Minister for Commerce
Minister for Finance
Minister for Industrial Relations
Minister for Ageing
Minister for Disability Services
Leader of the Government in the Legislative Council

Ref No. D06/11544
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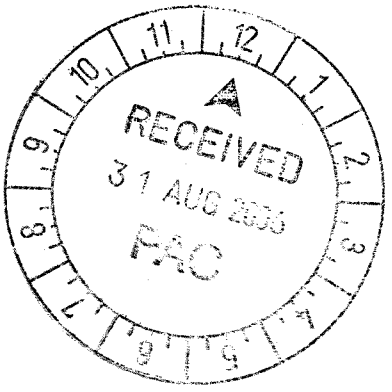

The Hon Noreen Hay MP
Chair
Legislative Assembly
Public Accounts Committee
Macquarie Street
SYDNEY NSW 2000

Dear Ms Hay

I refer to your correspondence regarding the review of the Home and Community Care (HACC) Program.

Please find attached information from the Department of Ageing, Disability and Home Care. A response to Terms of Reference part (1) regarding the efficiency and effectiveness of joint arrangements by the Commonwealth and NSW State Government for the approval of the annual expenditure of the HACC Plan is at **TAB A**.

The response to Terms of Reference part (2) regarding a follow-up inquiry of the Auditor-General's review of the Home Care Service of NSW is attached at **TAB B**.

This also includes input from the Department of Health.

I trust this information is of assistance.

Yours sincerely

John Della Bosca MLC

Level 30 Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, Australia
Tel: (02) 9228-4777 Fax: (02) 9228-4392 E-Mail: office@smos.nsw.gov.au

Terms of Reference 1

Joint arrangements for the approval of the annual expenditure plan

Executive Summary

The Home and Community Care (HACC) Program is a joint State and Commonwealth Government initiative, funded by New South Wales (NSW) (40.15%) and the Commonwealth Government (59.85%). It aims to prevent the premature or inappropriate admission of the target population to long term residential care by providing community services such as domestic assistance, personal care, meals on wheels, transport, community nursing, respite care and home maintenance.

Each year an Annual Plan (the Plan) is developed by NSW to describe service provision in NSW, including existing services and service expansion projects to be purchased with growth funds. The Plan must be jointly approved by both Ministers before the new services can be purchased. Delays in joint approvals over the last several years have resulted in large amounts of unexpended funds accumulating. This has largely been resolved during 2005-06.

Other factors that impact on the efficiency of the joint arrangements are the low level of funding for administration of the Program in NSW, the requirement for joint announcement of regional service expansion projects, and the funding formula used by the Commonwealth Government, in particular the estimation of the HACC target population. The emphasis by the Commonwealth Government on service expansion at the expense of maintenance of the existing base of the HACC service system, also has the potential to impact on the quality and efficiency of the HACC Program in NSW.

NSW has instituted a number of improvements in the administration of the HACC Program including monitoring and quality assurance, streamlining of contracts and funding agreements, improved financial management of the acquittals process, improved relationships with government partners, and a more strategic long-term approach to planning. NSW is also involved at a national level in the Community Care Review and renegotiation of the HACC Agreement which are underway.

Background

The Home and Community Care (HACC) Program is a joint State, Territory and Commonwealth Government initiative providing a range of basic maintenance and support services for frail older people, younger people with disabilities, and the carers of both groups.

The HACC Program was established by the *Home and Community Care Act 1985*. The formal basis for the joint arrangements for the HACC Program in New South Wales (NSW) is a bilateral agreement between the NSW Government and the Commonwealth Government, known as the *HACC Amending Agreement (1998)*. It is a requirement of the current Agreement that the Agreement be reviewed in the fifth funding year.

The National HACC Program Guidelines and the HACC Program Management Manual, provide advice on the operation of the *HACC Amending Agreement* and the joint administrative arrangements.

The overall objective of the HACC Program is to prevent the premature or inappropriate admission of the target population to long term residential care.

The Commonwealth Government Department of Health and Ageing is responsible for developing and implementing national policy initiatives and identifying national trends in the HACC Program.

The NSW Government is responsible for the day-to-day administration of the HACC Program, including the coordination of state and regional planning processes, and the approval and funding of individual HACC services.

The Minister for Ageing and Disability Services is the signatory to the HACC Agreement in NSW. The Department of Ageing, Disability and Home Care (DADHC) has the lead role in administering the HACC Program in NSW, in partnership with NSW Health and the Ministry of Transport.

Under the shared arrangements, the NSW Government is responsible for negotiating agreements and managing contracts and payments for a range of non-government, local government and other state government HACC service providers. Services provided under the HACC Program include domestic assistance, personal care, meals on wheels, transport, community nursing, respite care and home maintenance.

The Commonwealth Government offers HACC Program funding to the NSW Minister each year following the Federal Budget. Commonwealth Government funds are offered on the condition that NSW contributes funds according to an historic funding ratio of 40.15%.

The funding formula is based on the amount paid to NSW for the previous year, plus cost indexation and growth funding. The formula takes into account the Commonwealth Government's estimation of the HACC target population

as well as a national equalisation strategy developed to equalise the per capita funding for each state and territory by 2010-11.

Total funds for the NSW HACC Program for 2005-06 were $443,955,000 including $20,750,000 (5%) for new and expanded services, and $9,100,000 (2.2%) for cost indexation for existing services. NSW's contribution to the cost shared HACC Program budget was $178,248,000, or 40.15% of total program funds, with the Commonwealth Government contributing the balance.

In addition to its contribution to the cost shared HACC Program budget, NSW has made available an additional unmatched $4,056,000 per annum since 2002-03 for community service organisations that employ staff under the Social and Community Services (SACS) Award.

