



ABC of Unit Costing in Commonwealth Home Support Program (CHSP) Services

Workshop Notes

BACKGROUND



The workshop materials and excel unit costing tool were written by Carrie Hayter, Director, Carrie Hayter Consulting in partnership with the Unit Costing Project Working Group funded by the Hunter Sector Support and Development auspiced by integratedliving Australia.

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DISCLAIMER

Although funding for this project has been provided by the Australian Government Department of Health, the material, views and resources contained herein does not necessarily represent the views or policies of the Australian Government Department of Health.

These workshop materials may not provide you with ALL the information you may need to know about Unit Costing. Independent professional advice should be sought about specific issues.

Graphic design and layout for these workshop materials by Bettina Kaiser Art + Design. Find out more at bkad.com.au



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WORKSHOP OUTCOMES

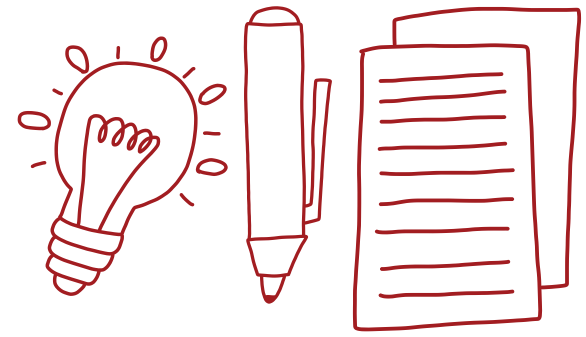


By the end of the workshop participants will:

- ✓ Describe why they need to know the Unit Cost for delivering Commonwealth Home Support Program (CHSP) services;
- ✓ Describe the differences between direct and indirect costs;
- ✓ Apply the Unit Costing tool to calculate the unit cost of delivering specific CHSP services; and
- ✓ Network with colleagues.

This workshop is an introduction to calculating the Unit Cost of specific service types for CHSP services. It is designed to support CHSP in understanding the costs and being able to use this data to review contracts with the Department of Health in 2021/2022.

Activity 1 – Reflecting on Unit Costs



1

Why does your service need to know their Unit Costs?

2

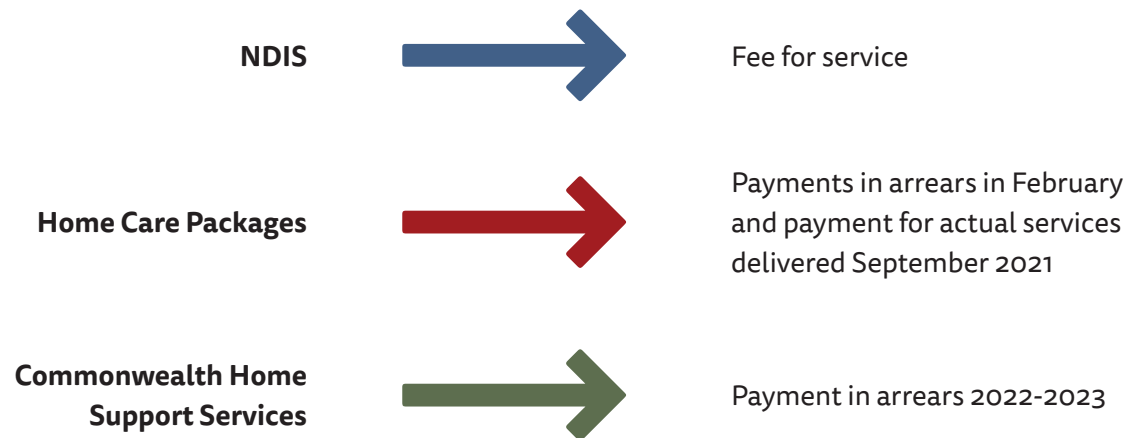
What has been your personal experience or service's experience of calculating Unit Costs?

3

What questions do you have about unit costing?

TOPIC 1 Why do CHSP Services need to know their Unit Costs?

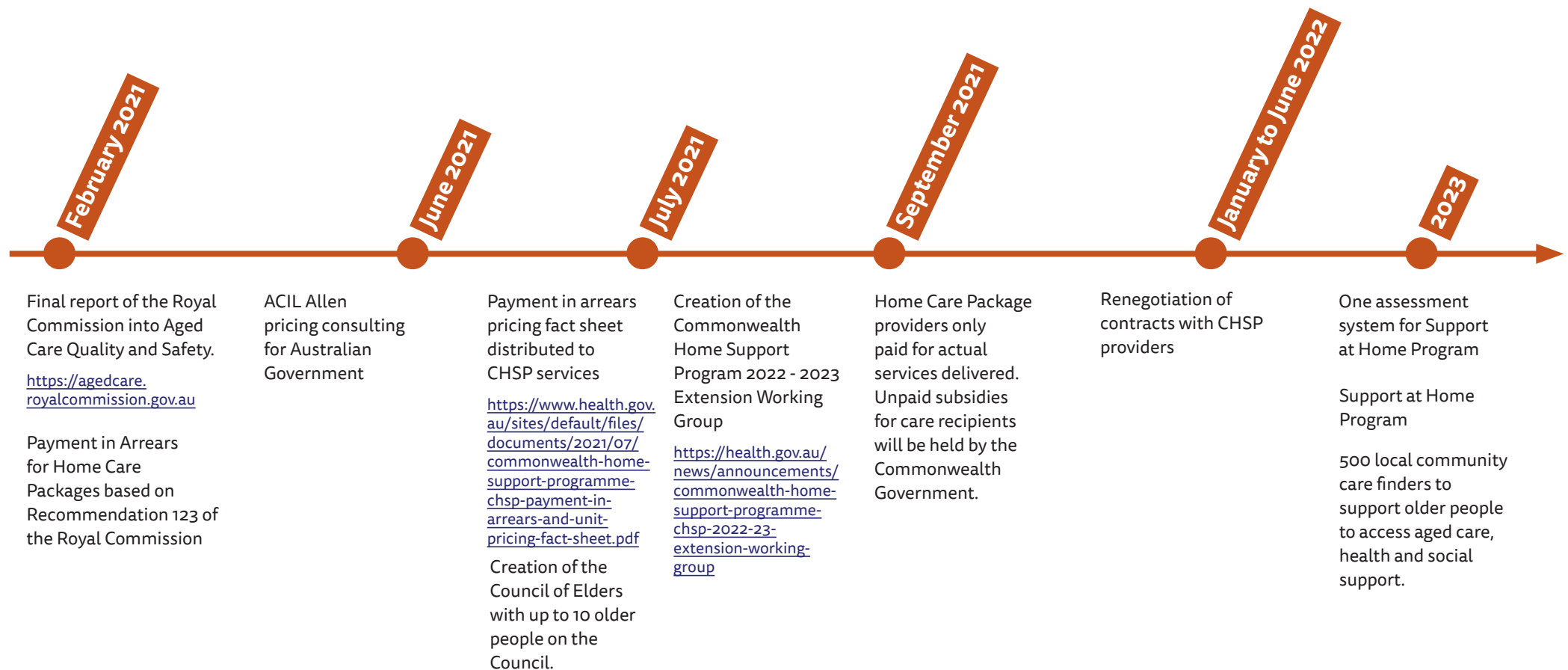
WHY UNIT COSTING?



Unit costing allows organisations to identify the full cost of service delivery, which is critical when revenues and demand for services are uncertain as they are under a fee-for-service model. Under a fee-for-service funding model, services are paid after the service has been delivered. It is also an opportunity to be transparent to consumers about the actual costs of services.

