

HACC 2006-09 Expenditure Priorities in Victoria: Consultation Paper

Aged Care Branch, Department of Human Services
February 2006

This paper proposes expenditure priorities for the HACC Program in Victoria for the triennium 2006–09. It assumes that growth funding will continue at roughly the present rate throughout the triennium.

The first regional triennial plans were developed in 2003, and covered the period 2003–06. Their outcomes are reviewed below. Discussions to stimulate thinking about the 2006–09 priorities began in June 2005, as part of the HACC Growth Funding process. Written submissions were received from some stakeholders in response to the initial discussion paper; these have also been taken into account.

This paper will be broadly distributed via email through regional DHS offices. It will also be available via the Victorian HACC web site, <http://www.health.vic.gov.au/hacc/>

Comments on the consultation paper are welcome. You should submit comments by email to Louise McGuire, A/Manager HACC Operations at louise.mcguire@dhs.vic.gov.au. The deadline for comments is **17 March 2006**.

Background to the 2003–06 priorities

In 2003-04 Victoria launched a new HACC Planning and Funds Allocation process, in response to concerns from the sector that the existing process was too cumbersome. After extensive consultation and data analysis, the Victorian Minister for Aged Care announced an administrative reform package, the 'Better Planning and Funds Allocation for the Home and Community Care Program in Victoria'.

The reforms:

- Simplified the annual process for distributing growth funding.
- Facilitated more equitable distribution of HACC funds across local government areas (LGAs) by introducing a consistent planning method across regions and applying the Within Region Estimate of Need (WREN) to guide intra-regional funds equalization.
- Improved the consistency and transparency of funding decisions, by introducing a regional planning template in which regions set goals for service expansion and described how the goals would be progressively achieved over the triennium.
 - Each Regional Plan was used as a basis for consultation and updated with feedback from the sector. Regional plans became a direct input to Victoria's Annual Plan, showing the Commonwealth how growth funds would be allocated. Regional Plans were updated in each year of the triennium to reflect actual recommendations for growth funding allocations and gave greater budget certainty to service providers.

The demographic and program data demonstrated that:

- The older population, including people with disabilities who are ageing, was growing more quickly than any other group and so was likely to seek access to services at a greater rate.
- People from Culturally and Linguistically Diverse (CALD) backgrounds did not access HACC Basic services in proportion to their numbers in the overall population.
- Not all LGAs were equally well resourced.

Over the triennium, Ministerial priorities were:

- **Priority 1** – Increase the supply and improve the responsiveness of ‘HACC Basic’ services and consolidate them around the key Council and health sector providers. (HACC Basic activities are Home Care, Personal Care, Nursing, Allied Health, Delivered Meals, Property Maintenance, and Assessment and Care Management.)
- **Priority 2** - Increase the quantity and quality of ‘HACC Basic’ services for people from CALD backgrounds and develop new collaborative direct service delivery arrangements between mainstream, multi-cultural and ethno-specific organisations
- **Priority 3** - Increase the quantity and quality of HACC services for Indigenous communities.

In addition, a significant focus for the triennium was to address under-funding both between and within regions.

Ministerial priorities were focussed on achieving the following objectives:

- Restocking Basic services to improve responsiveness
- Strengthening the HACC Program’s preventative, maintenance and support role
- Reducing fragmentation by focussing growth on a broadly based, adequately funded program capable of meeting a range of client and carer needs.

To achieve these objectives over the triennium, the following measures were implemented:

- More hours of home support (home care, personal care, assessment and care management, delivered meals and property maintenance)
- More hours of nursing and allied health services
- Specific strategies to improve access to Basic services on the part of people from CALD backgrounds and Indigenous people (namely the Culturally Equitable Gateways Strategy [CEGS] and the Going Forward Together Indigenous Strategy)
- Additional resources targeted on under-funded regions and LGAs to improve geographical equity.

Other HACC activities outside the definition of ‘HACC Basic’ services (Planned Activity Groups, Volunteer Co-ordination, and Respite) did not receive HACC growth funding over the triennium. However, over the four years from 1999-2000 to 2002-03, the Victorian Government had committed \$12.03 million to expand social support, primarily planned activity groups. The Department of Veterans Affairs (DVA) through an agreement with the Department of Human Services also made a substantial contribution to planned activity groups in 2000-01 for three years, which was extended in 2003-04.

A comparison of the relative levels of activity across states and territories identified in 'Home and Community Care Minimum Data Set 2003-2004 Annual Bulletin' by the Australian Government Department of Health and Ageing shows that in Victoria significantly more clients access centre based support, allied health and assessment than in New South Wales or Queensland, our closest counterparts.

Table 1: Comparison across 3 states of national MDS data 2003-04 (NOTE: activities are those defined by the Commonwealth – Centre-based day centre equates to planned activity group and social support equates to Volunteer Co-ordination).