In 2004-05 there were approximately 582 non-government, local government and state government providers delivering HACC services to a reported 186,083 HACC clients in NSW. It is estimated that approximately 11 million service hours, 3.5 million meals, and 2.3 million trips were provided to HACC clients in NSW over the same period. In 2004-05, NSW HACC clients were, on average, 73.7 years of age, with 20.3% aged under 65 years, and 3.4% identified as being from an Aboriginal or Torres Strait Islander background.

The HACC Annual Plan and Business Report documents generated each year are the two key planning and accountability instruments mandated through the *Amending Agreement*.

The NSW HACC Program Annual Plan specifies program priorities and planned service outputs as the basis of joint NSW Government/Commonwealth Government approval of the allocation of funding to regions within NSW. Growth funding is usually only released to the NSW Government following Commonwealth Government approval of the NSW HACC Program Annual Plan.

Each year's total funds cover the recurrent base of the program which continues from previous years, and provide growth funds for indexation and service expansion. The NSW HACC Program Annual Plan outlines the total amount of service planned – both base and service expansion.

The planning process is predominately for the development of service expansion projects. Growth funds that are not fully expended in the first year of funding become available for non-recurrent projects for that year and are also planned for in the Annual Plan. Non-recurrent funds are used for one-off projects such as pilot projects, service type evaluations, research, communications, training, minor capital and service expansion project set up costs.

The Annual NSW HACC Program Business Report is based on accountability for funding and outputs at a regional level. The Business Report provides an account of regional expenditure, service outputs and service quality against the priorities and planned funding and outputs specified in the HACC Program

Annual Plan. The NSW HACC Program Business Report is provided to the Commonwealth Government and tabled in Federal Parliament.

Planning for the NSW HACC Program at the regional level is based on the identification of present and emerging local priorities, areas of demand, and gaps in service provision. Regional involvement in the HACC Planning process is essential to ensure that services reflect local needs.

Information to support regional planning is obtained from several sources, including:

- regional consultations with clients and their representatives, carers, service providers, government agencies, peak bodies and other representative bodies;
- analysis of current client and demographic data; and
- local area knowledge and analysis of local needs.

Statewide planning for the NSW HACC Program is informed by regional priorities and service expansion plans and also involves:

- statewide stakeholder forums;
- advice from advisory bodies; and
- coordination of service planning for the HACC target population with other NSW Government and Commonwealth Government agencies.

The process of annual planning and approvals means invariably concentrating on short term (yearly) planning as there is no certainty for continuation of funding on a longer-term basis. Delays in approvals further complicate the planning process as funds cannot be guaranteed to be expended in the year for which they are planned.

NSW is involved in negotiations to move to triennial planning under a new HACC Agreement as part of the National Community Care Review (see below). This approach was endorsed by Ministers at a national meeting on 26 July 2006 and will be introduced under the new Agreement. This change should simplify and speed the approval process and overcome many of the limitations in the current process outlined below.

Timeliness of Agreement of Annual Plans and Discharge of Grants

As outlined in the background section, NSW prepares an Annual Plan outlining priorities, outputs and expenditure for the HACC Program at a regional level. Once approved by the NSW Minister, this plan is submitted to the Commonwealth Government for approval.

Commonwealth Government approval of the NSW HACC Program Annual Plan has not been timely. Plans have generally been approved late in the financial year, or after the end of the financial year to which they relate following strong lobbying from NSW and other jurisdictions. Under future

processes, new timelines for the development and approval of Plans will operate.

Approval of plans late in the financial year has significant implications for planning and the discharging of grants for service expansion. Under the HACC Amending Agreement, all funds must be expended by the end of the financial year. Base funding for existing services are paid each year from 1 July and the Commonwealth Government forwards funds on a monthly basis.

When approval of the NSW HACC Program Annual Plan is delayed there is a significant risk of delays in new service provision and inefficient or inappropriate expenditure at the end of the financial year.

Approval of Annual Plans late in the financial year also affects their usefulness as a planning tool for all stakeholders. Decisions to build on initiatives from year to year are difficult when there is uncertainty about approval for the initial planning year. The issues have been recognised in the current HACC Agreement renegotiations.

Delays in the development of the NSW HACC Program Annual Plan have also occurred because of late approval of the previous year's plan by the Commonwealth Government and disagreements over the content and presentation of plans. The following year's Plan cannot be generated until there has been agreement on the base level of funding for the previous year.

Furthermore, unexpended funds from previous years cannot be rephased until the Commonwealth Government approves their carry-over in the following year's Annual Plan.

The following paragraphs outline the approval processes for recent NSW HACC Program Annual Plans.

The 2002-03 Annual Plan was initially forwarded by the NSW Government to the Commonwealth on 4 December 2002 and a final version approved by the Commonwealth Minister on 19 August 2003.

The late signing of the 2002-03 Annual Plan resulted in a full year of growth funding of over $21 million being applied for non-recurrent purposes in 2003-04.

The 2003-04 Annual Plan was approved by the NSW Minister on 29 August 2003 and approved by the Commonwealth Minister on 5 December 2003.

A delay in reaching agreement about the treatment of the funds brought forward from 2002-03 and 2003-04 to 2004-05 resulted in a significant delay in the development and approval of the 2004-05 Annual Plan. The 2004-05 Annual Plan was approved by the NSW Minister in November 2004 and by the Commonwealth Minister in June 2005.

The 2005-06 Annual Plan was approved by the NSW Minister on 16 November 2005, but was not approved by the Commonwealth Minister until 1 March 2006, despite officer level discussions to expedite the signing of the Plan.

As a result of the delay in the signing of previous years' Annual Plans, a total of $35.777 million in unexpended funding was brought forward from previous years in the 2005-06 Annual Plan. However, approval was only given by the Commonwealth Government in March 2006 for the distribution of growth funds and the proposed carryover of unexpended funds from previous years was not approved until 26 May 2006, making it very difficult to spend these funds in the financial year.