TOPIC 1 Why do CHSP Services need to know their Unit Costs?

TIMELINE OF REFORM FOR COMMONWEALTH HOME SUPPORT PROGRAM (CHSP) SERVICES AND HOME CARE PACKAGES (HCP)



TOPIC 1 Why do CHSP Services need to know their Unit Costs?



In 2020, the Australian Government announced a move to pay Home Care Package (HCP) providers in arrears, with the transition coming into effect in February 2021 and further changes in September 2021. The Aged Care Royal Commission supported the HCP transition to payment in arrears and also recommended the merger of CHSP and HCP programs into a new single aged care program. The Government responded to the Royal Commission by announcing the creation of the Support at Home Program in July 2023.

Under the CHSP extension for 2022-23, all providers will retain grant agreements with a fixed funding amount based on price and outputs, similar to current arrangements.

Reforms to CHSP will focus on three core changes for service types with direct service delivery:

1. All CHSP providers will transition from upfront quarterly payments to fixed monthly payments in arrears based on 1/12 of the total value of the grant agreement. To help manage the transition and associated cashflow impacts, providers will be paid the July 2022 monthly payment in advance. The August 2022 payment will then be made at the start of September 2022.
2. All providers will transition from biannual performance reporting to monthly performance reporting through Data Exchange (DEX) to provide better reporting and tracking of service delivery. Reporting will be due 10 business days after the end of the month.
3. Grant agreements will also be reviewed and updated to reflect nationally consistent unit price ranges for all service types in CHSP, with the exception of Goods Equipment and Assistive Technology (GEAT) and Home Modifications.
4. For further information see Appendix 1 or the health.gov.au website: <https://www.health.gov.au/resources/publications/commonwealth-home-support-programme-chsp-payment-in-arrears-and-unit-pricing-october-update>

TOPIC 1 Why do CHSP Services need to know their Unit Costs?



DECIDING WHAT TO COST

- What service types do you want to cost?
 - Allied health, transport, respite, domestic assistance and personal care, respite, meals, home maintenance, home modifications.
 - Bundle services with similar costs and outputs
- Is the costing across a whole organisation or service outlet?
- Can the funding sources and income and outputs be easily identified?
- How will we apportion costs (eg direct and indirect costs such as payroll costs, electricity, general insurance, service management)?

APPORTIONMENT

This only applies to services that are not 100% funded by the Commonwealth Home Support Program (CHSP). Many services receive a percentage of CHSP funding. For example, you could work in a health service or a local council that has CHSP funding, for example, 50% of your total funding. To calculate the unit costing of delivering a service, you need to apportion costs based on this percentage.

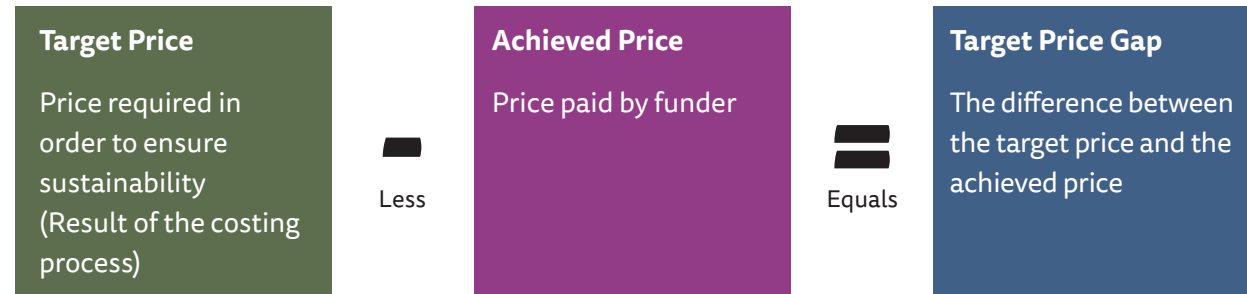
HOW DO I CALCULATE APPORTIONMENT COSTS?

$$\frac{\text{Total Cost expenditure for the CHSP service}}{\text{Organisation's or services total expenditure}} = \% \text{ of apportionment}$$

TOPIC 1 Why do CHSP Services need to know their Unit Costs?



IDENTIFYING THE TARGET PRICE GAP



Adapted from: NDS and Curtin University, Costing and Learning Program for Disability Providers downloaded from www.cplp.nds.org.au

TOPIC 2 What is Unit Costing?



WHAT ARE UNIT COSTS?

“ A unit cost is the cost of delivering each unit of measurement after the allocation of all costs both direct and indirect. ”

(Gilchrist, 2014: pg 12)

The costs associated with producing a product or service include both the **direct costs** that go into production, such as materials and labour as well as the **indirect costs** or support functions that also contribute to the creation of the product or service.

DIRECT COSTS are costs that can be linked or traced to providing a service (eg staff and labour costs).

INDIRECT COSTS are costs that cannot be directly linked or traced to providing a particular service. These can be classified into overhead costs, commonly shared costs and service specific indirect costs. (Gilchrist 2014).

OVERHEAD COSTS are those costs that are necessary for the operation of the organisation that may include items such as head office costs (the labour costs of staff performing payroll, human resources), office rent, cleaning, utilities and repairs and maintenance. For example, the cost of maintaining ovens used to cook or heat meals or fridges to store meals for a Food Service is an indirect service-specific cost that does not vary with the number of meals provided.

COMMON OR SHARED COSTS are indirect costs that are shared between two or more services but are not common to all services an organisation provides. For example, the cost of maintaining a vehicle may be shared across sites or services.

TOPIC 2 What is Unit Costing?



DIRECT AND INDIRECT COSTS

Items	Definition	Example
DIRECT COSTS	Cost that can be linked to providing a service as per the CHSP Program Manual Service Types (eg, direct care labour costs or consumables)	<ul style="list-style-type: none">• Labour costs for direct care staff and on costs• Consumables nursing, paramedic, food, uniforms Protective Equipment• Gardening equipment if funded to provide home maintenance
INDIRECT COST	Costs that cannot be directly linked to providing a particular service. Indirect costs can be classified into overhead costs, commonly shared costs and service-specific indirect costs	<ul style="list-style-type: none">• Service Management• Accommodation• Rent, rates and charges, utilities• Organisation overheads or corporate expenses• Travel and transport costs

The classification of direct and indirect costs reflects the Commonwealth Home Support Program manual, service subtypes (Department of Health, 2020-2022) and in the Program Specific Guidance for Commonwealth Agencies in the Data Exchange (Australian Government, 2021).

Costs can be **fixed** or **variable**. A fixed cost are stable costs in delivering services which do not vary based on consumer numbers of activity (for example, costs of rent over a specific period). A variable cost changes as consumer demand or activity changes (for example, labour costs).



What information could you need to cost this item?

13

TOPIC 2 What is Unit Costing?



At the simplest level, the unit cost of a service is calculated by dividing the total cost of the service (both direct, indirect costs including overheads) by total units or outputs of service (eg hours, quantity or dollar)

$$\frac{\text{Total Cost of Service}}{\text{Total Units of Service or outputs}} = \text{TOTAL UNIT COST}$$

(Sum of all Direct and Indirect Costs including overheads)

(eg hours, meals, trips)

Relatively minor changes in the Units of Service or Outputs can have a significant impact on the Unit Cost

IMPACT OF COVID 19 PANDEMIC ON CHSP SERVICES

- **Additional costs**
 - Personal Protective Equipment
- **Outputs**
 - Some services outputs have been significantly reduced
 - Some services have increased outputs
 - Food services
- **Flexibility in service delivery**
 - Technology

TOPIC 2 What is Unit Costing?