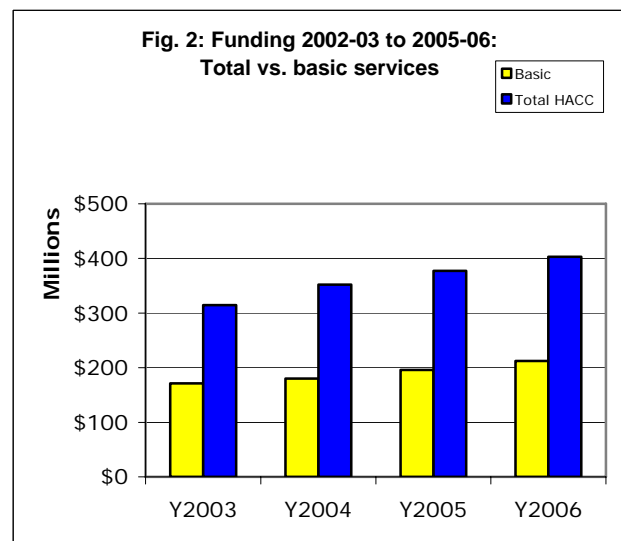
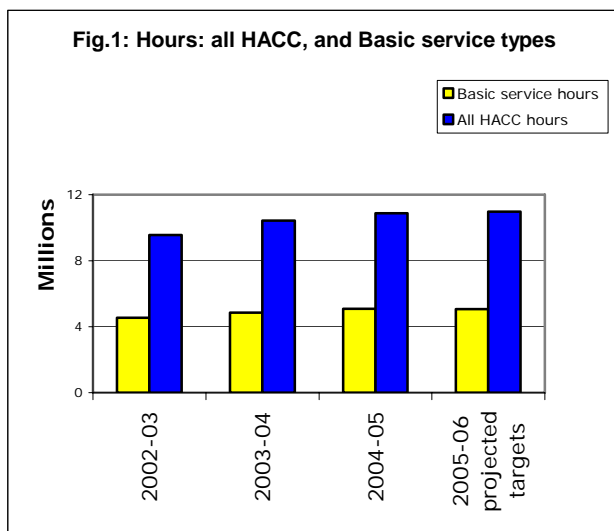
Activity	Victoria			NSW			Queensland		
	# clients	Total hours	Hours per client	# clients	Total hours	Hours per client	# clients	Total hours	Hours per client
Assessment	61,758	156,762	3	46,080	117,009	3	40,558	98,995	2
Centre-based day care	29,216	3,660,635	125	13,972	1,760,769	126	15,860	2,742,698	173
Respite	2,489	165,591	67	3,056	446,115	146	4,522	426,445	94
Social support	13,194	703,345	53	17,000	669,154	41	15,221	507,236	33
Allied health	51,325	295,656	6	19,413	72,246	4	32,509	138,027	4
Domestic assistance	70,392	2,317,612	33	39,500	1,533,686	39	42,556	1,186,472	28

Victoria, in comparison to other states, is relatively well resourced for social support (**where social support for this purpose is defined as respite, planned activity group and volunteer co-ordination**). However, it should be noted that these data only indirectly address the question of relative need or demand for social support. They also do not shed any light on service alternatives.

Review of outcomes for 2003-06

Output data from the Minimum Data Set (MDS) for the years 2002-03 to 2004-05 and target data for 2005-06 were examined to determine whether the priorities had achieved the aim of increasing the hours of HACC Basic activities. Corresponding funding data were also examined. The number of people recorded by the MDS as HACC clients between 2002-03 and 2004-05 and forward modelling for 2005-06 were used to identify the client profile over the triennium and to determine if it matched the predicted profile.

More clients and hours



From 2002-03 to 2004-05, the number of clients receiving HACC Basic services increased by 8% and the hours increased by 12%. This is lower than the proportional increases for all activities because there was a significant increase to planned activity group funding in 2002-03 – the full effect of which was only apparent in the following year – and additional DVA funding for Planned activity groups. Similarly, as shown in Figure 1, from 2002-03 to 2004-05 the hours of HACC service overall increased by 14% while the hours of HACC Basic services increased by 12%. When the anticipated hours for 2005-06 are factored in, based on the growth in funding, the growth in HACC Basic during the triennium becomes more marked.

The total number of people receiving a service increased by about 9% from 204,500 to 222,000 from 2002-03 to 2004-05, which was more than double the 4% growth in the HACC target population during the same period.

It had been predicted that people aged 55-plus would constitute the greatest growth in HACC client numbers over the triennium. This was confirmed by the results. The data for 2002-03 to 2004-05 showed that clients aged 55-74 had the highest rate of increase, and the largest increase in client numbers was among the 75-plus population. Projections for the triennium to 2006 extend this growth pattern. See Table 1.

Table 2: Growth in HACC client numbers, by age group

Age group	Increase 2002-03 to 2004-05 (N)	Increase 2002-03 to 2004-05 as %	Projected increase in 2005-06 (N)	Projected increase in 2005-06 as %
0-54	3,039	9.0%	1,144	3.1
55-74	5,669	9.5%	2,389	3.7
75+	7,127	6.4%	3,067	2.6
All	15,835	7.7%	6,600	3.0

Projected increases assume the rates of increase from 2003-04 to 2004-05 will continue. Client numbers are from HACC MDS. Clients with unknown age are excluded.

This suggests that the priorities were well targeted to services likely to be used predominantly by those groups of the HACC population that had been expected to grow the most over the triennium.

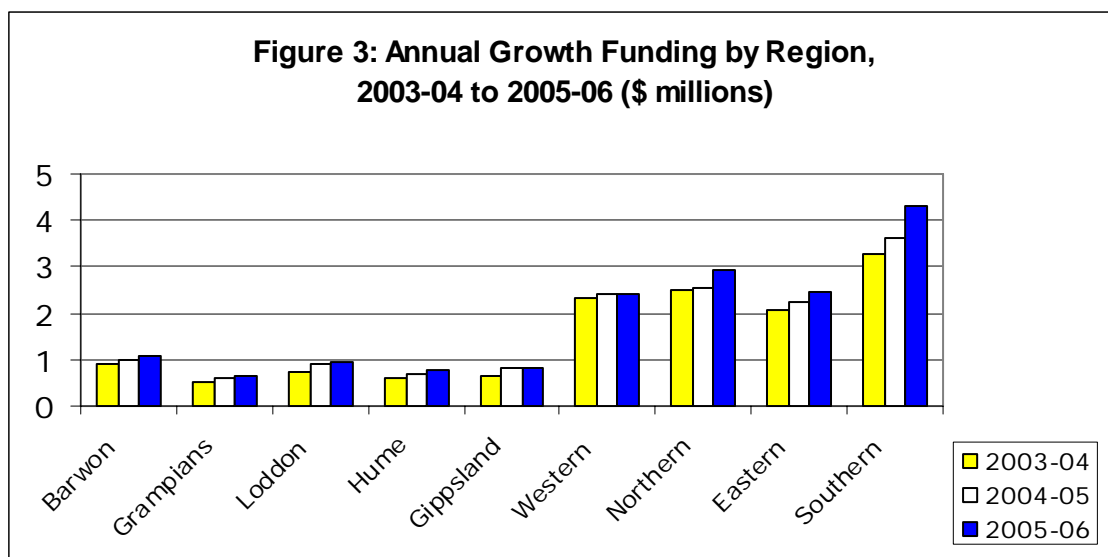
Analysis of MDS showed that from 2002-03 to 2004-05 the number of CALD clients increased by 23.7%. This is an early indication that Priority 2 has had a positive effect. Progress against Priority 3 is also demonstrated by the number of Indigenous people accessing HACC services increasing by 22% from 2002-03 to 2004-05.