Considerable work has been undertaken by the NSW Government to reach agreement with the Commonwealth Government on the treatment of unexpended funds from previous years, and this has now been agreed by both Ministers, with over $5 million being brought forward to be re-phased in the 2006-07 Annual Plan. It is anticipated that all funds will be expended by 30 June 2007.

Other Factors Impacting on Efficiency of Joint Arrangements

Joint announcements

The HACC Amending Agreement requires that all service expansion projects be jointly announced by both the State and Commonwealth Government Ministers after projects have been jointly approved as part of the Annual Plan. Joint announcements are usually through the issue of a joint press release.

NSW prepares a funding instrument and a draft press release for the NSW Minister's signature, which is then forwarded to the Commonwealth Government Minister for agreement on a date for issuing the press release.

This process can become a de facto approval process, and has led to further delays in the allocation of funds for service expansion projects. Significant discussion on this matter has taken place as part of the HACC Agreement renegotiation process with a view to identifying ways to expedite announcements.

Administration Funding

It is the NSW Government's position that the current level of administration funding is inadequate for the effective administration of the HACC Program.

The level of administration funding was agreed at the time of signing of the *HACC Amending Agreement* in 1998 and has been indexed annually at the rate of cost indexation provided by the Commonwealth Government. This has not matched the overall rate of growth funding in the NSW HACC Program, for example, in 2005-06 there was a 7.21% growth in funds for the HACC Program in NSW with a cost indexation rate of 2.2%. Over time this has

resulted in a decrease in the overall percentage of funds available for administration.

Administration funding was inadequate to begin with, at 1.1% of total funds in 1998-99. In 2005-06, a total of $3.527 million, or 0.79% of total program funds, was available for the administration of the HACC Program in NSW. This is insufficient to meet the administrative requirements of the program in NSW and to undertake broader reforms to better support the delivery of HACC services to an increasing target population. There is also considerable inconsistency in the permitted levels across jurisdictions.

The NSW Government is working with other jurisdictions to review the level of administration funding as part of the renegotiation of the HACC Agreement. At the Minister's meeting of 26 July 2006 it was agreed that jurisdictions would work together to propose a more appropriate and equitable base for administration of the HACC Program.

Estimation of HACC Target Population

The Commonwealth Government's offer to NSW is based on a funding formula of the amount paid to NSW for the previous year, plus cost indexation and growth funding. The formula takes into account the Commonwealth Government's estimation of the HACC target population as well as a national equalisation strategy developed to equalise the per capita funding for each state and territory by 2010-11.

The HACC target population is estimated by applying the sum of the moderate, severe and profound disability rates, taken from the Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers (SDAC), to the estimated resident population. The SDAC is conducted by the ABS every five years.

The NSW HACC target population for 2006-07 is estimated to be 558,530.

The significant differences between Commonwealth Government estimates of the NSW HACC target population over time suggest that the HACC target population and equalisation methodologies should be reviewed to provide more stable projections and a more robust base for planning of future growth funding.

The 2003, ABS SDAC found a significant decrease in the disability rates for NSW, which the ABS described as a statistical aberration. The Commonwealth Government's revised estimate of the NSW HACC target population for 2005-06 was 10% less than the corresponding estimate based on disability rates from the 1998 survey. As a result, growth funding for the NSW HACC Program budget for 2005-06 was significantly less than anticipated, necessitating extensive revision of regional service expansion plans. Similarly there was a significant variation in the Commonwealth Government's estimation of NSW's HACC target population in moving from the 1993 to 1998 ABS SDAC.

NSW is working with the Commonwealth Government to explore alternative methodologies for the estimation of the HACC target population, both through the Community Care Review and in direct discussions with the ABS. The disability question in the next Census will provide some additional information about disability in Australia that could inform an improved calculation of the HACC target population.

Administrative Guidelines

The HACC Program Management Manual is intended as a comprehensive guide for the administration of the HACC Program by all jurisdictions. The current National HACC Program Management Manual was released by the Commonwealth Government in June 2002 following input from each jurisdiction.

The HACC Program Management Manual has offered little clear guidance in resolving disagreements over the joint administration of the HACC Program and the content and presentation of plans, and has not facilitated the timely approval of planned expenditure and discharge of grants.

The HACC Program Management Manual is currently being revised as part of the negotiation of a new HACC Agreement. The HACC Renegotiation Working Group of Community Care Officials is overseeing this work.

Emphasis on Growth Funding

A feature of the current HACC Program planning and approval processes is an emphasis on the growth funding available for new and expanded services. A disproportionate amount of effort is directed towards planning for growth projects which constitute a relatively small component of the total HACC Program budget in NSW (5% in 2005-06).

The major outcome of the Commonwealth Government's approval of the NSW HACC Program Annual Plan is the release of growth funding. The Commonwealth Government has continued to emphasise the need to quantify and highlight the planned increase in service outputs from each year's growth funding, both in the Plan itself and in the media releases accompanying its approval.

Annual growth in the HACC program is welcomed but emphasis on service expansion at the expense of maintaining existing services has meant that cost indexation has been set at a low rate for a number of years, jeopardising the viability of the base level of services in the HACC Program in NSW. The current emphasis on purchasing new services limits the ability to use growth funding to refigure the service system to improve productivity of the service system as a whole.

As an example of this, NSW Nurses' Award increases in 2003 and 2004 had a significant impact on service delivery costs for NSW Health which is the main

provider of community nursing in the HACC Program. These award increases were 6% and 3.5% respectively in years when the HACC indexation was 2.5% and 2.6%.

The result of this discrepancy was a significant erosion of the capacity to deliver community nursing services. Currently, NSW Health general funds are being used to support HACC services for which inadequate indexation has been received.

