



Meals on WheelsTM
Australia

**Submission on Independent Health & Aged Care Pricing Authority (IHACPA)
Pricing Approach for the Support at Home Service List Consultation Paper**

Draft 8 October 2024

Who Are We?

Meals on Wheels AustraliaTM (MoWA) is the national peak body representing over 590 individual Meals on Wheels (MoW) outlets that provide meals to around 200,000 older Australians. MoW services represent one of Australia's largest users of voluntary labour, with over 35,000 active volunteers involved in meal delivery and social engagement with older people.

Consultation questions:

What concerns, if any, do you have about the transition to set unit prices for services on the indicative Support at Home service list?

The transition to prices under the Support at Home Program will need to be implemented with an eye to maintaining services for older people as a primary consideration. Transition support is likely to be needed for some service providers.

The Consultation Paper states that the Department of Health & Aged Care (DoHAC) will be responsible for participant co-contributions and amounts for thin market grants and/or other supplementary grants for providers. It is MoWA's contention that the service prices set on the recommendations of IHACPA must take into account any grant revenue available to providers.

In developing its advice, what factors should IHACPA take into account when setting prices for different services?

For meals services, the full cost of preparing and delivering the meals must be included. This includes the capital costs of kitchens and equipment; wages and on costs for paid staff; volunteer support costs; volunteer reimbursements; client onboarding and support costs; food safety costs; social welfare checks (a value rather than a cost); preparing special meals; regulatory compliance; administration; cost of service innovation designed to improve the efficiency and effectiveness of service delivery; professional support costs (legal, audit, etc.); peak body support costs (regulatory, food safety, IR marketing etc.). According to the DoHAC Support at Home service list, the cost of ingredients should be paid for by the participant.

What, if any, changes do you suggest to the proposed pricing principles to guide the development and operation of the Pricing Framework for Australian Support at Home Aged Care Services 2025–26?

MoWA does not recommend any changes to the proposed pricing principles. On pricing equity, we note the importance of the Support at Home pricing including the full costs of

services. We note that the initial Support at Home Costing Study published in March 2024 found that meal delivery cost \$29 per service in the Commonwealth Home Support Program (CHSP) versus only \$8 per service in Home Care Packages (HCP). We would question whether the latter figure has accurately captured the costs, especially when you consider that most CHSP Meals on Wheels services rely heavily on volunteers.

Are there any additional pricing principles for in-home aged care services that should be added? If so, please advise what they are.

None.

How could IHACPA improve the representativeness of the cost collection participation across a range of domains, for example, service types, geography, specific population groups?

Collection of service costs data from a wider range of services, including the areas identified by IHACPA such as regional and remote services, would improve representativeness.

Do you support IHACPA's proposal to establish unit pricing using a cost-based approach that reflects the available data? Please provide a rationale.

MoWA supports IHACPA's proposed approach. There are a myriad of service delivery models among Meals on Wheels services and each of these will have different cost components. We have councils; integrated models like South Australia and the hubs in Queensland; standalone independent services; metropolitan, rural and remote.

Are there any alternative approaches to pricing that IHACPA should consider? Please provide a rationale.

The design of the Support at Home Program, as outlined by DoHAC, is based on the service prices covering the full costs of delivery. There is some allowance for additional costs in the care management component, where a top up of one hour per month is allowed for.

However, there is no room in the Department's model for other costs that genuinely differ for service providers. It appears that the thin market grants are supposed to cover any additional costs over usual service prices.

By comparison, the Australian National Aged Care Classification (AN-ACC) operating in residential care, allows the base care tariff to vary according to location and service target group. MoWA would prefer adoption of a funding approach which integrates support for service infrastructure via a base care tariff model and a classification based on participant assessed needs.

What else should be considered in the development of an indexation methodology for Support at Home unit prices?

MoWA supports IHACPA's approach to indexation. As the Aged Care Royal Commission found, inadequate indexation has plagued the aged care sector for decades.