Regional equity

In the 2003-06 triennium substantial effort has been made to address the needs of under funded regions and LGAs.

The approach to achieving equity in funds distribution for under funded LGAs within Regions was 'top slicing' Priority 1 Regional matched growth allocations and allocating those funds to under funded LGAs within those Regions.

Both matched and State-only growth funding of \$2.3 million was allocated to redress Regional under-funding as defined by the Relative Resource Equity Formula (RREF). State-only funds of \$1 million in 2003-04, and \$1.3 million in 2004-05 were allocated to the North and West and Southern Metropolitan Regions. Matched funds of \$0.7m were similarly allocated in 2004-05. Figure 3 shows the corresponding acceleration in funding to metropolitan regions during the triennium.



The impact of this strategy on per capita funding was offset by unexpectedly fast population growth in outer metropolitan areas, as subsequently indicated by projections from the 2001 Census.

Table 3: Per capita funding 1 July 2006

Region	\$ pcf 2005-06
Barwon / SW	561
Grampians	652
Loddon Mallee	609
Hume	584
Gippsland	528
NWMR	452
EMR	492
SMR	504
Total	512

The levels of regional funding per head of HACC target population at the end of the triennium show that rural regions are substantially higher than metropolitan, and that there are also considerable differences within each group. The range between highest and lowest regions justifies a continuing attempt to reduce regional differences.

From the baseline year to the end of the triennium, funding increased by more than one-fifth, including indexation. The funding increase was greater in metropolitan than in rural regions, but all regions grew by more than 15%.

Table 4: Percent funding increase, baseline to end of triennium

Region	% funding increase, baseline to end of triennium
Barwon / SW	18.1
Grampians	15.9
Loddon Mallee	16.6
Hume	16.7
Gippsland	18.2
All Rural	17.1
NWMR (W)	26.6
NWMR (N)	24.4
EMR	18.4
SMR	24.0
All Metro	22.9
Total Regions	21.1

Feedback from community discussions

In June 2005, DHS initiated a discussion about the 2006-09 priorities as part of regional consultations for the 2005-06 HACC Planning and Funds Allocation process. Some written submissions were also received.

There was general consensus among those present at the consultations that the triennial planning process is positive and that it has facilitated better planning and a more 'community-focused' rather than an agency-based approach to the allocation of HACC growth funds. However, in some discussions, agencies indicated that they had been less engaged than previously because they were not likely to be directly affected by the outcome of funding recommendations.

At a majority of the discussions the consensus was that the 2003-06 priorities had been effective and well targeted.

Parallel to regional discussions, both DHS and the Minister received a number of written submissions strongly expressing the view that there is a need for growth funds to be allocated to social support services, particularly planned activity groups.

The CALD priority (Priority 2) had benefited from a significant injection of \$2.068 million in Victorian funds in 2003-04, to implement CEGS. CEGS aims to enhance the capacity of Councils to better meet the needs of CALD clients by focusing on culturally appropriate assessment and by enhancing the relationships between ethno specific and multicultural agencies and Councils. CEGS funds were allocated in the first year of the triennium to allow as much time as possible to establish and develop partnerships and change service-delivery practice.

Many of the regional allocations to Priority 2 were consistent with the CEGS Framework. The consensus was that CEGS/Priority 2 needs to continue: developing partnerships and implementing change requires a significant lead-time before the impacts are experienced. However, there was a clear Rural/Metro divide in response to CEGS/Priority 2. In some rural consultations the view was put that, because of very small CALD populations, a specific CALD strategy was not a high priority.

The Indigenous Priority (Priority 3) was given shape through the 'Going Forward Together Strategy', developed in consultation with the Victorian Indigenous Committee on Aged Care and Disability (VICACD) and announced by the Minister at a special VICACD meeting in August 2004. The Indigenous Priority aimed to grow services to Indigenous people and to undertake research on the viability of small agencies, among other things.

The Indigenous Agency Viability report is expected to be delivered to DHS early in 2006 and a response will be developed as a result of its recommendations. The Going Forward Together Strategy will then be evaluated.

The MDS data analysis and projections for 2005-06 indicate that the priorities as defined in 2003-06 were effective in meeting the needs of Victoria's ageing population (frail aged people and people with disabilities aged 55-plus).

Context 2006-09

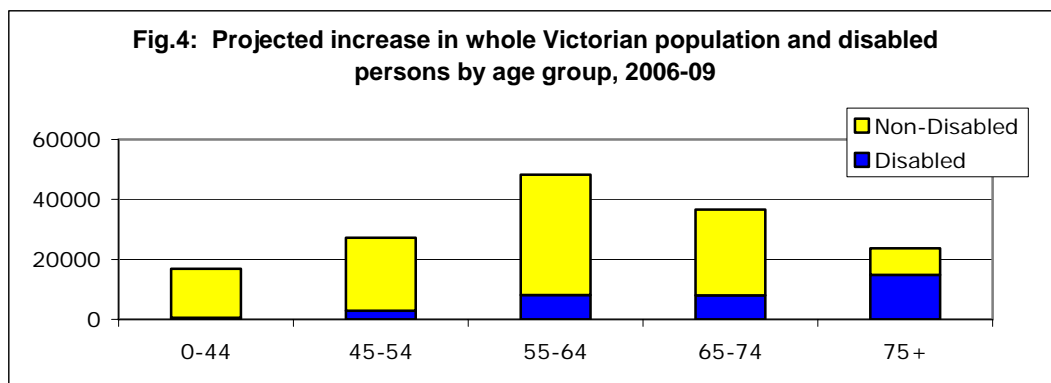
A number of factors will influence the development of priorities for 2006-09: demographics, the national policy context and the Victorian context.

Measuring the HACC target population: trends in demand

The target population is described as people of any age living in the community with a moderate, severe or profound disability who, in the absence of basic support services, would be at risk of premature or inappropriate admission to long-term residential care or hospital admission. This is measured by the RREF, which counts all people with disabilities up to the age of 69 and all people aged 70+.

Population projections for the triennium 2006–09 show that the largest absolute increase in the overall Victorian population will be in the 55-64 age group, followed by the 65-74 age group. Within these age groups, demand for HACC services will be chiefly driven by the increase in the number of people with a functional disability, whether this is due to a life-long disability or to conditions acquired with ageing or as a consequence of ill health.