The NSW Government's position is that the emphasis on growth funding is at the expense of the appraisal of overall service levels, and ties the NSW HACC service system to historical patterns of service delivery. This highlights the need for greater flexibility in the current joint program arrangements to enable resources to be shifted on a more regular basis to where they are most needed.

The NSW Government is working with other jurisdictions for greater flexibility in the allocation of program funding as part of the renegotiation of the HACC Agreement.

Improvements in the Administration of the HACC Program in NSW

Local Improvements

NSW is working to implement needed improvements to the administration of the HACC Program. In recent years, NSW has focused on improving the way it administers the funding it delivers to service providers, and on improvements to performance monitoring practices.

Key achievements include:

- confirmation of the funding base for all funded services;
- addressing viability issues for funded services;
- implementation of the Integrated Monitoring Framework to improve monitoring and quality assurance systems for all HACC services in NSW. In 2004-05 more than 70% of providers were assessed against the HACC National Service Standards by DADHC staff as providing HACC services to a high standard, with no providers rated as "poor". Training for all HACC providers will address issues raised in the monitoring process;
- streamlining of contracts to reduce the number of funding agreements held with each organisation;
- reduction of the backlog in financial acquittals, enabling the identification of surpluses and deficits much earlier after the conclusion of each financial year; and
- enhancing the policy framework around acquittals processes in line with a risk management approach.

The Commonwealth Government has requested that the notification of project approvals be submitted by NSW in consolidated groups of funding packages

rather than in multiple packages for relatively smaller amounts. From 2005-06, in an effort to strengthen relations with the Commonwealth Government, NSW has worked to consolidate the submission of project approvals to the Commonwealth Government into as few funding packages as is practicable.

In NSW the HACC Joint Officers Group, comprising of the NSW Government and Commonwealth Government officers involved with the HACC Program, meets quarterly, to provide an effective forum for the coordination of service planning within NSW.

The NSW Government has facilitated regular meetings between senior officers of DADHC and the Commonwealth Government Department of Health and Ageing in relation to the administration of the HACC Program in NSW. These meetings have had some success in resolving issues prior to their escalation to the NSW and Commonwealth Government Ministers, and in expediting the annual approvals process.

The NSW Government is moving towards a more strategic, long-term approach to HACC service planning characterised by:

- the identification of regional priorities and strategies to address these over the short, medium and long-term,
- a three to five year planning horizon with a three year rolling planning cycle;
- more strategic consultation;
- emphasis on the effective use of the base (existing providers, outputs and funding levels) rather than just additional funding and outputs; and
- a clear distinction between service planning and purchasing.

DADHC is developing an overarching service planning framework reflecting an integrated approach to service development and expansion across the HACC and Commonwealth State/Territory Disability Agreement Programs. Elements of this approach were introduced to HACC service planning for 2005-06 and 2006-07. This approach is consistent with the proposed moved to triennial HACC Planning (see below).

Further improvements in the efficiency of the HACC service system in NSW will be critical to building sufficient capacity to move towards a more proactive approach to service planning and meeting the challenges ahead.

One of the mechanisms to improve efficiency in NSW currently being examined is the roles of DADHC and its partner State Government agencies, NSW Health and the Ministry of Transport. A joint agency agreement could cover the following areas:

- Roles and responsibilities of each party in relation to:
  - The development of the annual HACC State Plan including processes for consultation and priority setting for allocation of funds;
  - The reconciliation and acquittal of Program funds;

- A consistent approach to the allocation of funds from Treasury;
- The collection, evaluation, use and further development of the Program's Minimum Data Set; and
- Evaluation and development of service type descriptions.

- A communication protocol between partner agencies, including head office and regional office relations.

- A dispute resolution process.

National Community Care Reforms

Following a review and consultation process The Commonwealth Government released *A New Strategy for Community Care - The Way Forward* in August 2004, which proposes several community care reforms. The resulting Community Care Review proposes the adoption of common arrangements across community care programs administered and funded by the Commonwealth Government, of which HACC is the key program.

NSW is working collaboratively with the Commonwealth Government and other States and Territories on the proposed reforms. Officials from the Commonwealth Government and States and Territories are meeting regularly to develop the details of the proposed reforms. Four cross-jurisdictional working groups have been established to develop common arrangements and progress the renegotiation of the HACC Agreement. The four working groups are overseen by the Community Care Officials Group.

Key reforms proposed include the negotiation of a new HACC Agreement and the development of common arrangements, within a national framework, across community care programs (including the HACC Program) in the following areas:

- eligibility;
- assessment;
- planning;
- quality assurance; and
- accountability.

Renegotiation of the HACC Agreement

The current HACC Amending Agreement requires that the Agreement be reviewed every five years. This work commenced in 2004 and is undertaken by the HACC Renegotiation Working Group, chaired by NSW, which reports to Community Care Officials.

The renegotiation of the HACC Agreement provides an opportunity to improve the joint administrative arrangements for the HACC Program in NSW.

Current arrangements for the structure and content of the NSW HACC Program Annual Plan, the planning process, the approval of annual expenditure and the discharging of grants are likely to change under the new Agreement. The overall planning timeframe is likely to be triennial while funding approvals are likely to be annual within new timeframes.

It has been agreed that the new HACC Agreement will provide for a triennial planning process to enable planning for longer term strategic objectives for the HACC Program, and improved continuity and certainty for the NSW Government, service providers and other stakeholders.

The NSW Government has negotiated for simplified administrative arrangements and earlier and more consistent annual timeframes to improve the timeliness of approvals of planned expenditure and the discharge of grants to service providers.

A major objective of the proposed new Agreement is to improve the allocation of growth funds to service providers, with the majority of new funds to be allocated by 1 January in each financial year.

It is anticipated that the new HACC Agreement will be finalised by the end of 2006, with the new arrangements to be implemented in whole for the 2008-11 triennium.