KEY MESSAGES

- ✓ The costs for each agency are different
- ✓ The costing process is unlikely to predict exact costs. It needs to be reviewed.
- ✓ Costing involves understanding of the expected activity level.
- ✓ Costing requires oversight and engagement of staff, boards and governing bodies.
- ✓ State your assumptions of the costing framework (Source: Gilchrist, 2014, pg 6)

TOPIC 3 What to cost and how?

CALCULATING THE DIRECT COST



The **direct costs** reflected in the Unit Costing Tool are in Table 1.

Table 1 – Direct Costs

Direct Cost	Definition
Direct Workers & Associated Costs (Wages, Salaries and related costs) Unit Costing Tool A1	All costs related to the employment of staff involved in the delivery of direct care, assessment and care planning services to a consumer. All wages, penalties, loadings, annual leave, sick pay, long service leave, paid to workers who deliver services to clients in their homes or the community. Where relevant and if possible, the amount is to be split between direct care staff, nursing, and allied health staff, and other direct staff
Consumables Unit Costing Tool A2	The costs of goods used to support consumers in their home or their community (eg Personal Protective Equipment, surgical dressings, containers for packaging meals).
Brokerage Costs – Purchase of Services Unit Costing Tool A3	This category covers the cost of purchasing direct services (via brokerage) for consumers from another organisation. This may be in the form of purchases from other community care agencies, from commercial agencies or individual contactors.

Notes:

TOPIC 3 What to cost and how?

CALCULATING THE INDIRECT COST



The **Indirect costs** reflected in the Unit Costing Tool are in Table 2. In calculating indirect costs it is important to develop a system for apportioning costs, across specific service types.

Table 2 – Indirect Costs

Indirect Cost	Definition
Travel Unit Costing Tool B4	All costs related to providing travel for direct care for consumers.
Service Management Unit Costing Tool B5	All service management costs for example, the wages associated with management, quality, administration staff, finance staff, IT, marketing and communication, and external contractors. This could be allocated on a % basis based on the amount of time staff spend on particular programs
Accommodation and related expenses Unit Costing Tool B6	All rent paid for the accommodation and related expenses for the service being costed.
Other Service Costs Unit Costing Tool B7	Any other costs that are indirect costs not directly related to delivering specific services.
Organisation Overheads Unit Costing Tool B8	This item covers all costs related to the service provision which are incurred in a regional, central or head office for multi-outlet services or by the sponsoring organisation in the case of a multi-service outlet. The costs would include payroll, personnel, accounts and other corporate management expenses. The test for inclusion is whether the corporate item relates to the CHSP service, and, if so, an estimate should be made based on the CHSP Service's share of the organisation's total program expenditure. This could be a percentage cost, for example between 25-30%.

Notes:

TOPIC 3 What to cost and how?

The accuracy of the unit cost depends on knowing and using the correct denominator and knowing how to calculate the denominator. The total units of service or outputs (the denominator) as per the Commonwealth Home Support Program Service Types and the client or consumer contributions collected in Dex are described in Table 1.

Table 1 – Commonwealth Home Support Program Service Types, Outputs, and Client Contributions			
CHSP Sub Program	Service Type	Output measure as identified by DEX	Client contributions recorded in Dex
Community Home and Support	Allied Health and Therapy Services	Time (hours)	Dollars
	Domestic Assistance	Time (hours)	Dollars
	Personal Care	Time (hours)	Dollars
	Goods Equipment and Assistive Technology	Quantity – number of items purchased or loaned; Cost in dollars – of the amount service provider spent (general cap of \$1000 per client per year as per CHSP program manual)	Dollars
	Home Maintenance	Time (hours)	Dollars
	Home Modifications	Total Cost	Dollars
	Meals	Quantity, number of meals	Dollars
	Other Food Services	Time (hours)	Dollars
	Nursing	Time (hours)	Dollars
	Other Food Services	Time (hours)	Dollars
	Social Support Individual	Time (hours)	Dollars
	Social Support Group	Time (hours)	Dollars
	Specialised Support Services	Time (hours)	Dollars
	Assistance with Care and Housing	Time (hours)	Not required under CHSP program guidelines or recorded in DEX
	Care Relationships and Relationship Support	Time (hours)	Dollars
	Cottage Respite	Time (hours)	Dollars
	Centre-based Respite	Time (hours)	Dollars

Source:

Department of Health, Commonwealth Home Support Program (CHSP) Program Manual 2020-2022 downloaded from www.health.gov.au/sites/default/files/documents/2021/07/commonwealth-home-support-programme-chsp-manual_o.pdf

Dex Program Specific Guidelines, downloaded from www.dex.dss.gov.au/sites/default/files/documents/2021-04/program-specific-guidance.pdf

Activity 3 – Determining Unit Costs



In this Activity, we will demonstrate how to use the Unit Costing tool through a live demonstration online. In the comments section make notes about what additional information you may need to cost the specific item.



CASE STUDIES

CASE STUDY #1: Happy Valley Food Service



HAPPY VALLEY FOOD SERVICE

FOOD SERVICE UNIT COSTING EXAMPLE



Happy Valley Food Service is a stand-alone food service that services a rural area. The service has a paid Coordinator and part-time Administration Officer. They deliver hot and frozen meals by volunteers.

The service undertakes a unit costing for the period of 1 July 2019 to 30 June 2020 using the following figures.

Organisation Name	HAPPY VALLEY FOOD SERVICE
What service type are you costing?	Meals and Food Services
Costing by outlet or whole service?	Organisation
Financial Year or Costing Period?	1 July 2019 to 30 June 2020
Total number of consumers supported during the costing period?	300
Total client fees for the costing period?	\$200,000
Funded Outputs during the costing period?	50,000
Actual outputs delivered during costing period?	50,000
What is the Units of Service Type? (eg hours, number of meals, number of trips)	Total number of meals
Total Units of Service or Outputs	50,000

CASE STUDY #1: Happy Valley Food Service High-Level Summary



Happy Valley Food Service				Unit Cost
Total Units of Service	Total number of meals	50,000	1 July 2019 to 30 June 2020	\$11.83

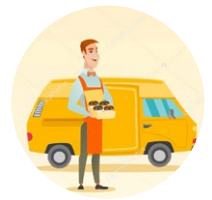
Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A. Direct Costs				
A1	Direct Workers and Associated Costs	\$265,000.00	\$5.30	44.80%
A2	Consumables	\$210,000.00	\$4.20	35.50%
A3	Purchase of Services	\$0.00	\$0.00	0.00%
Total Direct Costs (Categories A1, A2, A3)		\$475,000.00	\$9.50	80.30%

B. Indirect costs				
B4	Travel	\$26,000.00	\$0.52	4.40%
B5	Service Management	\$50,000.00	\$1.00	8.45%
B6	Accommodation	\$19,000.00	\$0.38	3.21%
B7	Other Service Costs	\$21,500.00	\$0.43	3.63%
B8	Organisation Overheads	\$0.00	\$0.00	0.00%
Total Indirect Costs (Categories B4, B5, B6, B7, B8)		\$116,500.00	\$2.33	19.70%