Figure 4 compares these projected population increases with the increases in the number of people with a moderate, severe or profound disability in Victoria. It can be seen that there will be an increase of about 15,000 people with a disability in the 75-plus age group, and 8,000 in the 65-74 age group, in the triennium 2006–09. This gives an indication of the likely growth in demand for HACC services during the next few years. Including all people of age 70+ gives a growth in the HACC target population over this period of 41,000.



Note: Using whole-population rates for profoundly, severely & moderately disabled persons

Little change is expected in the balance of rural and metropolitan populations during the period 2006-09. Overall, the non-metro proportion of the Victorian population will decline by 0.1%, but the non-metro proportion of people aged 70-plus is expected to increase by more than 0.3% over the period. The 70 plus group contributes the greatest proportion of the HACC target population.

National reforms

The Victorian Minister will set expenditure priorities for the 2006-09 triennium taking into account outcomes from decisions taken by the Council of Australian Governments (COAG) at its February 2006 meeting and joint Commonwealth/State work on community care reforms.

After the publication of the Commonwealth's *The Way Forward* document in August 2004, four Commonwealth/State working groups were established to develop more detailed proposals for common arrangements. The working groups have been further developing the proposals in the Commonwealth's policy statement to be agreed by 30 June 2006 and implemented from 1 July 2007. The areas of work are:

- Assessment and eligibility
- Packaged care
- Planning and accountability
- Renegotiation of the current HACC Agreement.

The work is proceeding, but is still at a developmental stage, and at this stage no specifications about the shape of the community care system have been settled. The proposed expenditure priorities therefore reflective of current thinking in Victoria and nationally on ways of addressing inequity in funding, increasing responsiveness to clients, and improving client access to services and information.

Streamlining of HACC business processes, being developed as part of the renegotiation of the HACC Agreement, may result in a national agreement on triennial planning for HACC growth funding. This would separate two processes: (i) the identification of priority areas and general aims for the distribution of growth funding across the triennium; and (ii) the actual allocation of annual growth funds year by year.

Planning for the next triennium in Victoria assumes a continuation of existing arrangements. In particular, it is assumed that the present Commonwealth-State 60/40 cost-sharing arrangement will continue, and that Victoria's real rate of matched growth (currently 4.87% per annum) will apply to the 2006-09 triennium.

Victorian policy context

Ambulatory Care

DHS is developing an Ambulatory Care Framework (ACF) to provide direction for health care services on planning for high quality, coordinated and integrated person-centred health care over the next ten years. The ACF emphasises the importance of the right care, at the right place, at the right time. It is a response to the emerging challenge of dealing with the interfaces between private and public services; between general and specialist services; between the hospital and the community. Many factors have influenced thinking about ambulatory models of care. They include:

- increasing demand on health services
- continuing advances in technology and clinical practice
- the need to maximise cost efficiencies in health care
- consumer expectations about access and waiting times and consumers' preferences for less invasive modalities of treatment
- an increasing focus on population health and the needs of the whole person.

Factors that have inhibited progress in improving health service delivery include:

- poor service integration
- ineffective or complex governance or management arrangements
- resistance to organisational or cultural change
- complex and/or inflexible funding arrangements
- lack of facilities and infrastructure
- size, skills and distribution of the health workforce.

The ACF proposes planning processes that take into account acute, sub-acute, primary care, aged care, mental health, and alcohol and drug services and their capacity to meet local need, on an area basis. Ambulatory care planning will be built on established partnerships. Core partners include metropolitan and regional health services, small rural health services, community health services, divisions of general practice (representing local general practitioners), Councils and district nursing services.

The Victorian HACC Program's aim to refocus services so that they promote independence aligns with the ACF philosophy of maximising independence. A key proposal in the ACF is an integrated approach to planning for health care services on a sub-regional basis. Once implemented, it is expected that outcomes from this planning activity at the local level would help to inform the allocation of HACC growth funds within sub-regional catchments.

Primary Care Partnerships

Primary Care Partnerships (PCPs) will become recurrently funded in the 2006-09 triennium. This will enable PCPs to continue their work in building partnerships, improving service co-ordination, improving community responses to disease management and chronic ill health and implementing integrated health promotion initiatives.

Many HACC funded agencies, particularly Councils and Community Health Services, are core members of PCPs. Funding certainty for PCPs will enable them to develop three year work plans. The continued focus on service co-ordination is expected to lead to progressive improvement in client referrals, particularly electronic referral.

The Community Health Program

The Community Health Program (CHP) will continue to strengthen community health services to be a major platform for the delivery of primary health care, to co-ordinate community-based disease management and ambulatory care, expand primary medical care, increase the focus on child and family health and provide leadership in health promotion.

Over the triennium, CHP will implement initiatives to improve the alignment between CHP and other programs, particularly HACC, where there are substantial overlaps in services delivered, service settings, service models and clients seen. In addition, the CHP will implement initiatives to enhance the prevention and better management of chronic disease in the community.

From July 2006, the two programs will have the same way of classifying funded activities; this will mirror the terms used in data collection, thus facilitating comparisons of output data and improving the capacity for integrated planning over the next triennium.

Disability Services

The Government is committed to building inclusive and caring communities, where people with disabilities are valued and actively involved. The Victorian State Disability Plan 2002-12 outlines the Government's 10-year vision to support the rights and individual aspirations of people with disabilities.

Over the next three years, DHS Disability Services will continue to implement the priority strategies of the State Disability Plan:

- Disability supports will be reoriented to move away from service models that expect people with a disability to fit into existing programs, towards a system that responds to individual needs in creative and flexible ways so that people with a disability can participate in activities of their choice.
- Strong foundations for disability supports will be developed by introducing new disability legislation in line with the Government's vision, ensuring quality standards and monitoring of supports, establishing a strategic plan for the development of the disability sector, enhancing the training and support of the disability workforce, and maintaining the fabric of our assets.
- People's rights will be promoted through the provision of legislative protection and advocacy to stop discriminatory practices.
- Local communities will be strengthened to enable people with a disability to achieve their aim of living full and inclusive lives in a supportive local community.
- The Department will ensure that publicly funded services are made more accessible, and there will be continued support for Disability Action Plans across government.