Terms of Reference 2

The Home Care Service of NSW

Background

The Home Care Service of NSW (Home Care Service) is a statutory authority that provides services to frail aged persons and young people with a disability and their carers throughout NSW. Services for Aboriginal and Torres Strait Islander people are provided through Aboriginal Home Care.

The majority of the Home Care Service's income is provided by a grant from the Home and Community Care (HACC) Program. The budget allocation for the HACC Program in NSW in the HACC State Plan 2005/06 was $443.955 million, of which the Home Care Service received $139.6 million (31.4%). Funding is provided to deliver three main service types of domestic assistance, personal care and respite.

Over the past few years DADHC has used open and selective tendering to purchase HACC services. This has led to an increased proportion of HACC funding going to a wider range of providers. The HACC Program funds over 700 providers to deliver HACC services to eligible persons.

The Home Care Service has a network of 42 branches and over 100 outlets, which includes 8 branches in the Aboriginal Home Care Service. Many of the branches are in rural and regional areas. The Home Care Service assists approximately 52,000 people per year, with approximately 36,000 clients in any one month receiving services.

Around 83% of Home Care's clients are receiving less than 10 hours assistance per month to support them to remain at home. A further 16% have higher levels of need requiring up to 60 hours of service per month and approximately one percent of clients are receiving over 60 hours of service per month through the High Need Pool.

Unless a client's circumstances change, service to the client is maintained. Each client is reviewed at least annually to confirm their needs and service requirements, and adjustments are made to current service as appropriate. Approximately 800 to 1,000 clients per month no longer require service from Home Care. The main reasons are - the client moves to a different level of care in other programs not provided by Home Care, or the client dies.

Strategies to address unmet need in the context of growing demand for services for eligible parties

The following provides a context of the growing demand faced by the Home Care Service, as well as outlining strategies for addressing any unmet need.

The measure of unmet demand used by the Home Care Service is determined by the difference between the number of clients determined as eligible for HACC and the number of clients who are progressed for assessment and service. This measures those persons who are eligible but cannot be provided with service at the closest branch. The measure needs to be interpreted with some caution as it is common for a referrer to contact more than one provider in their area to seek service. There is no requirement for the referrer to advise the Home Care Service that the person who has been referred no longer requires service from Home Care.

Eligibility for access to HACC funded services in the Home Care Service is determined by the Referral and Assessment Centre (RAC). The RAC captures data on the number of referrals received, the number of assessments undertaken and the hours of service that result from the assessment. Not all referrals will result in service as the client may decide not to progress to service. The reasons a client may not wish to progress to assessment can include acceptance of service from an alternative provider, the family or carer decides to provide the service, the person is hospitalised, or the person is accepted into another funded program.

Referrals will only proceed to assessment where there is capacity in the regional branch closest to the person requiring service. For example if a person has requested personal care and the branch has no capacity to take on this service the referrer will be advised and referred to Carelink who may advise the person of alternative options for service. Carelink centres have databases of service providers and provide a single point for information about types and costs of services, assessment processes and eligibility criteria.

Referrers are invited to contact the Home Care Service again should a person's needs change. At that point an assessor will review the person's relative priority for assistance. In the interim, information is often provided to clients/carers/referrers to assist in navigating the service sector ie how to access an aged care assessment, where to go for transport assistance or how to access equipment.

The RAC maintains a Register of Unmet Need (RUN) that details the number of HACC eligible referrals that could not be progressed to assessment and service due to limited branch capacity. As clients who do not progress to assessment for Home Care may subsequently gain access to service through another organisation, the RUN cannot be considered to reflect the level of unmet need in the community. However, it does provide important information on those who have been referred to the Referral and Assessment Centre (RAC) and who were unable to access assistance in the financial year.

The Home Care Service provides quarterly information to DADHC regions on unmet need for planning purposes for the forward State HACC Plan. This information is used in conjunction with other planning information including input on local demand issues from regional forums of service providers.

The Home Care Service has mechanisms in place to ensure that clients who receive service are monitored. Clients who no longer require service or require a different level of service have their service adjusted. A review of the client's needs and service is conducted at least annually. Where a client's needs have changed a reassessment is conducted and if the increased needs cannot be met by the services available in the HACC Program, the client is assisted by referral to other programs. This ensures that any available capacity within a branch is identified as soon as possible.

The Home Care Service is committed to delivering service as efficiently as possible to assist in meeting growing demand. Accordingly, the Home Care Service has been examining a range of options to deliver efficiencies in service delivery, reduce the cost of services, and optimise its delivery within available funding to meet growing demand. Projects aimed at reducing costs include –

- a manual handling strategy and a return to work strategy aimed at reducing the cost of workers compensation claims;
- a review of subcontracting arrangements as part of a strategic sourcing initiative.

The effectiveness of Home Care Service processes for managing access to services, across service types

The HACC Program Guidelines outline eligibility and the range of services that are to be provided under the HACC Program. Home Care complies with these Guidelines.

All referrals to Home Care are screened for eligibility and prioritised for intake by experienced assessors in the RAC. There are two teams of skilled assessors, each guided by a Team Leader. Team leaders provide support to the assessors and regularly monitor workload and workflow. Regular team meetings are held and quality assurance activities are undertaken to ensure consistency in referral and assessment processes and prioritisation. Intake and assessment for clients of Aboriginal Home Care is undertaken by staff at the local Aboriginal Home Care branch.

All referrals are screened for HACC eligibility and all HACC eligible referrals and requests for reassessment for existing clients are initially screened for priority using the Home Care functional screening tool and the criteria set by the Home Care branches to take on new clients.

The key factors in prioritisation are:

- the level of assistance required by the client; and
- the risk of current care arrangements breaking down.