Overall Cost of Service Operation (Total of Direct Costs (A1, A2, A3) and Total of Indirect Costs (B4, B5, B6, B7, B8))		\$591,500.00	\$11.83	100.00%
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C.9 Income		Total (\$)	% of Total Income
A	CHSP Grant	\$345,000.00	57.02%
B	Client Fees	\$200,000.00	33.06%
C	Other Fees and External Income	\$60,000.00	9.92%
Total Income		\$605,000.00	100.00%

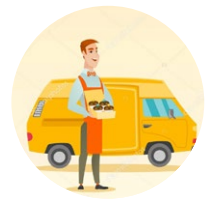
CASE STUDY #1: Happy Valley Food Service Unit Costing Indepth



	Total number of meals	50,000	1 July 2019 to 30 June 2020	
Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A Direct Costs				
Direct Workers and Associated Costs	Direct Care Staff	\$200,000.00	\$4.00	33.81%
	Nursing Staff	\$0.00	\$0.00	0.00%
	Allied Health Staff	\$0.00	\$0.00	0.00%
	Superannuation	\$28,000.00	\$0.56	4.73%
	Workers Compensation	\$10,000.00	\$0.20	1.69%
	Long Service Leave Provision	\$0.00	\$0.00	0.00%
	Lump Sum Payments	\$0.00	\$0.00	0.00%
	Staff training and Development	\$10,000.00	\$0.20	1.69%
	Volunteer Allowances	\$10,000.00	\$0.20	1.69%
	First Aid Allowance	\$0.00	\$0.00	0.00%
	Police checks for staff and volunteers	\$2,000.00	\$0.04	0.34%
	Other costs - Agency Costs	\$0.00	\$0.00	0.00%
	Staff and Volunteer Amenities	\$5,000.00	\$0.10	0.85%
	Other	\$0.00	\$0.00	0.00%
A1 - Total	Direct Workers and Associated Costs	\$265,000.00	\$5.30	44.80%

Consumables	Nursing Consumables	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Consumables	\$0.00	\$0.00	0.00%
	Food and delivered meals consumables	\$200,000.00	\$4.00	33.81%
	Personal Care consumables	\$0.00	\$0.00	0.00%
	Uniforms and Personal Protective Equipment (PPE)	\$10,000.00	\$0.20	1.69%
	Other program consumables	\$0.00	\$0.00	0.00%
Purchase of Services	Other (please state)	\$0.00	\$0.00	0.00%
	A2 - Total Consumables	\$210,000.00	\$4.20	35.50%
	Nursing Services	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Services	\$0.00	\$0.00	0.00%
	Direct Care Services	\$0.00	\$0.00	0.00%
	Respite Services	\$0.00	\$0.00	0.00%
A3 - Total	Other Services (please state)	\$0.00	\$0.00	0.00%
	Purchase of Services	\$0.00	\$0.00	0.00%
Total Direct Costs		\$475,000.00	\$9.50	80.30%

CASE STUDY #1: Happy Valley Food Service Unit Costing Indepth



Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
B Indirect Costs				
Travel	Kilometre Allowance	\$4,000.00	\$0.08	0.68%
	Kilometre Allowance (workers vehicles)	\$2,000.00	\$0.04	0.34%
	Motor Vehicle Running Expenses	\$0.00	\$0.00	0.00%
	Volunteer Allowances	\$20,000.00	\$0.40	3.38%
	Other (please state)	\$0.00	\$0.00	0.00%
B4 - Total	Travel	\$26,000.00	\$0.52	4.40%
Service Management	Manager	\$0.00	\$0.00	0.00%
	Administration Support	\$30,000.00	\$0.60	5.07%
	Finance Staff	\$0.00	\$0.00	0.00%
	Other - Agency Staff	\$0.00	\$0.00	0.00%
	Volunteer Co-ordinator	\$0.00	\$0.00	0.00%
	Information Technology	\$10,000.00	\$0.20	1.69%
	Marketing and Communication	\$10,000.00	\$0.20	1.69%
	External Contractors	\$0.00	\$0.00	0.00%
	Other	\$0.00	\$0.00	0.00%
B5 - Total	Service Management	\$50,000.00	\$1.00	8.45%

Accommodation	Accommodation- Rent	\$10,000.00	\$0.20	1.69%
	Rates and Charges	\$0.00	\$0.00	0.00%
	Building repairs and maintenance	\$0.00	\$0.00	0.00%
	Building insurance	\$5,000.00	\$0.10	0.85%
	Building reserves or depreciation	\$0.00	\$0.00	0.00%
	Cleaning	\$0.00	\$0.00	0.00%
	Electricity, Gas and Water (Utilities)	\$4,000.00	\$0.08	0.68%
	Other (please state)	\$0.00	\$0.00	0.00%
B6 - Total	Accommodation	\$19,000.00	\$0.38	3.21%
Other Service Costs	Insurance	\$5,000.00	\$0.10	0.85%
	Printing, Stationary and Postage	\$5,000.00	\$0.10	0.85%
	Non Capital furniture and equipment purchases	\$5,000.00	\$0.10	0.85%
	Repairs and Maintenance (equipment)	\$0.00	\$0.00	0.00%
	Telephone	\$6,500.00	\$0.13	1.10%
	Fees	\$0.00	\$0.00	0.00%
	Indirect Travel costs	\$0.00	\$0.00	0.00%
	Depreciation or replacement provisions	\$0.00	\$0.00	0.00%
	Other Indirect Service Costs	\$0.00	\$0.00	0.00%
B7 - Total	Other Service Costs	\$21,500.00	\$0.43	3.63%
Total Indirect Costs		\$116,500.00	\$2.33	19.70%

CASE STUDY #1: Happy Valley Food Service Unit Costing Indepth



Overall Total Costs		\$591,500.00	\$11.83	100.00%
C.9 Income	Income Item	Total (\$)	% of Total Income	
Income	A. CHSP Grant	\$345,000.00	57.02%	
	B. Client contributions	\$200,000.00	33.06%	
	C. Other fees and external income	\$0.00	0.00%	
	Fees for services	\$0.00	0.00%	
	Other Government grants	\$10,000.00	1.65%	
	Other Income	\$50,000.00	8.26%	
	o	\$0.00	0.00%	
Total Income		\$605,000.00	100.00%	

CASE STUDY #2: Chadwell Heath Services Ltd - Transport Services



CHADWELL HEATH SERVICES LTD

TRANSPORT SERVICE UNIT COSTING EXAMPLE



Chadwell Heath Services Ltd is a Not for Profit Company providing a wide range of services across a regional area. They provide a range of Commonwealth Home Support Services, National Disability Insurance Scheme and Home Care Packages, and Private Business Services.