DHS Carers Policy

In September 2005, DHS released *'Recognising and supporting care relationships: A DHS Policy Framework for Disability, Mental Health and Ageing: Consultation Paper'*. The paper proposes a more contemporary framework for carers' policy. It recognises the intrinsic difference between caring relationships that are based on personal and familial connections, and care arrangements purchased in the market. It recognises the complexity and diversity of caring relationships, and it discusses the tensions that can arise from competing rights and needs of those in caring relationships. A more contemporary Carers Policy Framework would minimise any discrepancy or discontinuity between services for carers and services for people with disabilities or mental illness.

Carers are acknowledged as critical to enabling people with care needs to remain at home. Carers are also identified as a specific needs group requiring access to support services and information. A key issue for policy makers and service providers is how best to design service models that meet the needs and rights of both carers and those being provided with care, in the context of the *caring relationship* rather than individuals in isolation. This issue will be considered in the context of the Victorian HACC Program's funding priorities for 2006-09.

HACC Regional Training Coordination

Over the 2003-06 Triennium, the HACC Program has consolidated the recurrently funded training co-ordination function across the State. It has provided targeted growth to support the regional training co-ordinator positions, and it has implemented a common role statement for training coordinators.

Over 2006-09, this ground-work will result in targeted training and professional development to assist the HACC sector in developing and retaining skilled staff.

Training will have a high priority over the 2006-09 triennium. Training will be focused on the introduction of the HACC MDS Version 2, the implementation of a HACC Assessment Framework and the developing active service model, as well as initiatives arising from the development of common arrangements as a result of the Commonwealth's policy statement *The Way Forward*.

Proposed Priorities 2006-09

Recommendation on Equity

In 2006-09, it is proposed to distribute HACC Growth funds to meet defined regional per capita funding (\$pcf) benchmarks for metro regions and for rural regions. The two important principles underpinning this approach are:

1. To maintain current \$pcf in all regions
2. To achieve approximate parity in \$pcf between rural regions and between metro regions.

Recommendation on Priority 1 (2006–09)

In 2006-09 HACC Basic activities will be expanded within the overarching equity framework described above. Recommendations for funding will be informed by program redevelopments incorporating:

- a commitment to facilitating the national redevelopment agenda
- implementation of the assessment framework in response to the increasing focus, at both a national and state level, on the need for consistency, well marked access points and the impact of a more active model of service
- strategies to increase the HACC Program's effectiveness in maximising client independence through supporting the development of person centred and capacity building approaches to service delivery
- redevelopment of food services so that they are more targeted to respond to variation in clients' need for social support as well as managing nutritional risk
- a research and development project during the first 18 months of the triennium leading to a funding strategy for respite and social support
- a commitment of up to 5% of total regional growth funding, or approximately \$875,000 in 2006-07, to expand planned activity groups.

Recommendation on Priority 2 (2006–09)

In 2006-09 Priority 2 should focus on enhancing access to HACC services including planned activity groups.

- The quantity and quality of 'HACC Basic' services for people from CALD backgrounds should be increased. Work should continue to develop linkages and raise cultural awareness between mainstream, multi-cultural and ethno-specific organisations
- Further time should be allowed to realise and evaluate the outcomes of strategies implemented over 2003-06, including CEGS.

- **Growth funds should be allocated to planned activity groups where there is evidence to support new services for new and emerging communities or to expand services for established communities that have a growing ageing population, within the parameters of the recommended funding commitment in Priority 1, up to 5% of growth funding or approximately \$875,000.**

Recommendation on Priority 3 (2006–09)

Maintain the underlying objectives and principles of Priority 3 to increase and enhance access to HACC services for Indigenous people. In 2006-09 Priority 3 will have two major themes:

- 1. To continue progress against the 'Going Forward Together' strategy with a particular focus on increasing the viability and capacity of Indigenous agencies to better meet the needs of their communities and to meet Program accountability requirements.**
- 2. To contribute to the DHS Project 'Improving the way we consult with and fund Indigenous organisations'.**

Equity

Distribute funds to meet equity benchmarks by the end of the 2006-09 triennium

As noted earlier, over 2003-06, the HACC Program adopted a consistent approach to funds distribution across the State. Considerable progress has been made in achieving equity in funds allocation, especially within regions. In 2006-09, it is proposed to change the funds allocation method so that defined benchmarks can be met by the end of the triennium. It is proposed that regional per capita funding (\$pcf) benchmarks be set for metro regions as a group and for rural regions as a group. The principles underpinning this approach are:

1. To maintain current \$pcf in all regions
2. To achieve approximate parity in \$pcf between rural regions and between metro regions.

The aim is to raise under-funded rural regions to an average per capita level, equal to the rural region with the third-highest funding level (Hume Region) over the triennium. Similarly, it is proposed to raise metro regions to the level of the highest-funded metro region (Southern Metro). This approach recognises that differences between rural and metro regions are too great to be removed in a three year period and that there is a case for retaining a higher \$pcf rate for rural regions because of less choice available in service provision and greater dispersal of population.

This approach should make a substantial difference to those regions that have been chronically under-funded for many years, improving their capacity to meet demand for services.

Regions will continue to have the discretion to target their growth funds to address under-funding between LGAs within regions.

This approach is predicated on the HACC Program continuing to receive the same level of growth funding from both the Commonwealth and State Governments as it has received in past years.

Cost shared growth funds will be divided into two pools.

- One pool will be allocated to all regions on the basis of projected increases in the HACC target population. It will maintain \$pcf in all Regions; population growth and ageing are expected to add more than 41,000 persons to the target population by 2009.
- The second pool will be targeted to those Regions now below the rural and metro \$pcf benchmarks referred to above, to bring those Regions up to those benchmarks.

Within regional allocations, there will be a capacity for Regions to make targeted allocations to those LGAs with very low per capita funding, such as Brimbank, Knox, Greater Geelong and Golden Plains.

If other factors arise in the course of the next triennium that cannot be adequately accommodated by these two pools, adjustments will be made to the method described above.

For more information about the approach to equity proposed for 2006-09, see **Attachment 1**.