Home Care branches regularly advise the Referral and Assessment Centre (RAC) of their capacity to accept new clients. This capacity includes total available hours, service types and service levels. This ensures there is a match between the assessed service needs of the client and the capacity of the local branch to provide the service before service can be offered to the client.

Branch capacity for each service type takes into account the service mix targets agreed with the Department, which are reflected in service type allocations in the State Plan. The target is to allocate a minimum of 46.6% of service hours as domestic assistance, a maximum of 41.4% of service hours as personal care and the majority of the remainder as respite. The Annual Report for 2004/05 reported that 46% of service hours were for domestic assistance, 38% for personal care, 13% for respite services and 3% for all other service types.

Improvements have been made to the forecasting used by branches to support service access. This involves predicting the rate at which service hours within each service type will be available each month. Historical data on discontinuation rates and service interruptions are used to make these calculations.

Information resources

Information is available to inform the community and referrers about the services provided by Home Care and how to access service. This includes:

- information sheets, which can be downloaded from the DADHC website
- general information on the internet
- branch staff attendance at local forums
- regular liaison with local hospital discharge planners and Carelink centres,
- the Home Care pamphlet which is widely distributed by branches and the Referral Assessment Centre
- information sheets available in 14 community languages available on the DADHC web site
- A DVD on Home Care used by branches for community education which is translated into a number of community languages
- A specific pamphlet is available for the Aboriginal and Torres Strait Islander community to encourage access to services
- local Home Care newsletters.

Access to services is facilitated in the following ways:

- there is a separation of the assessment role from service delivery to maintain integrity of access to service
- a standardised assessment tool is used to determine service needs once eligibility for the HACC program has been established
- branches regularly review the capacity of the branch to take on new clients within each service type
- branches provide regular information to the RAC on the capacity of the branch to deliver service hours by each major service type
- RAC utilises this information to match the needs of clients to available capacity of the branch and advises the branch of the client details and care plan
- Branches contact clients to discuss commencement of services and conditions outlined in the Service Agreement

In relation to the High Need Pool, access is facilitated through a single entry and referral process for high level in-home personal care services. Referrals are made on an application form available on the DADHC website. Once applicants are deemed eligible for the High Need Pool, DADHC will evaluate each application and assign priority in accordance with the *High Need Pool Guidelines*. When capacity becomes available, the appropriate applicant will be referred to the Referral and Assessment Centre for assessment. Access to the High Need Pool is available to both existing clients of the Home Care Service and others seeking high levels of service.

The *High Need Pool Guidelines* are available on the DADHC website and an information sheet on the Pool was released in March 2006.

The extent of consumer input to Home Care service design, management and delivery of programs and other mechanisms for assessing service quality

The range of mechanisms used by the Home Care Service to involve clients and health professionals in the design, management and delivery of services include:

- direct involvement of the client in the assessment of service needs
- involvement of appropriate health and allied health professionals in the assessment process
- regular monitoring of services by the local branch
- feedback received from clients from a number of sources is used to develop frequently asked questions and answers about the Home Care Service for placement on the internet
- a written Service Agreement that outlines services to be provided and rights and responsibilities of the client which each client is required to sign

- branches participate in regular HACC forums and other local groups to discuss service issues with other providers and referrers
- feedback from clients is sought in a variety of ways including:
  - informal local community meetings,
  - in the Aboriginal region - 'Yarn ups' and forums during NAIDOC Week and Seniors Week
  - formal exit surveys conducted with clients who discontinue service, and
  - independent client satisfaction surveys
- quarterly meetings of the Home Care Advisory Board
- quarterly meetings of Physical Disability Expert Advisory Group

Mechanisms for assessing service quality, in addition to the feedback from clients listed above, include internal review mechanisms both at a state level and regional level. These include:

- regular staff meetings to discuss client and service issues
- regular supervision meetings with care workers on client and quality issues
- structured training including a comprehensive orientation program and refresher programs for care workers
- policy and procedures on key operations
- feedback received directly from clients by the Client Relations Officer
- complaints mechanism within DADHC to ensure that concerns raised by client receive a response
- client satisfaction surveys
- Home Care involvement in the development and implementation of quality assurance tools by DADHC

The Home Care Service has participated in the HACC Validation Process and feedback from that process was used to undertake further quality improvements. Examples of good practice against service standards was compiled and issued to Home Care branches in March 2006 to support continuous quality improvement.

The implementation of DADHC and Home Care Service of systems and processes to plan, monitor, report on and improve accountability of the service.

The 2004/05 Annual Report provides specific details on the Home Care Service including financial data, the number of hours of service delivered for the major service types within each region and the number of clients assisted.

Planning

Prior to 2006/07, the Home Care Service budget involved a 'top-down' approach, where budgets were allocated to branches in accordance with historic HACC allocations. This meant that the amounts of funding were not always the most accurate reflection of the supply and demand factors that underpinned the branch's capacity to efficiently deliver service hours.

In February 2006, an internal working group was formed to advise DADHC on proposed initiatives aimed at ensuring Home and Community Care funding is expended in the most efficient and appropriate manner.

In order to promote effective budget planning for 2006/07, the working group developed a budget planning tool. Each branch was asked to complete the planning tool and propose hours consistent with the supply and demand factors underpinning their capacity. Specifically, each branch was required to propose a level of service activity by identifying their required staffing resources, as well as documenting the necessary number of clients and referrals. To assist branches, the actual service hours delivered for 2002/03 through to 2004/05 were provided, whilst branches completed a 2005/06 forecast based on their year-to-date HACC hours delivered.

The branch planning process allowed branch managers to measure variances between their 2005/06 forecast position and proposed hours for 2006/07. Once the budget planning tools were returned to the working group, these variances became the subject of analysis, negotiation and recommendations. In some cases, this led to further requests from branches for qualitative and quantitative analyses of variances, as well as commentary detailing realistic strategies to achieve their proposed models.