The service undertakes a unit costing for the period of 1 July 2018 to 30 June 2019 using the following figures:

Organisation Name	CHADWELL HEATH SERVICES LTD
What service type are you costing?	Community Transport Only
Costing by outlet or whole service?	CHSP ONLY service
Financial Year or Costing Period?	1 July 2018 to 30 June 2019
Total number of consumers supported during the costing period?	70
Total client fees for the costing period?	46757.69
Funded Outputs during the costing period?	9139
Actual outputs delivered during costing period?	7757
What is the Units of Service Type? (eg hours, number of meals, number of trips)	Total number of trips
Total Units of Service or Outputs	7757

CASE STUDY #2: Chadwell Heath Services Ltd High-Level Summary



Chadwell Health Services				Unit Cost
Total Units of Service	Total number of trips	7757	1 July 2018 to 30 June 2019	\$49.14

Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A. Direct Costs				
A1	Direct Workers and Associated Costs	\$124,013.27	\$15.99	32.53%
A2	Consumables	\$0.00	\$0.00	0.00%
A3	Purchase of Services	\$0.00	\$0.00	0.00%
Total Direct Costs (Categories A1, A2, A3)		\$124,013.27	\$15.99	32.53%
B. Indirect costs				
B4	Travel	\$0.00	\$0.00	0.00%
B5	Service Management	\$43,922.81	\$5.66	11.52%
B6	Accommodation	\$36,292.69	\$4.68	9.52%
B7	Other Service Costs	\$176,966.17	\$22.81	46.42%
B8	Organisation Overheads	\$0.00	\$0.00	0.00%
Total Indirect Costs (Categories B4, B5, B6, B7, B8)		\$257,181.67	\$33.15	67.47%
Overall Cost of Service Operation (Total of Direct Costs (A1, A2, A3) and Total of Indirect Costs (B4, B5, B6, B7, B8))		\$381,194.94	\$49.14	100.00%
C. Income				
Income Item		Total (\$)	% of Total Income	
A	CHSP Grant	\$310,884.00	72.64%	
B	Client Fees	\$46,757.69	10.93%	
C	Other Fees and External Income	\$70,310.94	16.43%	
Total Income		\$427,952.63	100.00%	

CASE STUDY #2: Chadwell Heath Services Ltd Unit Costing Indepth



	Total number of trips	7757	2018-2019
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Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A Direct Costs				
Direct Workers and Associated Costs	Direct Care Staff	\$124,013.27	\$15.99	32.53%
	Nursing Staff	\$0.00	\$0.00	0.00%
	Allied Health Staff	\$0.00	\$0.00	0.00%
	Superannuation	\$0.00	\$0.00	0.00%
	Workers Compensation	\$0.00	\$0.00	0.00%
	Long Service Leave Provision	\$0.00	\$0.00	0.00%
	Lump Sum Payments	\$0.00	\$0.00	0.00%
	Staff training and Development	\$0.00	\$0.00	0.00%
	Volunteer Allowances	\$0.00	\$0.00	0.00%
	First Aid Allowance	\$0.00	\$0.00	0.00%
	Police checks for staff and volunteers	\$0.00	\$0.00	0.00%
	Other costs - Agency Costs	\$0.00	\$0.00	0.00%
	Other	\$0.00	\$0.00	0.00%
A1 - Total	Direct Workers and Associated Costs	\$124,013.27	\$15.99	32.53%

Consumables	Nursing Consumables	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Consumables	\$0.00	\$0.00	0.00%
	Food and delivered meals consumables	\$0.00	\$0.00	0.00%
	Personal Care consumables	\$0.00	\$0.00	0.00%
	Uniforms and Personal Protective Equipment (PPE)	\$0.00	\$0.00	0.00%
	Other program consumables	\$0.00	\$0.00	0.00%
	Other (please state)	\$0.00	\$0.00	0.00%
A2 - Total	Consumables	\$0.00	\$0.00	0.00%
Purchase of Services	Nursing Services	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Services	\$0.00	\$0.00	0.00%
	Direct Care Services	\$0.00	\$0.00	0.00%
	Respite Services	\$0.00	\$0.00	0.00%
	Other Services (please state)	\$0.00	\$0.00	0.00%
A3 - Total	Purchase of Services	\$0.00	\$0.00	0.00%
Total Direct Costs		\$124,013.27	\$15.99	32.53%

CASE STUDY #2: Chadwell Heath Services Ltd Unit Costing Indepth



B Indirect Costs				
Travel	Kilometre Allowance	\$0.00	\$0.00	0.00%
	Kilometre Allowance	\$0.00	\$0.00	0.00%
	Motor Vehicle Running Expenses	\$0.00	\$0.00	0.00%
	Volunteer Allowances	\$0.00	\$0.00	0.00%
	Other (please state)	\$0.00	\$0.00	0.00%
B4 - Total	Travel	\$0.00	\$0.00	0.00%
Service Management	Manager	\$43,922.81	\$5.66	11.52%
	Administration Support	\$0.00	\$0.00	0.00%
	Finance Staff	\$0.00	\$0.00	0.00%
	Other - Agency Staff	\$0.00	\$0.00	0.00%
	Volunteer Co-ordinator	\$0.00	\$0.00	0.00%
	Information Technology	\$0.00	\$0.00	0.00%
	Marketing and Communication	\$0.00	\$0.00	0.00%
	External Contractors	\$0.00	\$0.00	0.00%
	Other	\$0.00	\$0.00	0.00%
B5 - Total	Service Management	\$43,922.81	\$5.66	11.52%
Accommodation	Accommodation- Rent	\$36,292.69	\$4.68	9.52%
	Rates and Charges	\$0.00	\$0.00	0.00%
	Building repairs and maintenance	\$0.00	\$0.00	0.00%
	Building insurance	\$0.00	\$0.00	0.00%
	Building reserves or depreciation	\$0.00	\$0.00	0.00%
	Cleaning	\$0.00	\$0.00	0.00%
	Electricity, Gas and Water (Utilities)	\$0.00	\$0.00	0.00%
	Other (please state)	\$0.00	\$0.00	0.00%
B6 - Total	Accommodation	\$36,292.69	\$4.68	9.52%

Other Service Costs	Insurance	\$176,966.17	\$22.81	46.42%
	Printing, Stationary and Postage	\$0.00	\$0.00	0.00%
	Non Capital furniture and equipment purchases	\$0.00	\$0.00	0.00%
	Repairs and Maintenance (equipment)	\$0.00	\$0.00	0.00%
	Telephone and Internet costs	\$0.00	\$0.00	0.00%
	Fees	\$0.00	\$0.00	0.00%
	Indirect Travel costs	\$0.00	\$0.00	0.00%
	Depreciation or replacement provisions	\$0.00	\$0.00	0.00%
	Other Indirect Service Costs	\$0.00	\$0.00	0.00%
B7 - Total	Other Service Costs	\$176,966.17	\$22.81	46.42%

Total Indirect Costs	\$257,181.67	\$33.15	67.47%
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Overall Total Costs	\$381,194.94	\$49.14	100.00%
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Income	Income Item	Total (\$)	% of Total Income
Income	A. CHSP Grant	\$310,884.00	70.65%
	B. Client contributions	\$46,757.69	10.63%
	C. Other fees and external income	\$0.00	0.00%
	Fees for services	\$46,757.69	10.63%
	Other Government grants	\$0.00	0.00%
	Other Income	\$23,553.25	5.35%
	0	\$12,106.00	2.75%

CASE STUDY #3: Your Care - Domestic Assistance



YOUR CARE

DOMESTIC ASSISTANCE UNIT COSTING EXAMPLE



Your Care is a not-for-profit company that provides in-home and in-community supports to older people and people with disability. They receive Commonwealth Home Support Program funding, are a registered provider of the National Disability

Insurance Program and are an Approved Provider of Home Care Packages. An overhead cost for administering different funding programs is charged.