Priority 1

In 2003-06, Priority 1 was to increase the supply and improve the responsiveness of 'HACC Basic' services and to consolidate the 'HACC Basic' service system around the key Council and health sector providers.

In the absence of dependency data, there is only indirect evidence of the success of Priority 1 in strengthening the HACC Program's maintenance capacity. Over 216,000 people of all ages are estimated to have received a service in the course of 2003-04. On average, clients received 35 hours of service per annum in 2003-04 (the most recent year for which there is complete data). In that year, 56 percent of clients received only a single service type (including 33,000 who received only home care), while 3.6 percent received a mix of five or more service types. Other indicators of the capacity of the program to support large numbers of frail aged people are the fact that 77,000 clients are aged 80-plus, of whom sixty percent are living alone. About 14,000 clients are aged 90-plus.

The review of the 2003-06 allocations showed that the provision of HACC Basic services grew during the triennium, and the greatest increase in client numbers was among the frail aged and ageing people with disabilities. Demographic projections for 2006-09 forecast continuing annual growth of more than 2% among those aged 75 years and over, together with even greater rates of increase in those aged between 55 and 74 years. By contrast, the increase in younger people with disabilities is expected to be small.

It is proposed that HACC Basic activities will be expanded within the equity framework described in the previous section to include growth for social support, particularly planned activity groups. Recommendations for funding will be informed by broader program redevelopments, such as nationally consistent common arrangements described in the Commonwealth Government's policy statement *'The Way Forward'*. Redevelopments will also incorporate the new approach to assessment, active service model development and implementation, redevelopment of food services and strategies to address social support and respite.

It is intended that HACC should remain a broadly based program supporting a range of client needs rather than becoming more narrowly focussed on meeting the needs of a small number of very complex clients.

Implement the Assessment Framework

Victoria began to develop a HACC assessment framework in 2004-05 for two reasons. First, there has been a significant increase in funding for assessment, from \$5.5m in 2000 to \$19.1m in 2005. Second, there has been an increasing focus, at both a national and state level, on:

- The need for well marked access points
- The need for more consistent assessment
- The promotion of a more active model of service.

Identifying the emerging issues and strategic directions was the first step. A consultation paper *'Strategic Directions in Assessment in the HACC Program'* was released in October 2004. Over 400 people participated in consultations with HACC agencies in each DHS region. The findings from this project have already contributed to the national debate about intake and assessment. The final Strategic Directions report was published at the end of January 2006.

In 2005-06 we will:

- Develop a draft Assessment Framework, consistent with national directions, incorporating the strategic directions outlined in the Report (by March 2006)
- Develop business rules for the collection of HACC dependency data, and gain agreement from HACC assessment agencies (by March 2006)
- Develop and deliver training for agencies collecting dependency data, in order to ensure the quality and reliability of the data (by June 2006)
- Consult with service providers on the draft assessment framework (by April 2006)
- Finalise the Assessment Framework by June 2006. The Framework will include:
 - Criteria for agencies accepting funding, and roles and responsibilities of assessment agencies
 - Formal recognition of assessment agencies as entry points
 - Inter-agency collaboration, such as models for local inter-agency assessment teams or virtual teams
 - Business rules for collecting HACC dependency data
 - Relationship with Aged Care Assessment Services (ACAS)
 - Commitment to the active service model (ASM).

In 2006-07 we will:

- Implement the Assessment Framework in stages. This would include the allocation of one-off funding to assist agencies to implement the assessment framework as they come on stream
- Work with agencies or groups of agencies that are implementing the assessment framework to promote an active and independence promoting approach to service delivery
- Develop a funding formula for funding assessment, client care co-ordination and case management as three separate HACC activities
- Incorporate CEGS evaluation findings into the role of CALD agencies in care co-ordination
- Define the function, roles and expertise required for agencies to deliver client care co-ordination in the light of the above
- Define the function, roles and expertise required to deliver short-term case management. Consider its potential contribution to the ASM
- Review the business rules for dependency data collection after six months of operation and build learnings into the Framework.

In 2006-07 growth funding for assessment will be allocated to those agencies that meet the criteria of an assessment agency, as set out in the HACC Assessment Framework and that need growth funds to develop their assessment capacity. Parallel work will be done to define client and service outcomes.

It is proposed that targeted growth allocations to assessment, client care co-ordination and case management will occur in the later years of the triennium:

- Target recurrent growth funds to assessment teams that have been identified as successfully implementing the Framework
- Roll out or refocus recurrent funds for Client Care Co-ordination to agencies that meet specified criteria
- Target growth funds to assessment teams and agencies for implementing ASM
- Set benchmarks for hours of service delivered and numbers of clients assessed.

Develop and Pilot the Active Service Model

The Minister for Aged Care made a commitment to developing a more active model of HACC service in his VAHEC speech of August 2004. This was further emphasised in 'A Fairer Victoria' with its overarching objective for aged care being to maximise the independence of older people, and its specific reference to changing the service delivery model from a passive to a more active approach.

The aim of Victoria's HACC ASM initiative is:

- To increase the Victorian HACC Program's effectiveness in maximising client independence through supporting the development of person centred and capacity building approaches to service delivery.

The strategy has several objectives:

- To strengthen the evidence base on the benefits of the ASM approach and how it should be implemented
- To engage HACC service providers in understanding and valuing the potential benefits of the approach
- To enhance the interface between clinical, rehabilitation and HACC services in Victoria
- To document the barriers in policy or program guidelines to an active approach and develop recommendations on these
- To develop an understanding of workforce implications of this approach.

Key steps in calendar year 2006 are to:

- Review national and international literature on existing models
- Identify good practice by Victorian HACC service providers in relation to active service approaches already occurring
- Identify factors that encourage or inhibit an active service approach
- Develop draft recommendations for change
- Implement and evaluate four ASM pilot projects
- Develop and fund a range of other pilots
- Document at least six Best Practice Projects
- Hold a forum to share good practice with the field in August 2006
- Provide a report to the Minister for Aged Care in late 2006.

The active service approach has relevance across the range of HACC services, but particularly assessment and care management, allied health, home care and personal care, home modifications and aids and equipment.

Implementation plans after 2006 will be informed by the outcomes of the above, and by the Minister's response to the recommendations of a report in late 2006. It is anticipated that new and enhanced approaches to service delivery will result. These will have recurrent implications for both growth funds and the focus of existing funds.

