.

OPTION 1: BECOME AN APPROVED PROVIDER AND CARE PROVIDER

1. IDENTIFYING OR EMPLOYING A PROJECT LEADER

Becoming an Approved Provider and Care Provider is a major undertaking and it is critical that responsibility be given to a project leader with appropriate resources and influence.

2. BECOMING AN APPROVED PROVIDER OF COMMONWEATLH FUNDED HOME CARE

An entity is required to become an Approved Provider of aged care in order to receive subsidy payments from the Commonwealth. The Department of Health (Department) is responsible for the approval and funding of Commonwealth sponsored aged care programs under the *Aged Care Act 1997* and *Principles.* Providers offering Commonwealth Home Support Programme (CHSP) services will also need to comply with CHSP Programme Guidelines, CHSP Programme Manual 2015, and the Terms and Conditions of the grant agreement.

Careful and diligent completion of the Approved Provider application form is essential. The Department received 112 applications in FY2016, and of these applications only 68% (77) were successful.

You will need to complete a "Form A and Schedule A - Suitability of Key Personnel".

TIPS & FEEDBACK:

- You will need to collate a significant amount of information to demonstrate that you have systems and processes in place to provide care that meets the needs of your residents but also that complies with the government's regulatory compliance processes.
- Ensure that you are able to demonstrate that systems, processes and procedures have been developed or are being developed.
- Clearly articulate the organisation structure and governance systems to the Department.
- Demonstrate an understanding of the Aged Care Standards – do not just copy extracts of the legislation.
- Sound financial management needs to be proven to the Department.
- Ensure that all Directors and key staff that manage the clinical, operation and financial aspects of the service are listed as key personnel.

3. IDENTIFYING RESIDENT NEEDS

To develop your home care offering, it is important to give consideration to the types of home care services your residents are interested in receiving. Services funded by the Government include:

- Support services. This includes help with domestic services, transport and socialisation.
- Personal care.
- Nursing, allied health and other clinical services.
- Care coordination and case management.

Services that residents want will differ from village to village and resident to resident. As residents become accustomed to receiving support at home, they may demand additional services as they age. Retirement village operators should undertake demographic and competitor research and detailed resident needs assessments.

TIPS FROM THE EXPERTS:

"*We have an older cohort of residents in our village. In addition to general assistance, these residents are interested in care, clinical assistance, meals and transport." Standalone For-Profit Operator*

"We have some villages that are located in affluent areas, with a younger average age. We find these residents are interested in domestic and cleaning services. We also found these residents are more willing to pay a fee for services." Mid-size Not-for-Profit Operator

Providers can be approved as home care, residential care or flexible care providers. Operators may consider offering flexible services which include:

1. Transitional care - time-limited, goal-orientated and therapy-focused packages following a hospital stay;
2. Short term restorative care - intensive care at home following a setback such as a fall or prolonged illness;
3. Multi-purpose Service Programme (MPS) – integrated health and aged care services for small rural and remote communities;
4. National Aboriginal and Torres Strait Islander Flexible Aged Care programme – providing culturally sensitive care for older Aboriginal and Torres Strait Islander people close to their homes and communities;
5. Support Services for Remote and Indigenous Aged Care – services assisting providers to deliver care services to older Aboriginal and Torres Strait Islander people located anywhere in Australia; and
6. Innovative Care Programme – the provision of flexible models of service delivery where mainstream models may not appropriately meet the needs of a location or target group of consumers.

4. BUSINESS IMPLEMENTATION

There are numerous concepts to consider when navigating through a new service.

IT SYSTEMS & HARDWARE

Consumer Directed Care has made existing home care providers review the increasing administrative burden to identify ways to improve efficiency. Retirement village operators will be positioned to deliver care at a potentially lower cost given the close proximity of residents. Selecting an IT system that enhances the delivery of services and reduces the administrative burden is essential to efficiently delivering home care services. As competition starts to increase, we expect to see operators reduce their overhead costs to divert resourcing into their direct care as a result of consumer demand.

What should I consider when selecting an IT System?

Home Care Providers will need to consider the systems compliance, client management, clinical capability, mobility, scheduling functionality and billing/claiming capability. Important aspects to consider are listed below.

1. Is the system CDC compatible?
   - Consider the budgeting, billing and statement functionality.
   - Is the Consumer Fee Schedule (set by and updated by the Department of Health) automatically updated in the budgeting and billing functions?
   - Does it have business to business capability with myagedcare (government portal for claiming)?

2. What existing systems do you have?

   There are a limited number of systems that offer a full enterprise resourcing solution. Some IT systems have features that will suit your organisation better and you may wish to opt to use a clinical and rostering system(s) that can integrate with existing systems (general ledger, payroll, etc.).

