

4. Officers' report**FN.027/18 Aged Care Reforms**

Portfolio: Community Services**Distribution: Public****Manager: Matt Kelleher, Director Services and Planning****Author: Corrienne Nichols, Manager Community Programs****Summary**

The Commonwealth Government has implemented a new system of aged care. This includes the introduction of the MyAgedCare gateway and the progressive introduction of a market driven, Consumer Directed Care (CDC) model across community based, packaged and residential aged care services.

Council currently subsidises the service to approx. 20 per cent or \$430,000 p.a. with services delivered via a contract arrangement with MECWACare. In addition, the move to a market-based aged care system in 2020 will require councils to implement full-cost reflective pricing to comply with the Commonwealth Competitive Neutrality Policy.

It is proposed that Council remain in some services, and exit from those direct care services where there are other suitable providers.

The proposal provides an opportunity for Council to strengthen its support for older residents by reinvesting funds currently subsidising Commonwealth Home Support services.

In particular it will enable Council to increase its response to the three most common concerns and aspirations raised by older residents for their positive ageing:

- Social isolation and loneliness - by increasing social support programs.
- Difficulty navigating the new Commonwealth service system - by creating an information, advocacy and navigation service to assist residents to access the services and activities that enable them to age well.
- Physical isolation – by providing accessible community transport, particularly for residents in the rural hinterland.

Recommendation

That the Committee (acting under delegation from Council) recommend to Council that it:

1. Endorses the transition from the delivery of highly subsidised services (Domestic Assistance, Personal Care, Respite Care and Property Maintenance) which can be offered by other providers in the market based aged care system by June 2020.
2. Endorses the realignment of Council's role in supporting older people toward achieving the Positive Ageing Strategy's primary outcome of improved opportunities and choices for older residents to live and age well in Nillumbik by:
 - a) Establishing an information, advocacy and navigation service which supports older residents and carers to navigate a significantly changed service system

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- and a diverse range of positive ageing programs.
- b) Continuing to provide community transport and conduct a service delivery review to ensure the service delivery model responds to the new service system and achieves best value.
 - c) Developing a business model for social connection and social participation including the continuation of Nillumbik Neighbours Social Support group for Council consideration.
 - d) Undertaking a service delivery review for community based social meals in place of delivered meals for Council consideration.
- 3. Continues to deliver Regional Assessment Services (RAS) until such point that the Commonwealth and State Governments determine the future operating and funding model and then review Council's role.
 - 4. Continues to engage with Council's Positive Ageing Reference Group (PARG) as part of the transition process and service delivery reviews.
 - 5. Develops and resources a transition plan to effectively implement these changes.

Attachments

Nil

Background

- 1. From 1 July 2016, the Commonwealth government assumed full funding, policy and operational responsibility for the Home and Community Care (HACC) program services for older people in Victoria as part of the Commonwealth Home Support Program (CHSP).
- 2. For more than 30 years Victorian Local Government has been supporting older people, people with disabilities, their carers and families to live independently in their community. Following the Commonwealth Government decision to undertake a national reform of the aged care and disability service systems, which has been driven by the productivity commission Inquiry *Report Caring for Older Australians* and the Commonwealth *Living Longer Living Better Act* (passed into legislation June 2013), arrangements for the delivery of services to older people are undergoing a transformational change.
- 3. Access to all services is now via the My Aged Care gateway and assessment of service eligibility is undertaken by the Regional Assessment Service (RAS). Service types, service levels and service guidelines are being determined by the Commonwealth as part of a transition to creating a national aged care system.
- 4. Council no longer has a role in determining priority of access to services or service levels, nor is Council the 'preferred provider' of entry level support services. The Commonwealth Government now funds multiple providers to deliver CHSP services.

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5. This change was identified by the Commonwealth as a reform priority known as Consumer Directed Care (CDC) to give consumers greater choice over the types of care and services they access, how and when those services are delivered and by whom. This CDC model supports a competitive market driven model that enables client choice in the delivery of services and the service provider. This means Council has no stable funding base to work from as funding is linked directly to the client and will move when the client selects their preferred service provider.
6. Key issues for Council to take into consideration in this reformed service system include:
 - Probable discontinuation of block funding from July 2020.
 - Uncertainty in future funding levels due to increased competition for CHSP funding.
 - Client choice in selecting from an increasing range of available service providers, many of whom can offer a broader range of services including from entry level to high needs.
 - The move to a market-based aged care system in 2020 will require councils to implement full-cost reflective pricing to comply with the Commonwealth Competitive Neutrality Policy, with Council currently subsidising the service by approximately \$430,000 or 20 per cent per annum.
7. A level of stability exists based on special transition provisions in Victoria until 30 June 2020. This includes continuity of funding levels and output based 'block funding'. The period from July 2019 to July 2020 will be funded through a separate one-year agreement yet to be finalised with the Commonwealth Department of Health.