Research and development on respite, social support and carers

The sector has expressed the view that there is a need for the HACC Program to allocate growth funding to social support and respite in the coming triennium.

Initial work to identify the existing role of the HACC Program in funding social support and respite has been inconclusive, demonstrating the need for the task to be tackled comprehensively and to collaborate with other programs and other levels of government in order to maximise the benefits both to carers and to people receiving support.

For example, understanding the consequences of shifts in the demography and workforce structure of Australian society is important. These shifts seem to be having an impact on women aged 40–65, who currently constitute a significant proportion of carers. An increasing proportion of women in this age group are in the paid workforce; it is also apparent that in many cases, they continue to take a caring role in relation to older relatives and/or disabled children. We need to identify and understand these and other trends and what they mean for a suite of services that have been in existence, relatively unchanged, for many years.

Ethno-specific agencies have been particularly concerned about the role of social support as an entry-point into HACC services and as a mechanism to reduce social isolation and enhance well being. Social support needs to be responsive to the language and culture of the people involved. The role of the HACC Program in this context needs to be explored and further developed over the triennium.

Equally, it will be important for the HACC Program to put into effect the principles in the Carers' Policy Framework, referred to above.

It is proposed that the HACC Program should undertake research and development project during the first 18 months of the triennium leading to a funding strategy for respite and social support.

Pending the outcomes of the research and development project, a commitment of up to 5% of total regional growth funding or \$875,000 in 2006-07 to expand planned activity groups is recommended where the amount of funding for this service is below the regional average.

Priority 2

In 2003–06, Priority2 was to increase the quantity and quality of 'HACC Basic' services for people from CALD backgrounds and to develop new collaborative arrangements for direct service delivery between mainstream, multi-cultural and ethno-specific organisations.

The review of 2003-06 demonstrated some progress in improving access to services for CALD clients. The focus for 2003-06 has been on enriching relationships between mainstream providers of HACC Basic services (Councils) and ethno-specific organisations. The purpose is to make assessment practice for CALD clients more culturally sensitive and to improve the understanding of Councils and CALD organisations regarding what the HACC Program is able to offer.

Two examples can be mentioned. The Loddon Mallee Region funded positions across the region for people to work with the ethnic sector and mainstream providers. These workers helped mainstream providers to become more culturally sensitive and to provide greater diversity within the meals program. In the North and West Metropolitan Region (N&WMR), regional CALD networks and ethno-specific organisations have been helping the regional office to understand the qualitative factors that shape HACC service use by CALD communities. The outcomes of this work will underpin broad service planning and will inform specific targeting projects throughout 2006-09.

In order to more fully understand the current and projected patterns of ageing in Victoria's CALD communities, a research project was funded through CEGS in 2005. The project has examined the 2001 ABS Census and has produced detailed regional and LGA profiles by language spoken and country of birth for metropolitan Melbourne. The profiles and report will be made available to DHS HACC staff and HACC agencies to inform decisions on resource allocation and planning for CALD communities over the 2006-09 triennium. (ABS data from the 2006 census will not be available in time for use during the 2006-09 triennium.)

There are indications that planned activity groups can function as a gateway for CALD communities to access other HACC services. In continuing to focus on developing the relationship between mainstream and CALD communities to increase access for CALD clients to HACC Basic activities, growth funding will be targeted to Planned activity groups (see Priority 1 recommendation). Research also suggests that CALD communities are under-represented in planned activity groups for high needs clients and this will be included in the regional planning processes.

It is recommended that growth funds be allocated to planned activity groups to support new and emerging communities or to meet increasing population pressures from ageing communities, within the parameters of the recommended funding commitment in Priority 1, up to 5% of growth funding or approximately \$875,000.

Priority 3

In 2003–06, Priority 3 was to increase the quantity and quality of HACC services for Indigenous communities.

During the triennium, growth funding was targeted on services for Indigenous people. According to the HACC MDS, the result was a 22% increase in Indigenous clients over the first two years of the triennium.

Substantial achievements during 2003–06 have created the groundwork for the 2006–09 triennium:

- A consistent framework of data for the State was developed through the Koori Needs Analysis project. It has informed regional planning and has helped to shape local developments including the allocation of funds to regional assessment and resource positions supporting Indigenous people's access to services. In the Loddon Mallee Region, the funding of a Koori Assessment Program and Services Advisor has led to the development of a Bendigo Koori Assessment Reference Group, with a holistic approach to assessment for Koori HACC clients. In the N&WM region, Indigenous-specific agencies have been supported to consider their role in the wider service system, to consolidate

existing service provision, and to consider strategies for reaching out to areas of population growth. Over 2006-09 this work will be progressed in the context of the N&WM Region Aboriginal Services Plan. HACC growth fund allocations will build on broader regional priorities to develop the service system for Indigenous communities. Partnerships with mainstream providers will continue to be developed, in order to enhance access for Indigenous HACC clients

- The Going Forward Together Strategy was launched
- A Small Agency Viability Model research was initiated in partnership with VICACD. This was partly in response to the fact that a number of Indigenous agencies had experienced difficulties over the triennium
- There was a review of VICACD
- The Western Suburbs Indigenous Gathering Place was opened in 2003-04.

These projects are still being worked through. Time is needed for the outcomes to be considered and for feedback mechanisms to be initiated.

HACC Equity Strategy 2006-09

Background

Over the 2003-06 triennium the HACC Program adopted a consistent approach to funds distribution across the State through which considerable progress towards equity was achieved, especially within regions. The approach comprised two key strategies:

- Cost-shared growth funds were distributed according to weighted Regional population (Regional Resource Equity Formula [RREF]) shares. That is every region received a percentage share of available funds in line with its target population. In addition to their RREF allocation under-funded regions also received specific funding to improve equity. Most of this funding was Victorian funding, unmatched by the Commonwealth Government. Victoria's contribution of additional funds was in recognition of the need to make progress towards equitable funding more quickly than the RREF alone would have allowed
- Regional allocations were distributed in response to local equity considerations. Regional funds were distributed to every local government area (LGA) according to the Within Region Estimate of Need (WREN), a subset of the RREF. In addition, Regions were able to 'top-slice' (reserve some of this growth funding) to direct to under-funded LGAs. Two rural regions gave no growth funding to some LGAs in certain years, thereby hastening progress towards equity of funding within those regions.