3. What scheduling capability does the system have?

   Central to CDC is delivering a service that meets clients' needs and preferences. Does the system efficiently match client preferences and needs with staff skills and characteristics (cultural background, age, sex)? It is important to have efficient and effective scheduling systems in place to reduce the administrative burden.

   Further, it is important to consider the timesheet validation and processing capabilities as these can impact the administrative burden.

4. What is the clinical capability of the system?

   This includes considering assessment and care planning tools, customisability and work flow of information.

5. How much does an IT system cost?

   The cost of the software solutions to be purchased will depend largely on the type of agreement and terms that are negotiated. The investment and functionality need to be relative to the scale of your intended operation. Options may include:
   - Individual licensing (fixed sum for the program and setup, then monthly/annual licences per user or per client).
   - A monthly/annual fee based on the revenue generated by the organisation. We have seen a range between 0.5% and 1.0% for some software solutions. This type of agreement is not dependent on the number of modules accessed or the number of users accessing the system.

   Other costs to consider include hardware requirements such as mobile devices and tablets for Support Workers and Case Managers.

6. How long does it take to implement?

   Implementation of a new system can range from a couple of months to over a year depending on the scale of the home care program and the individual IT provider. Identify early on the support the IT provider offers.

7. Is the system mobile?

   A mobile system will assist with real time updates of clinical information, rostering, messaging and planning.

POLICIES & PROCEDURES

Establish policies, procedures, guides and forms. Important areas to address include:

- Regulatory compliance;
- Quality;
- Admissions to receiving home care;
- Human resources;
- Information management;
- Work, health and safety;
- Crisis and emergencies;
- Inventory and equipment;
- Clinical care; and
- Care assessments, forms and planning.

HUMAN RESOURCES

At the centre of delivering quality home care services is the people. Your human resource structure should be flexible and scalable to cater for the changing industry.

Direct Employees

In addition to a project leader, you will need to consider employing Nurses and Support Workers as required. This will be tailored by the villages needs and should be flexible. Villages may consider brokering services to another provider if there is small demand initially.

"We directly employ personal care workers at our village as there is a lot of demand for domestic assistance. We broker out our nursing services as the demand for these services is lower." – Small For-Profit Operator

You will be required to develop an Enterprise Bargaining Agreement for staff which may require engagement with Unions.

Agency Employees

Unfortunately, staff may need to take unexpected leave. Where those shifts are unable to be filled by existing staff, you may need to use agency staff. It is important to enter into an agreement with an existing agency staff provider and always be prepared for unexpected absences.

5. PHYSICAL ENVIRONMENT

Retirement village operators will need to consider the appropriateness and capacity of the village's physical environment to ensure that it does not limit the delivery of effective and efficient care services. Operators should consider the service design for accessibility and requirements relating to the provision of catering, cleaning, laundry and possible additional administrative services.

OPTION 2: FORM A PARTNERSHIP WITH AN APPROVED PROVIDER

1. DETERMINE WHAT YOUR ORGANISATION WANTS FROM THE PARTNERSHIP

It is important to determine what your organisation wants from the partnership and what type of partnership you want to form. Partnership options to consider include:

- Forming a partnership with an established approved provider; and
- Forming a partnership with an Approved Provider and employing your own staff to help deliver the services.

The type of partnership you form will reflect the level of risk your organisation wants to take on. Over time, village operators may elect to progressively take on more responsibility for service provision and partnership arrangements should be made on a flexible basis to accommodate possible changes in circumstance.

2. IDENTIFY HOME CARE PROVIDER(S) AND WORKING ARRANGEMENTS

If you have not already identified a preferred provider to work with, you may be able to receive a referral from Ansell Strategic or through the myagedcare website. It pays to enter into discussions with more than one provider as the approach and level of interest varies across the sector.

Consideration should be given to key milestones for implementation, staffing arrangements, understanding how resources (such as administrative resources or IT systems) will be used and/or shared, village accommodation for overnight staff or support to be provided and fees/reimbursements.

3. FORMING A PARTNERSHIP

Retirement village operators will be required to form a partnership with an established approved provider which is contracted to provide all of the home care service delivery in your village. The type of partnership will reflect the extent of control the operator wishes to retain over service delivery in the village and the level of risk exposure the operator is willing to accept.

Agreed terms between the operator and the home care provider should be clearly documented and should include a trial period for the arrangement as well as KPIs, exit arrangements and agreed expected outcomes. Legal contracts should be drawn up by an experienced legal professional.

It is important that the progress of the partnership is continually monitored. An effective working arrangement should improve resident satisfaction. This should build on your client relationship and the reputation of the village.

Conversely, poor performance by the home care provider can be damaging for the village operator. Partnership agreements should have provision for the regular review of outcomes and the ability to address non-performance.

7. FURTHER GUIDANCE

There are specialist advisors and planning professionals to assist in the development of your home care service models. For further information and assistance in relation to home care at your village, please do not hesitate to contact:

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8. END NOTES

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