Policy context

8. This report directly supports the achievement of Council Plan 2017-2021 strategy:
 - Ensure that community services, programs and facilities are inclusive and respond to current and emerging needs.

Budget implications

9. Continuation of providing and sub-contracting Nillumbik Shire Council's CHSP and Home and Community Care Program for Younger People (HACCPYP) services through to June 2020 will have no impact on budget. This is Business as usual and has been budgeted for.
10. The exploration of opportunities for reinvestment will be funded through existing transition budget allocation, funded by the Commonwealth.
11. In the lead up to the expected conclusion of the CHSP contract on 30 June 2020, Council may determine to reinvest part or all of this financial contribution to deliver a range of outcomes and service options to best meet the needs of older people and their carers and families.

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12. Council has sub-contracted its HACC/CHSP services since the mid-1990s and therefore does not face the scale of redundancy implications that most other councils are confronted with. As part of transitioning to new and redesigned services, opportunities for redeployment will be considered as a priority. Once the Commonwealth and State Governments determine the future of the RAS, the resulting staffing and service implications of the RAS also need to be considered. Council will receive further advice if there are any redundancy implications.

Consultation/communication

13. Nillumbik Shire, in partnership with Northern Metropolitan Region councils has undertaken research and analysis to understand the impact of the Reform and Council's capacity to continue to deliver services funded through the Commonwealth Home Support Program.
14. This has included three projects undertaken with Ernst and Young (EY) to; identify and research the range of options available to Council in response to the National Aged Care Reforms, provide further analysis to understand the impact of competition policy on Council's capacity to continue as a CHSP provider and; a final research report to measure the depth and breadth of the local service provider market to meet the future needs of older and ageing communities.
15. Council has communicated and engaged with clients and the broader Nillumbik community regarding the reforms and the introduction of service and pathway changes over the past two years. Most recently, consultation with community, through the "What do you need to Live and Age Well in Nillumbik" research survey provided insight into the priorities of older people, their carers and families to improve the quality of life for older people living in Nillumbik. The outcomes from this consultation reflected the priority needs of people living across the Northern Metropolitan Region (NMR) as captured in the 2018 regional consultation and engagement process, known locally as the "Ideas Hack". Officers have also engaged with Council's Positive Ageing Reference Group (PARG) in relation to the reforms, the research and future service options.
16. Findings from Council's community consultation process identified four priorities. These resonated with the priorities captured through the 2017 Nillumbik Annual Community Satisfaction Survey, Health and Wellbeing Plan and related 2017 Health and Wellbeing Survey and reflected in the NMR "Ideas Hack" consultation with sixty service providers. These are:
- Support and assistance to get the right services and information to be able to make independent decisions and access services.
 - Access to transport options to assist me to maintain my independence and reduce my isolation.
 - Reduce social isolation and loneliness through service programs and initiatives that maintain and improve social connection and assist to address related health and wellbeing concerns including activities for mobility.
 - Access to health services, retail precincts, facilities and places.

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Issues/options

17. Consideration of future options for Council to best support older people across Nillumbik “to live well and age even better” is informed by National, State and Council policy and strategy. These key strategies and policies provide a high level context to the proposed options and actions proposed further in this report.
18. Drawing on the findings of the three reports and the outcomes of the local and regional consultation and engagement processes there are three major needs that are consistent with the priorities within the Council Plan, the Health and Wellbeing plan and the Positive Ageing Strategy, being:
 - Social isolation and loneliness, with a need to provide social support programs
 - Physical isolation and a need to provide accessible community transport, particularly for residents in the rural hinterland
 - Difficulty navigating the new Commonwealth service system with a need to provide information, advocacy and navigation support in the short term to assist residents to access the services and activities.
19. Officers have met with the Commonwealth Department of Health to discuss transition options and Nillumbik is in a unique position as Council currently sub-contracts its CHSP direct care services to MECWACare, which allows for a smooth transition that could be seamless for existing clients and enable them to continue receiving services without disruption.
20. The community support aged care sector in metropolitan Melbourne is growing in size and diversity with 155 providers (as at August 2017) registered to deliver CHSP and/or homecare packages in Northern Metropolitan Melbourne.
21. Early market insights indicate that the CHSP will become a highly competitive market-place with a diverse range of providers to deliver services which will be in direct competition with councils (as evidenced by Home Care Packages and Residential Aged Care). The growth and maturity of the market will result in increased competition, increased choice and control for clients; with new and innovative ways emerging in which services will be delivered to reduce costs and better meet client needs – all of which are key principles underpinning the Commonwealth’s ageing strategy.