In 2006-09, it is proposed to reframe the approach to distributing growth funds. The recommended approach over the 2006-09 triennium will focus on meeting defined regional dollar per capita funding (\$pcf) benchmarks for metro regions as a group and rural regions as a group. The principles underpinning this approach are:

- To maintain current \$pcf in all regions
- To achieve approximate parity in \$pcf between rural regions and between metro regions.

The 2006-09 funds distribution strategy will continue to rely on regions to determine the most appropriate approach to address under-funded LGAs in each region.

This assumes a continuation of the existing growth funding arrangements. In particular, Commonwealth/State cost-sharing has been assumed to continue in prevailing proportions, and Victoria's real rate of matched growth (currently 4.87% pa) has been assumed to apply to the forthcoming 2006-09 triennium.

New Model

HACC Growth funds will be distributed so as to reduce \$pcf variations between rural Regions as a group and metro regions as a group. The method for distributing growth funding will be adjusted to achieve this objective. It is accepted that a level of funding difference between rural regions as a group and metro regions as a group is reasonable, given population dispersal and less choice about where and how to access services in rural regions.

The 2006-09 triennial objective is to raise \$pcf in rural regions to the level of Hume region (the 3rd highest regional \$pcf), and to raise all metro regions to the level of SMR (the highest metro regional \$pcf). The objectives have been set as achievable targets for the triennium 2006-09.

The approach adopted for the 2006-09 triennium involves dividing total growth into two pools, and allocating the funds in each pool using a different method. The two pools will:

Pool 1: Respond to population growth

Most Regions and individual LGAs will continue to experience growth in the HACC target population due to overall population growth and / or ageing. In order to maintain \$pcf, a fraction of total growth must be dedicated to covering this growth component. In any given year an allowance will be made for additional funding to cover projected growth at the prevailing \$pcf rate. Over the triennium this is expected to absorb approximately 40% of real cost-shared growth.

Pool 2: Address regional under funding

This pool is to address regional under-funding by allocating sufficient funds to particular regions to raise their \$pcf to target levels, as defined above. The amount of money in this pool will determine the rate of progress in reduction of inequity. If the parameters remain steady there will be enough money to achieve the objective by the end of the 2006-09 triennium.

A Challenge

In rural regions that already have a higher \$pcf than the set target, there are LGAs that have \$pcf levels below the region's overall \$pcf. Those regions may receive insufficient (or no) equity funds to remedy the low \$pcf in certain LGAs. Where that would be the case, making additional funds available from the equity pool to redress the situation for those LGAs would further raise their regional averages, thus tending to work against regional equity. A re-allocation of funds from the population growth pool would remain an option for the region to consider.

Role of RREF

In the past the RREF has been used both to define and to pursue equity; this proposal will clearly separate those purposes. The RREF & WREN will continue to be the method for defining numbers and proportions of persons in the HACC target population in each region and LGA. However, the equity funding pool will not be allocated on the direct basis of the RREF: the ratio of funds to target population (\$pcf) will determine each area's allocation from the equity pool. Not all Regions will receive an allocation from the equity pool.

The population growth pool will be allocated to each region on the basis of the total projected increase in HACC target population in that region; i.e. the growth in the RREF population. The extra numbers of persons multiplied by the target \$pcf for the region fixes its allocation from the population growth pool.

2006-09 Growth

The quantum of cost-shared HACC growth is expected to total \$55.1 million over the next 3 years (in 2005-06 \$), from a base (2005-06) of \$359 million:

Year	Growth \$ (millions)
2006-07	17.5
2007-08	18.4
2008-09	19.2

Distribution of population growth pool

The HACC target population is projected to grow by approximately 42,000 persons (5.5%) between 2006 and 2009. As the 2009 target population is projected to be almost 800,000 and the 2008-09 cost-shared funding total to be \$414.5 million, statewide \$pcf in 2008-09 should be near to \$523. Therefore the required population growth pool for 2006-09 will be approximately \$22 million, spread across regions over the three years as follows:

Region	Projected population growth 2006-09	Population Growth pool \$ millions
Barwon / SW	3,348	1.9
Grampians	2,027	1.3
Loddon Mallee	2,946	1.8
Hume	3,148	1.8
Gippsland	3,452	1.9
NWMR	12,815	6.0
EMR	4,959	2.5
SMR	8,932	4.5
Total	41,626	21.7

Equity funding pool

The regional \$pcfs in 2006 and minimum target \$pcfs for 2006-09 are as follows.

Region	\$pcf 2005-06	Target \$pcf 2008-09
Barwon / SW	561	584 *
Grampians	652	652
Loddon Mallee	609	609
Hume	584	584 *
Gippsland	528	584 *
NWMR	452	504 *
EMR	492	504 *
SMR	504	504 *
Total	512	534

* : minimum \$pcf target

However, regional \$pcf s in 2009 cannot be exactly determined until the population growth and equity pools have been distributed.

Estimate Of Regional Distribution Of HACC Growth Funds 2006-07 Using New Model Of Equity Progression

Region	Component 1: Target population growth \$'000s	Component 2: Equity redress \$'000s	Total Growth \$'000s
Barwon / SW	635	837	1,471
Grampians	441	0	441
Loddon Mallee	598	0	598
Hume	613	0	613
Gippsland	629	1,583	2,212
NW Metro Region	2,005	6,848	8,853
E Metro Region	820	992	1,812
S Metro Region	1,501	0	1,501
Total	7,240	10,260	17,500

Figures are indicative only, pending 2006-07 budgets and finalisation of current resource attribution.

Projected WREN and RREF populations will not change during the triennium. New projections based on the 2006 census are not expected to be available until after June 2008. This will provide stability in the target population figures. However, one of the weighting factors used to calculate both the RREF and WREN populations - the Burden of Disease - will not be available until 2006, so may result in RREF and WREN figures being amended marginally before the start of the 2006-09 triennium.

This may affect the starting \$pcf figures. If this causes the \$pcf for any single LGA to change by more than 1% from the preliminary figures, then the RREF and WREN for the beginning of the triennium will be re-calculated, otherwise they will remain fixed for the triennium.