Organisation Name	YOUR CARE
What service type are you costing?	Domestic Assistance
Costing by outlet or whole service?	Outlet
Financial Year or Costing Period?	1 July 2020 til 30 June 2021
Total number of consumers supported during the costing period?	1500
Total client fees for the costing period?	262,470
Funded Outputs during the costing period?	23,895
Actual outputs delivered during costing period?	25,035
What is the Units of Service Type? (eg hours, number of meals, number of trips)	Hours of service
Total Units of Service or Outputs	25,035

CASE STUDY #3: Your Care High-Level Summary



Your Care				Unit Cost
Total Units of Service	Hours of service	25035	FY 21	\$57.51

Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A. Direct Costs				
A1	Direct Workers and Associated Costs	\$764,874.00	\$30.55	53.12%
A2	Consumables	\$38,872.00	\$1.55	2.70%
A3	Purchase of Services	\$394,054.00	\$15.74	27.37%
Total Direct Costs (Categories A1,A2,A3,)		\$1,197,800.00	\$47.85	83.19%
B. Indirect costs				
B4	Travel	\$72,706.00	\$2.90	5.05%
B5	Service Management	\$0.00	\$0.00	0.00%
B6	Accommodation	\$0.00	\$0.00	0.00%
B7	Other Service Costs	\$6,800.00	\$0.27	0.47%
B8	Organisation Overheads	\$162,476.00	\$6.49	11.28%
Total Indirect Costs (Categories B4, B5, B6,B7,B8)		\$241,982.00	\$9.67	16.81%
Overall Cost of Service Operation (Total of Direct Costs (A1, A2, A3) and Total of Indirect Costs (B4, B5, B6, B7, B8))		\$1,439,782.00	\$57.51	100.00%
C.g Income	Income Item	Total (\$)	% of Total Income	
A	CHSP Grant	\$1,146,591.00	79.64%	
B	Client Fees	\$262,470.00	18.23%	
C	Other Fees and External Income	\$30,721.00	2.13%	
Total Income		\$1,439,782.00	100.00%	

CASE STUDY #3: Your Care Unit Costing Indepth



Hours of service	25,035	FY 21
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Category	Cost Item	Cost (\$)	Unit Cost	% of total cost
A Direct Costs				
Direct Workers and Associated Costs	Direct Care Staff	\$663,810.00	\$26.52	46.10%
	Nursing Staff	\$0.00	\$0.00	0.00%
	Allied Health Staff	\$0.00	\$0.00	0.00%
	Superannuation	\$63,009.00	\$2.52	4.38%
	Workers Compensation	\$26,552.00	\$1.06	1.84%
	Long Service Leave Provision	\$5,425.00	\$0.22	0.38%
	Lump Sum Payments	\$0.00	\$0.00	0.00%
	Staff training and Development	\$3,878.00	\$0.15	0.27%
	Volunteer Allowances	\$0.00	\$0.00	0.00%
	First Aid Allowance	\$0.00	\$0.00	0.00%
	Police checks for staff and volunteers	\$2,200.00	\$0.09	0.15%
	Other costs - Agency Costs	\$0.00	\$0.00	0.00%
	Staff and Volunteer Amenities	\$0.00	\$0.00	0.00%
	Other	\$0.00	\$0.00	0.00%
A1 - Total	Direct Workers and Associated Costs	\$764,874.00	\$30.55	53.12%

Consumables	Nursing Consumables	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Consumables	\$0.00	\$0.00	0.00%
	Food and delivered meals consumables	\$0.00	\$0.00	0.00%
	Personal Care consumables	\$0.00	\$0.00	0.00%
	Uniforms and Personal Protective Equipment (PPE)	\$38,723.00	\$1.55	2.69%
	Other program consumables	\$0.00	\$0.00	0.00%
	Other (please state)	\$149.00	\$0.01	0.01%
A2 - Total	Consumables	\$38,872.00	\$1.55	2.70%
Purchase of Services	Nursing Services	\$0.00	\$0.00	0.00%
	Allied Health and Therapy Services	\$0.00	\$0.00	0.00%
	Direct Care Services	\$394,054.00	\$15.74	27.37%
	Respite Services	\$0.00	\$0.00	0.00%
	Other Services (please state)	\$0.00	\$0.00	0.00%
A3 - Total	Purchase of Services	\$394,054.00	\$15.74	27.37%
Total Direct Costs		\$1,197,800.00	\$47.85	83.19%
B Indirect Costs				
Travel	Kilometre Allowance	\$0.00	\$0.00	0.00%
	Kilometre Allowance (workers vehicles)	\$61,240.00	\$2.45	4.25%
	Motor Vehicle Running Expenses	\$11,466.00	\$0.46	0.80%
	Volunteer Allowances	\$0.00	\$0.00	0.00%
	Other (please state)	\$0.00	\$0.00	0.00%
B4 - Total	Travel	\$72,706.00	\$2.90	5.05%



CASE STUDY #3: Your Care Unit Costing Indepth

Service Management	Manager	\$0.00	\$0.00	0.00%
	Administration Support	\$0.00	\$0.00	0.00%
	Finance Staff	\$0.00	\$0.00	0.00%
	Other - Agency Staff	\$0.00	\$0.00	0.00%
	Volunteer Co-ordinator	\$0.00	\$0.00	0.00%
	Information Technology	\$0.00	\$0.00	0.00%
	Marketing and Communication	\$0.00	\$0.00	0.00%
	External Contractors	\$0.00	\$0.00	0.00%
	Other	\$0.00	\$0.00	0.00%
B5 - Total	Service Management	\$0.00	\$0.00	0.00%
Accommodation	Accommodation- Rent	\$0.00	\$0.00	0.00%
	Rates and Charges	\$0.00	\$0.00	0.00%
	Building repairs and maintenance	\$0.00	\$0.00	0.00%
	Building insurance	\$0.00	\$0.00	0.00%
	Building reserves or depreciation	\$0.00	\$0.00	0.00%
	Cleaning	\$0.00	\$0.00	0.00%
	Electricity, Gas and Water (Utilities)	\$0.00	\$0.00	0.00%
	Other (please state)	\$0.00	\$0.00	0.00%
B6 - Total	Accommodation	\$0.00	\$0.00	0.00%

Other Service Costs	Insurance	\$0.00	\$0.00	0.00%
	Printing, Stationary and Postage	\$0.00	\$0.00	0.00%
	Non Capital furniture and equipment purchases	\$0.00	\$0.00	0.00%
	Repairs and Maintenance (equipment)	\$0.00	\$0.00	0.00%
	Telephone	\$0.00	\$0.00	0.00%
	Fees	\$0.00	\$0.00	0.00%
	Indirect Travel costs	\$0.00	\$0.00	0.00%
	Depreciation or replacement provisions	\$6,800.00	\$0.27	0.47%
	Corporate Overhead costs	\$0.00	\$0.00	0.00%
	Other Indirect Service Costs	\$0.00	\$0.00	0.00%
B7 - Total	Other Service Costs	\$6,800.00	\$0.27	0.47%
Organisation Overheads	Organisation Overhead Costs	\$162,476.00	\$6.49	11.28%
	o	\$0.00	\$0.00	0.00%
	o	\$0.00	\$0.00	0.00%
	o	\$0.00	\$0.00	0.00%
B8 - Total	Organisation Overheads	\$162,476.00	\$6.49	11.28%
Total Indirect Costs		\$241,982.00	\$9.67	16.81%



CASE STUDY #3: Your Care Unit Costing Indepth

Overall Total Costs	\$1,439,782.00	\$57.51	100.00%
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C.9 Income	Income Item	Total (\$)	% of Total Income
Income	A. CHSP Grant	\$1,146,591.00	79.64%
	B. Client contributions	\$262,470.00	18.23%
	C. Other fees and external income	\$0.00	0.00%
	Fees for services	\$0.00	0.00%
	Other Government grants	\$0.00	0.00%
	Other Income	\$30,721.00	2.13%
Total Income		\$1,439,782.00	100.00%

TOPIC 4 Implications of the costing process

Health has finalised the 2022-2023 national unit price ranges to be used in grant agreements which are listed in Table 1. These price ranges exclude client contribution.