Strategic Options

22. Five strategic options were developed for analysis through the Northern Metro Region Aged Care Reform Project, with these options including:
 - Option 1:** Remain in service delivery (business as usual)
 - Option 2:** Council to continue to deliver all current services through either:
 - 2A: an optimised business model; or
 - 2B: sub-contracting (Council’s current business model).
 - Option 3:** Establish a new entity to deliver services.
 - Option 4:** Council exit service delivery through either:

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- 4A: winding down slowly; or
 - 4B: transfer to another provider.

Option 5: Continue to deliver some services while exiting others

23. It is proposed that **Option 5: Continue delivering some services while exiting others** provides the most beneficial outcome for Council, clients, staff and the community. Option 5 is a blended model that has been developed considering the relative strengths and weaknesses of individual service types for each option.
24. Option 5 has been informed by opportunities to strengthen the linkage between service delivery and Council's commitment to improved opportunities and choices for older residents to live and age well, including reducing social isolation and increasing access. Exiting some service types will create opportunities for reinvestment consistent with Council's commitment to older residents.
25. It is proposed that Council realign its role in supporting older people toward achieving the Positive Ageing Strategy's primary outcome of improved opportunities and choices for older residents to live and age well in Nillumbik by providing:
- Information, advocacy and navigation service with assisted service access as needs change
 - Community Transport
 - Social connection and social participation including the continuation of Nillumbik Neighbours Social Support group
 - Redesigned service model for community based social meals in place of delivered meals.
26. The proposed future role results in Council ceasing to deliver CHSP Domestic Assistance, Personal Care, Respite and Home Maintenance and Modifications services beyond June 2020. Transitioning these Commonwealth services to a alternate service provider(s) reduces Council's significant annual subsidy and allows for reinvestment in addressing issues for older people that are not currently being met.
27. Benefits and strengths of this option includes:
- Client's continue to receive CHSP services from a quality approved provider
 - Targets Council's effort and contribution to service areas of least market maturity
 - Reduces Council's financial subsidisation of CHSP and HACCPYP services
 - Redesign of the service model will realise opportunities for efficiencies, increase service hours delivered and maximise income from fees and funding
 - A more flexible service offering that is focused on reducing social isolation and providing support and access for clients and their carers
 - Increases opportunities for volunteering and contributes to community economy

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- Maintains Council's presence and relationship with residents and knowledge about resident needs
 - Brings together complementary services and funding to build a cohesive service model
 - Provides future options for affected staff to either exit the sector or take up a redeployment opportunity within the proposed service offerings
 - Ensures a planned transition for clients and staff.
28. The proposed range of future options require further research and development but provide a foundation from which Council can to reframe, strengthen and clarify its future role and sustainable commitment to meeting the needs of older people, their carers and families into the future.

Conclusion

29. In response to the Commonwealth Aged Care Reforms and following a review of options, it has been found that it is neither viable nor feasible to deliver some Commonwealth services due to the cessation of guaranteed block funding from the Commonwealth Government, the ongoing requirement for substantial subsidisation from Council, growing availability of alternative providers in the market and the requirements of National Competition Policy (NCP).
30. It is proposed that Council remain in some services, and exit from those services which are not sustainable and where we know there are other suitable providers. It is proposed that Council deliver:
- Information, advocacy and navigation service with assisted service access as needs change
 - Community Transport
 - Social connection and social participation including the continuation of Nillumbik Neighbours Social Support group
 - Redesigned service model for community based social meals in place of delivered meals.
31. It is therefore proposed that Council exit from Domestic Assistance, Personal Care, Respite Care, Home Maintenance and Delivered Meals services beyond June 2020.
32. Transition may take up to twelve months. A planned transition and exit will ensure that residents continue to receive services they need and be supported to move to a new provider. Planning the implementation will also ensure that staff affected by these changes will be appropriately supported.
33. The proposal provides an opportunity for Council to strengthen its support for older residents by redirecting funds that are currently being used to subsidise CHSP services. Council can continue to play an influential role in supporting its older residents through service planning, facilitation and advocacy.