Part of the working group's process of analysis was to ensure 2006/07 hours by branches represented reasonable and desirable levels of Home and Community Care funding. Reasonability parameters were based on branches' proposed supply and demand factors, as well as historic performance dating back to 2002/03. Working group discussions surrounding desirability of funding led to a decision to implement a ceiling of 8% over the 2005/06 forecast hours for branches proposing higher hours. This ceiling reflects close to full expenditure of available funds.

The rigorous planning process undertaken by the Home Care Service has facilitated a sustainable and achievable budget for each branch, and will ensure proposed service delivery can be met as efficiently as possible. It has also meant branches have been working toward starting 2006/07 at their approved monthly base level of hours.

Monitoring

There are three key areas on which Home Care Service branch managers are required to focus in order to monitor their Home and Community Care funding. These are –

- hours delivered
- dollars spent, and
- the relationship between hours delivered and dollars spent (unit cost)

By ensuring hours delivered and dollars spent are as per budget, a branch manager ensures that the unit cost is also on budget. The recommended monitoring process for branch managers involves evaluating financial data at the end of each period to ensure effective budget management. Specifically, this involves –

- accurate analysis of financial reports
- sample validation of data recorded in supporting documentation retained in the branch (such as time sheets and invoices)
- for each significant deviation, an examination must be completed to determine the cause
- undertaking and documenting corrective actions.

The DADHC Central Office monitors hours delivered, expenditure levels and unit cost by branch, region and at a consolidated level. In addition, a range of performance reports, cost of service and customer statistics reports are monitored to ensure any decisions taken are in accordance with Home and Community Care funding objectives.

Reporting

Minimum Data Set

The Minimum Data Set (MDS) is a collection of data about HACC clients (such as their age and living arrangements) and the amount and types of assistance being provided to them. The Australian Government and State and Territory governments use this information to help plan for the HACC program.

The Home Care Service is required to collect and report MDS data. Data are collected progressively and aggregated for transmission four times a year. The collection is on the basis of informed client consent and clients may choose to opt out of the collection. The privacy of clients is protected, through the de-identification of individuals.

Client Information System

The new Client Information System (CIS) will provide the Home Care Service with a single client database that incorporates functionality from several existing systems. It will also provide added functionality to enhance MDS reporting and better manage and implement business process initiatives. In particular, the CIS will enable the Home Care Service to provide more comprehensive data for reporting and planning processes.

SAP Financials

SAP Financials was successfully deployed to the Home Care Service prior to the 2005/06 financial year, ensuring that DADHC has one consolidated financial management and reporting system. Improved finance business data has specifically given the Home Care Service the capacity to:

- provide better services to clients
- better meet regulatory and government requirements

The SAP Business Warehouse has brought together a comprehensive set of tools to assist program monitoring and reporting at the branch level. Home Care Service branch managers have been able to access data sooner than in the past, providing timely business information to drive good decision making and better results. Regional and branch managers can access data on a summarised level, and share and analyse information from within a web browser.

The significant enhancements to the financial reporting systems have provided the branches with the ability to:

- run reports online
- access information online to give immediate answers to client or vendor enquiries
- access reports online and across all regional levels
- view creditors and debtors online
- utilise a drill-down facility to closely monitor how the budget and branch are tracking

The Business Warehouse also allows Central Office to graphically represent data and compare performance between different regions, cost centres and branches. As a result of its improved financial reporting systems, the Home Care Service has also made enhancements to its monthly reports to the DADHC Budget and Finance Committee. The new reporting has enabled Central Office to extract from information systems to analyse branches' current budget positions and forecasts of annual outcome for the monthly reports.

Improved accountability

The Home Care Service is –

- promoting effective budget planning for 2006/07 by proposing hours that are consistent with branch capacity (staffing, client/referral base and unit costings)
- implementing best practice processes of monitoring service delivery hours, dollars spent and the subsequent unit cost; and
- ensuring its reporting systems facilitate improved services to clients and better meet regulatory and government requirements.

These measures have been undertaken to underpin a results-based accountability system, where indicators can provide evidence that certain results have or have not been achieved. From a quantitative viewpoint, these indicators provide useful and understandable information to the Home Care Service management. They are also highlighting areas where qualitative analysis may be necessary to understand the results. For example, unit cost reporting allows Central Office to analyse costs per individual expenditure line item across all Home Care branches. In turn, this promotes the identification of practices and processes that result in superior performance. Through the continual identification and implementation of best practice, the Home Care Service is utilising results-based accountability.

HOME CARE SERVICE OF NSW

Audit Office Performance Audit of Home Care released in October 2004

Implementation status of recommendations, July 2006

Recommendation	Management Response	Current Status
1. Reconsider and clarify where HCS should sit as a provider of home care services in the community care continuum. 2. Develop eligibility criteria that direct resources to those most in need based within the boundaries set for HCS services and aligned to resource levels.	The position on the role of the HCS as a provider in the community care continuum has been determined by the Executive. HCS will provide services based on a targeted service type mix that will assist frail aged persons and younger persons with a disability and their carers. Intake guidelines have been developed for implementation in 2006.	Implemented
3. DADHC develop a HCS exit policy and a process of referral to other care programs.	A policy on client reviews was implemented from July 2005. The policy standardises the client review process and sets out the conditions for discontinuation of service. In addition greater emphasis has been given to referral of clients whose needs exceed the capacity of the HACC Program as networks have been utilised at a regional level with health and allied professionals, as well as Carelink, assisting clients to transition to other programs. Information is collated on the reason for service discontinuation at a broad level. It is planned that a new Client Information System due for implementation in 2006/07 will provide more detailed reporting including the outcome of client reviews.	Implemented
4. DADHC refer applicants, assessed as eligible, to alternative providers where HCS cannot meet their needs.	The regions have established closer links with Carelink and other referrers by the provision of information on capacity at regional HACC forums and to other local groups. In addition, the Referral Assessment Centre and branches facilitate the referral of clients to other programs where appropriate. The new Client Information System will enable reporting on where referrals have accrued.	Implemented

