

Improved Payment Arrangements for Home Care from Australian Government Department of Health

The changes to how we pay home care subsidies and supplements to providers will occur in 2 phases. Instead of paying the total in advance, we will pay in arrears for services delivered. We will hold unspent funds for care recipients. This is in line with other Government-funded programs.

What will change?

The way the Australian Government pays Home Care Packages Program subsidies and supplements to providers will change.

Instead of paying the full subsidy and supplements in advance each month, we will pay in arrears for services delivered. We will make changes in 2 phases. This will not affect care recipients' subsidy entitlements.

Phase 1: 1 February 2021

In phase 1, we will pay home care subsidies in arrears each month. This is planned to begin on 1 February 2021. We will continue to pay the full amount, regardless of the services provided in the past month. Providers will continue to hold unspent funds on behalf of their care recipients. There will be no change to how they manage unspent funds.

Phase 2: 1 September 2021

In phase 2, subject to legislation passing, the payments will be for actual services provided. The Australian Government will hold any unspent Commonwealth funds. These funds will continue to be available to care recipients when needed.

This is planned to begin on 1 September 2021.

Fact Sheets

For further information go to the [IPA Fact Sheet for Care Recipients](#).

For further information go to the [IPA Fact Sheet for Providers](#).

Why are these changes important?

These changes align home care with other Government-funded programs like the National Disability Insurance Scheme (NDIS), as well as modern business practices.

These changes will move the responsibility for holding care recipients' Australian Government paid portion of unspent funds from the provider to the Australian Government.

This will reduce the prudential risk in home care over time, and improve protections for care recipients' home care funds as the program grows. These changes are better suited to the service delivery, consumer-directed care nature of the Home Care Packages Program.

Why start these changes from February 2021?

On 28 February 2020, the Government announced phase 1 (payment in arrears) would start on 1 June 2020.

On 27 March 2020, the Government announced the implementation of improvements to payment arrangements would not start on 1 June 2020. This was due to the coronavirus (COVID-19) pandemic and the key role of the aged care sector to help combat this virus and support older Australians.

Home care providers are now liable for more than \$1 billion of their care recipients' Home Care Package funds. The Government considers there is a need to reduce the amount of unspent funds held by providers as quickly as possible. This will ensure that care recipients' package funds are always available to purchase the care and service needed.

Starting the move to modern arrangements on 1 February 2021, will balance the need to make these changes soon with giving providers enough time to move to the new arrangements. The Government considered the outcomes of previous consultations on implementing the changes when reaching this position.

Transition support

Transition support funding will be available through a targeted grant opportunity to help eligible providers to move to the new arrangements. We will identify and contact eligible services.

Business advisory services for aged care providers are available now to work with providers that are experiencing financial stress and are concerned about their viability.

Who will benefit?

People receiving a home care package will have more secure access to their package funds in cases where they change providers or a provider leaves the program. More older Australians will receive a home care package because more unspent funds will be returned to the Home Care Packages Program as care recipients leave. We use these funds for more packages.

Providers will benefit as they will no longer be responsible for the liability of managing substantial sums of unspent funds. They will also benefit from a more streamlined administrative process, and will not need to undertake monthly reconciliations to adjust for underpayment or overpayment.

How will the changes affect care recipients?

Care recipients will continue to:

- receive the same care and services from their provider, in line with their care plan
- have the full Government entitlements available to them
- pay the same home care fees
- be able to change service providers.

How will the changes affect providers?

Providers will continue to:

- provide monthly statements to their care recipients
- collect fees in the same way
- recoup reasonable administrative costs through their prices for care and services in line with legislation
- use funding to meet their care recipients' care plans.

Claiming payments

We will inform providers of changes to claiming processes before implementation.

In phase 1, providers will continue to claim through Services Australia as they do now. But the claim will be for the number of care recipients in care from the previous month. The usual compliance processes apply.

Services Australia will change its payment system to enable the introduction of phase 1.

Who have we consulted?

In October 2019, the Government asked the Aged Care Financing Authority (ACFA) to look at the potential financial impact of these changes on providers. We published ACFA's report on 8 January 2020.

In November and December 2019, we held consultations with providers across Australia. This included providers delivering services in non-metro areas. We gathered feedback on:

- potential non-financial impacts, including business administration
- how to ensure the changes do not affect care recipients.