Source: downloaded from <https://www.health.gov.au/resources/publications/commonwealth-home-support-programme-chsp-payment-in-arrears-and-unit-pricing-october-update>

ACIL Allen Consulting

* GEAT will have a similar reporting structure to Home Modifications, with the output measure to remain cost in dollars.

** Home Modifications will continue to deliver services based on the cost in dollars and will remain capped at \$10,000 (per client per financial year).

Table 1 - 2022 - 23 CHSP National Unit Prices Range

CHSP Service Type	Output Measure	2022-23 CHSP National Unit Price Ranges
Allied Health and Therapy Services	Hour	\$95-\$125
Assistance with Care and Housing	Hour	\$61-\$97
Centre-based Respite	Hour	\$27-\$51
Cottage Respite	Hour	\$28-\$53
Domestic Assistance	Hour	\$48-\$61
Flexible Respite	Hour	\$51-\$67
GEAT (Goods Equipment and Assistive Technology)	Cost in dollars	*
Home Maintenance	Hour	\$53-\$75
Home Modifications	Cost in dollars	**
Meals	Meal	\$7.50-\$13
Nursing	Hour	\$104-\$129
Other Food Services	Hour	\$25-\$41
Personal Care	Hour	\$51-\$68
Social Support Group	Hour	\$17-\$27
Social Support Individual	Hour	\$39-\$60
Specialised Support Services	Hour	\$76-\$118
Transport	One-way trip	\$18-\$36

TOPIC 4 Implications of the costing process

There is significant variation in Unit Costs for CHSP services as reflected in the CHSP Data study published by Deloitte in 2020.

Analysis

Table 4.8 summarises the estimated average unit prices across service providers for each service type in 2018-19.

The actual unit price is higher than the funded unit price across all service types, indicating that the price of service delivery was typically greater than planned. However, the expended unit price is generally comparable with the actual unit price, indicating that client contributions are a relatively low proportion of the price of overall service delivery.

For services measured in hours, the funded unit price varies from \$19 for Social Support – Group to \$51 per hour for Specialist Support Services, while the actual unit prices ranged from \$32 to \$76 per hour for these services.

The funded unit price for service measured in quantity ranged from \$8 per unit of Meals to \$310 per unit of Goods, Equipment and Assistive Technology.

The variation between actual unit price and funded unit price varies between 38% for Allied Health and Therapy Services to 139% for Meals.

Unit prices

Funded, expended and actual unit prices by service type

Table 4.8 Service delivery outputs by service types, 2018-19

Service type	Output	Unit price (\$/output)			
		Funded unit price	Expended unit price	Actual unit price	Variation
Allied Health and Therapy Services	Hours	93	123	128	38%
Assistance with Care and Housing	Hours	61	128	128	111%
Centre-based Respite	Hours	30	49	52	71%
Cottage Respite	Hours	32	40	42	30%
Domestic Assistance	Hours	47	58	66	41%
Flexible Respite	Hours	50	71	78	56%
Goods, Equipment and Assistive Technology	Quantity	310	377	415	34%
Home Maintenance	Hours	53	71	81	53%
Home Modifications	Dollars	1	2	2	65%
Meals	Quantity	8	12	18	139%
Nursing	Hours	98	126	131	34%
Other Food Services	Hours	47	63	69	48%
Personal Care	Hours	51	68	76	48%
Social Support - Group	Hours	19	31	32	74%
Social Support - Individual	Hours	41	58	62	50%
Specialised Support Services	Hours	51	68	76	48%
Transport	Quantity	24	36	39	66%

Note: *Variation* between actual unit price and funded unit price as a proportion of funded unit price.

Both output and unit price for Home Modifications are measured in terms of dollars. A provider may use more than one dollar of funding for every dollar of output that they provide to a client.

Source: Deloitte Access Economics analysis (2019), DEX (2019), Department of Health 'Activity Work Plan Tracking' spreadsheet 2018-19 and 'Activity Work Plan Report' 2018-19

Three versions of unit price were developed:

- 1. Funded Unit Price** – the government funding for the service divided by the volume of output planned over the forthcoming year. The funded unit price should be thought of as an indicator of the expected price of delivery per unit of output.
- 2. Expended Unit Price** – the expenditure claimed by providers for the services delivered by the volume of output delivered. The expended unit price differs from the actual unit price in that it does not include client contributions.
- 3. Actual Unit Price** – the expenditure claimed by providers and the client contribution for the services, divided by the volume of output delivered. The actual unit price should be thought of as the truest indicator for the real price of delivery per unit of output.

Source: Deloitte Access Economics (2020:54), CHSP Data Study, downloaded from www.health.gov.au/sites/default/files/documents/2021/06/commonwealth-home-support-program-data-study_o.pdf

TOPIC 4 Implications of the costing process



IMPLICATIONS OF THE COSTING PROCESS

In most circumstances, funding amounts for providers will be rolled over based on 2021-22 funding levels, plus indexation. **No provider will have their funding level reduced as part of this process** (noting reductions may occur for other reasons, such as compliance action).

The way services are funded across Aged Care Planning Regions (ACPR) in the grant agreement will change. Currently, providers have a unit price per activity per ACPR. The grant agreement for 2022-23 for each specific CHSP provider will have one-unit price per activity, which reflects an average across all the ACPRs which they deliver services in.

Outputs will also be adjusted in the following way in order to ensure funding levels remain unchanged:

- Where providers are currently funded above the new price range, the funded price will be reduced to the top of the unit price range. Outputs will be adjusted up to ensure there is no reduction in the overall value of the contract.
- Where providers are funded below the price range, but are not delivering services close to agreed outputs, the funded price will be increased to the bottom of the unit price range, and outputs will be reduced.

Some providers will receive additional funding where they are delivering services close to agreed outputs but are currently funded below the bottom of the unit price range.

There is only modest scope for CHSP providers to negotiate unit prices. Where a CHSP provider is already funded within the 2022-23 National Unit Price Ranges, there will be no option to negotiate a unit price above the range.

However, providers can seek to adjust their contracts through the Community Grants Hub to correct historical anomalies in order to better reflect actual service delivery arrangements. These will be considered on a case by case basis, but examples include funding allocated to incorrect service types (such “other food services” rather than “meals”).

Health recognises the cost of service delivery in remote and very remote areas (MMM 6 and 7) is higher compared to metropolitan, regional and rural areas. For providers where the vast majority of services are delivered in these areas, they will be able to seek a change to their contract to provide a loading to the unit price range. Outputs would then be reduced by an equivalent amount so that funding levels don't change. The purpose of this would be to ensure outputs in the contract are not materially too high.

Source, Department of Health (2021) CHSP - Payment in Arrears and Unit Pricing downloaded from www.health.gov.au/resources/publications/commonwealth-home-support-programme-chsp-payment-in-arrears-and-unit-pricing-october-update

TOPIC 4 Implications of the costing process



IMPLICATIONS OF THE COSTING PROCESS

Unit cost is more than the price funded by the government

- Can we reduce our costs?
- Can we negotiate a reduction in outputs or a different price?
- Can we increase client fees to cover the difference between price and cost?
- Can we increase the volume of service over time?
- Review our business and service model

Unit cost is less than the price funded by the government

- How often do we need to review our costs?

