



Health, Aged Care & Retirement Living Team Briefing

May 2024

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It's budget season!

With the Federal budget due to be delivered this week, it's also the time of year when many home care providers are reviewing their prices and updating their pricing schedules for the coming financial year. Setting your new prices is only part of the process – providers also need to ensure that they are complying with the legislative requirements in relation to price changes.

→ What are the rules relating to home care prices?

The requirements relating to home care prices, and changing home care prices, are contained in the *User Rights Principles 2014 (Cth)* (**User Rights Principles**). The User Rights Principles require approved providers to publish a notice setting out their prices for common care and service types, and other care and services offered by the provider. The notices are often referred to as a 'pricing schedule'. The pricing schedule must be published on My Aged Care, and the provider must charge care recipients the prices in the published pricing schedule (unless an exception applies) – which must also be contained in the care recipient's home care agreement.

What are the requirements for changing home care prices?

Changing home care prices is not as simple as updating the pricing schedule and publishing it on My Aged Care. There are complex requirements in the User Rights Principles – the effect of these is to require providers to undertake 'adequate consultation' with care recipients about their proposed price changes and obtain their consent to the updated prices. The amended price schedule needs to be agreed to form part of the care recipient's home care agreement, to meet the requirement that the prices charged are the prices set out in the pricing schedule 'included in the home care agreement'. This process can take some time and requires a significant commitment of resources from providers.

→ Factoring in the unknown

Setting new home care prices can be complicated by trying to factor in upcoming cost increases that include a degree of uncertainty. Providers can reduce the uncertainty to some extent, for example by ensuring that cost increases for any subcontractors are notified well in advance of the price change date. This may require a provision in contractor agreements requiring notice of new prices to be given by a certain date.

Work value case

A more difficult aspect of setting prices is the expected wage increase flowing from the soon to be published stage 3 decision in the aged care work value case. Providers will understandably be seeking to 'price in' this increase – but the final determination and date for the increase is not yet known due to ongoing consultation. Providers will need to consider how to manage this, particularly in light of the overriding obligation in the User Rights Principles that charges for care and services must not be more than a 'reasonable' amount. There are a number of ways that providers might deal with this, such as a delayed price increase date, or a staggered price increase (subject to complying with the requirement for adequate consultation).



Home care pricing audits

The Aged Care Quality and Safety Commission undertakes home care pricing audits in relation to the financial and price charging practices of home care providers. Providers may be selected to participate in an audit for a number of reasons, including where the provider has not had an audit before and may benefit from one, is at risk of non-compliance, or where the Commission is concerned about the provider's home care charging practices.

What does the Commission look for in an audit?

If the Commission undertakes a home care pricing audit, they will be seeking detailed documentation regarding home care price practices. This will include copies of home care agreements and pricing schedules, individualised budgets and monthly statements. It will also include documents setting out governance arrangements, such as policies and procedures. Importantly, the Commission will also be looking for documents about the provider's policies and procedures for changing home care prices.



What should providers do to ensure compliance?

Providers should ensure that they are aware that their internal budget process to set new home care prices is only part of the process. Providers also need clear policies and procedures for undertaking consultation with care recipients, recording that consultation process, seeking agreement from care recipients to the price change, and obtaining agreement from care recipients to include the new pricing schedule in home care agreements.

Home Care Price Change Kit

To assist providers to comply with their legal obligations when updating their home care prices, we have developed a Home Care Price Change Kit. The Kit includes a detailed explanation of the rules relating to home care price changes, a set of guidelines to follow when updating prices and 4 template documents to assist providers to keep all necessary records of the process. If you are interested in purchasing the Home Care Price Change Kit, please contact:

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