Recommendation	Management Response	Current Status
5. DADHC maintain a HCS waiting list for eligible applicants most at risk of not accessing services elsewhere.	A waiting list is established for the High Need Pool and the persons on the list have been reviewed to determine currency of need. A prioritisation tool and guidelines for the High Need Pool was implemented from June 2005. Consideration will be given to a waiting list for other clients requiring high levels of service.	Implemented
6. DADHC introduce a standard approach for HCS regularly conducting client reviews that assesses individual need and satisfaction with services.	The Client Review Policy implemented from July 2005 standardises the client review process. The review focuses on the needs of the client and the update of client information records. The results of the review are recorded. It is planned that a new Client Information System due for implementation in 2006/07 will provide reporting on the outcome of client reviews. Feedback on the satisfaction of service is undertaken through a different process.	Implemented
7. HCS routinely analyse service wide complaint data.	The Client Relations Officer analyses the complaints received and provides quarterly reports on issues raised by clients. The feedback from clients is used to improve information available on the Home Care Service or used to inform the development or revision of policy. The DADHC internet site has a series of frequently asked questions that reflects the information requests of clients.	Implemented
8. DADHC: • improve HCS customer satisfaction survey and sampling methods • sample unsuccessful RAC applicants as part of the satisfaction survey	A client satisfaction survey was undertaken by an independent company in May 2006. The telephone survey asked two open-ended questions. Both clients and carers were included in the survey. Unsuccessful applicants were not included in the survey sample as the survey focussed on satisfaction of services received.	Partially implemented

Recommendation	Management Response	Current Status
9. DADHC conduct a regular program of assessing the quality of HCS services in the home.	The Department intends to conduct annual client satisfaction surveys. The most recent survey conducted in May 2006 assessed client satisfaction with the services. The Department has developed a quality assurance framework for assessing all service providers' quality standards, including Home Care Service. All service providers will be assessed on a regular basis. Home Care has developed and issued a good practice guide that covers a range of key aspects of quality service.	Implemented
10. DADHC define resources, service types, service level targets, and key performance indicators and assign accountabilities in the business plan.	The funding provided to the Home Care Service through the HACC program defines the service mix to be delivered by the regions. Improvements to the reporting on performance by Home Care have been made with monthly reporting to the Executive on performance. In addition the public reporting of performance through the DADHC Annual Report details budget expenditure and service outputs as well as achievements. Improvements to the DADHC budget process occurred in 2004/05 and further improvements made in 2005/06 ensured proposed service delivery are realigned with referral numbers and staffing resources.	Implemented
11. DADHC develop measures of effectiveness to monitor the impact of services.	The Home Care Service conducted a Client Satisfaction survey May 2006 that sought feedback from clients regarding their opinion of the effectiveness of Home Care in maintaining their independence in the community.	Implemented

Recommendation	Management Response	Current Status
12. DADHC analyse HCS costs to: • develop detailed cost profiles for services that differentiate the cost of services based on type and location • benchmark the cost of services with other providers	The Department completed a HACC Unit Cost Benchmarking Project. Home Care was included in the project. Home Care has cost profiles for services. Data on the cost of service by service type and branch is available through the new SAP Financial Information System. Branches use this information to monitor costs. Home Care has not benchmarked its costs against other providers as the information is not available to Home Care. Direct comparisons with other organisations may be misleading as the business models in some non government organisations include the use of volunteers. The client profile may also differ which would result in different service levels that impacts on the cost of service.	Implemented
13. DADHC develop and implement a HACC fees policy. The policy should allow automatic indexing of fees.	Home Care has commenced the development of a standardised fee. A pilot of the various operational aspects of a fee policy has commenced.	Substantially implemented
14. DADHC report publicly on HCS operations and performance against the business plan.	The 2003/04 and 2004/05 DADHC Annual Report contains significantly more detail on the HCS than the 2002/3 Annual Report. The Annual Reports includes details of achievements during the year, expenditure and statistics on clients.	Implemented
15. DADHC establish standard timeframes for HCS completing assessments and commencing services, and monitor against these.	Performance standards have been set for the completion of assessments and are monitored on a monthly basis. Additional resources have been allocated to assist in the achievement of the performance standards. Timeframes have been set for commencement of service and these will be monitored in the Client Information System.	Partially implemented

Recommendation	Management Response	Current Status
16. DADHC as part of the HCS performance accountability framework specify targets and establish service strategies for special needs groups and monitor HCS's performance against these targets and strategies.	The Department through the HACC State Plan sets service targets and provides targeted resources for special needs groups within service types. The 2004/05 Annual Report provided data on the age of clients and ethnic background of clients. The Aboriginal Home Care region addresses the specific needs of Aboriginal and Torres Strait Islanders.	Implemented
17. DADHC: • Continue to require all new HCS employees to undergo a criminal record check • Conduct a criminal record check of all existing HCS employees • Develop in conjunction with the Commission for Children and Young People (CCYP) "child safe and child friendly" policies and procedures for HCS employees working with children.	Criminal Record Checks are being conducted for all new HC staff and for new appointments or promotions for current staff. Criminal record checks are to change form a state based process to a national process (CRIMTRAC). Businesslink and the NSW Police Criminal Records Unit will advise on the transition to CRIMTRAC. In relation to current HC staff the option of a clear record declaration was investigated and considered not feasible. Most recent contact with CCYP has confirmed that HC Workers do not fit the definition for performing mandatory WWC checks, nor is the CCYP in the position to perform these checks in the foreseeable future.	Partially Implemented