The cost of Meals on Wheels services is impacted first and foremost by labour costs and the cost of ingredients. These are likely to have different rates of inflation compared to the general rate of inflation. Second, IHACPA should intend to compare actual costs to funded

costs on a regular basis to ensure that funding is relevant to the actual cost of service delivery.

To what extent should IHACPA consider price benchmarking for similar services provided under comparable schemes in adjacent sectors (for example, NDIS, DVA) and why?

It is critical that the pricing arrangements for Support at Home consider the price benchmarking for adjacent sectors such as the NDIS and DVA. Should there be a significant variation, this will drive undesirable consequences (for example in terms of worker salaries) in contradiction of one of IHACPA's pricing principles.

MoWA points out that the critical interface for Support at Home pricing is with CHSP, which is not being examined in the 2024 costing study focused on HCP. The prices set for HCP/Support at Home will form the basis for how prices will apply when CHSP services are brought into the Support at Home Program in the future.

What factors, if any, should be considered as cost differences that should be accounted for in the pricing of in-home aged care services?

The Consultation Paper accurately captures the types of cost differences which are likely to occur. As noted earlier, the thin market grants must be taken into account.

What factors should be considered in the pricing adjustments to allow for differences in costs within a given service type, and why? Please provide a rationale and evidence to support your answer.

See answer to next question.

Should particular service types be considered for additional pricing adjustments to recognise social support aspects of the service? Which services? Please provide a rationale and evidence to support your answer.

The Consultation Paper states, "We have also been asked to consider whether price adjustments should be considered for particular service types where social support is traditionally provided in addition to the core service (for example, meals delivery) to enable a continuation of this service model where it is valued by participants." MoWA notes the capacity of the current costing study to effectively advise on this will be limited, as the study focuses on HCP not CHSP.

In the Meals on Wheels service model, as well as delivering the meal, the volunteer conducts a welfare check. Many of our clients have limited social contact during the week, and our volunteers are the only people they see regularly. Huber Social conducted research for MoWA which measured the social impact of volunteer-delivered meals, see https://mealsonwheels.org.au/wp-content/uploads/2023/05/HS_MoWA-Social-Impact-Report-2023.pdf.

The Huber research found that volunteer visits varied in time: 53% of visits took less than 2 minutes, while 39% took between 2-10 minutes. Clients receiving visits of more than 2 minutes had 3% higher wellbeing than those whose visits were shorter. There were particular benefits for older people living alone.

DoHAC funded over the last couple of years a Future Fit project to assist Meals on Wheels services prepare for the future. The project included an assessment of financial viability in the sector and included work on a definition of a meal. MoWA has made a submission to DoHAC proposing there is a follow up study to the Future Fit project, which would allow examination of a funding model specific to CHSP meals services. Should such a study be funded, this could form a basis of a funding model within the Support at Home Program.

We note the IHACPA consultation paper (p.11) proposes to fund meal preparation on a per hour basis, and meal delivery on a per meal basis. This distinction could help to fund MoW services which prepare food as against those that merely deliver with their meals purchased from another provider.

Is the pricing method fit-for-purpose across all geographic areas, including areas where there are thin markets?

That remains unclear. An AN-ACC model with a base care tariff and a resident classification achieves this.

For future years, what do you see as the priority areas for IHACPA to consider when developing advice on adjustments to the service list unit prices?

It will be important to look at the effect of the Support at Home services prices on the home care provider market. This is particularly critical before CHSP joins Support at Home.

What provider or participant-based factors are important for these or other pricing adjustments? Please provide supporting evidence, where available.

See previous answers.

Providers are required to provide safe and high-quality care. What safety and quality of care issues should be considered as part of IHACPA's pricing advice?

Service prices should cover the full costs of the provision of high quality care, as outlined in the Aged Care Bill and in the Aged Care Quality Standards.

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