COST, PRICE AND VIABILITY – STRATEGIC QUESTIONS

Relationship between price and quality.

- What scope do we have to increase client or consumer contributions?

Relationship between price and volume

- If we support more people will our model be viable?
- How will this effect the quality of care?

Transparency to consumers

- How can we communicate the costs to consumers that is easy to understand?

Involving accounting, finance and social care professionals in reviewing costs and the strategic implications.

SUMMARY



This workshop has introduced Unit Costing for Commonwealth Home Support Services. Additional resources to support your organisation in implementing Unit Costing are included in the suggested post workshop reading and references.

Notes

[illegible]

SUGGESTED POST WORKSHOP READING AND REFERENCES

SUGGESTED POST WORKSHOP READING

Australian Government (2021), Dex Program Specific Guidelines, downloaded from <https://dex.dss.gov.au/sites/default/files/documents/2021-04/program-specific-guidance.pdf>

Curtin University (2015), Costing and Pricing Learning Program for Disability Services, accessed on 28 March 2021 www.cplp.nds.org.au

Deloitte Access Economics (2020), CHSP Data Study, downloaded from https://www.health.gov.au/sites/default/files/documents/2021/06/commonwealth-home-support-programme-data-study_o.pdf

Department of Health (2021), CHSP Payment in Arrears and Unit Pricing Factsheet, downloaded from www.health.gov.au/resources/publications/commonwealth-home-support-programme-chsp-payment-in-arrears-and-unit-pricing-fact-sheet

Department of Health (2021), Commonwealth Home Support Program (CHSP) - Payment in Areas and Unit Pricing - October update, downloaded from <https://dex.dss.gov.au/document/466>

Department of Health (2021), Australian Governments Response to the Royal Commission into Aged Care Quality and Safety, downloaded from www.health.gov.au/resources/publications/australian-government-response-to-the-final-report-of-the-royal-commission-into-aged-care-quality-and-safety

Department of Health, Commonwealth Home Support

Program Manual 2020-2020, downloaded from www.health.gov.au/sites/default/files/documents/2021/07/commonwealth-home-support-programme-chsp-manual_o.pdf

UNIT COSTING RESOURCES AND SUPPORT

StewartBrown
www.stewartbrown.com.au

ACSA consultancy
www.acsa.asn.au

Network Support Meals on Wheels NSW
nswmealsonwheels.org.au

Commonwealth Home Support Program Sector Support and Development Teams

Curtin University (2015), Costing and Pricing Learning Program for Disability Services, accessed on 28 March 2021 www.cplp.nds.org.au

Gilchrist, D., J, (2014). A National Costing and Pricing Framework for Disability Services - A Resource developed for National Disability Services, Canberra National Disability Service downloaded from www.cplp.nds.org.au

Health Consult (2020) Options for an Assessment, Classification and Funding Model for a Single In-home Care Program, downloaded from www.health.gov.au/resources/publications/options-for-an-assessment-classification-and-funding-model-for-a-single-in-home-care-program

Kaplan, R., & Anderson, S., R., (2004) Time-Driven

Activity - Based Costing, Harvard Business Review 82 (11).downloaded from www.hbr.org/2004/11/time-driven-activity-based-costing

HOME CARE TODAY

www.homecaretoday.org.au/provider/knowledge-centre/webinar-recordings

CDC costing and pricing spreadsheet for Aboriginal providers developed by Saward and Dawson Chartered Accountants.

www.cota.org.au/publication/cdc-costing-and-pricing-spreadsheet-tool-for-aboriginal-providers-by-saward-dawson-chartered-accountants

WEBSITES


Personal Well Being Index Research and Publications

Australian Unity
www.australianunity.com.au/about-us/wellbeing-index

Adult Social Outcomes Toolkit
www.pssru.ac.uk/ascot

Helen Sanderson & Associates
www.helensandersonassociates.co.uk

APPENDIX 1 PAYMENT IN ARREARS FACTSHEET - OCTOBER 2021 UPDATE

 **Commonwealth Home Support Programme (CHSP) – Payment in Arrears and Unit Pricing – October update**

OVERVIEW

On 11 May 2021, the Australian Government announced changes to the CHSP to help providers prepare for the new Support at Home Program commencing in July 2023. The new program will replace the CHSP: Home Care Packages, Short-Term Restorative Care, and residential respite programs.

To prepare for these future reforms, CHSP grant agreements will be extended for one year from 1 July 2022 to 30 June 2023, with CHSP providers transitioning to payment in arrears and more consistent unit prices.

This will be a significant change for many CHSP providers. The Department of Health (Health) has been working closely with a working group of CHSP providers, along with ACIL Allen Consulting in order to inform the implementation approach.

The factsheet outlines the detail of these reforms and the administrative processes that will occur over the next 8 months to put in place contracts from 1 July 2022.

The Approach to Reforms

To help assess how CHSP reforms should be implemented, Health held a number of discussions with the working group and also undertook a provider survey to gauge provider feedback on the impact of introducing payment in arrears and more consistent unit pricing in CHSP.

Health acknowledges the diversity of the CHSP sector, and that reform needs to be managed carefully. For this reason, we have agreed, with representatives of the sector, that there are significant complexities to immediately moving to a single nationally consistent unit price for each service type.

We have also received feedback about the importance of the CHSP flexibility provisions that have been an important step in managing demand for services through the COVID-19 pandemic and agreed these should remain part of the system for the 2022-23 financial year.

While the reforms are measured, they do prepare CHSP providers for the new Support at Home Program that will have a greater focus on individual clients.

The Reforms

Under the CHSP extension for 2022-23, all providers will retain grant agreements with a fixed funding amount based on price and outputs, similar to current arrangements. This will provide certainty of cashflow for providers, while they better assess the impact of the new Support at Home Program.

Reforms to CHSP will focus on three core changes for service types with direct service delivery:

- All CHSP providers will transition from upfront quarterly payments to fixed monthly payments in arrears based on 11% of the grant agreement. To help manage the transition and associated cashflow impacts, providers will be paid the July 2022 monthly payment in advance. The August 2022 payment will then be made at the start of September 2022.
- All providers will transition from biannual performance reporting to monthly performance reporting through Data Exchange (DEX) to provide better reporting and

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CHSP providers will be monitored initially for the reporting of services delivered on a monthly basis through the DEX system. Health is aware of fluctuations in service delivery over the course of a year and will take into account exceptional events, such as bushfires, floods, drought, COVID-19 or managed shutdowns, where the delivery of services is unachievable. Health will also take into account the impact on providers where outputs have been increased as a result of a reduction in the funded price.

Providers will have ten business days after the end of the month to submit their DEX report. The submission of a monthly DEX report will be mandatory and may be linked to the release of the next monthly payment. A provider can voluntarily submit a report more frequently, such as each fortnight, however at a minimum a report must be submitted monthly.

To assist with the transition to monthly DEX reporting, Health will provide more information about targeted training and other support materials for CHSP providers over the next few months.

After the initial transition period, compliance checks will be undertaken every 1 to 6 months, with the first scheduled in November 2022. The process will be in line with current compliance arrangements.

These fluctuations may affect some services, organisations, and geographical regions more than others and will be factored into compliance measures. Health's compliance framework will enable periodic reviews of a provider's performance and realignment where there is an unexplained significant under delivery of services against their grant agreement.

CHSP SERVICE TYPE REFORMS

Transition of Assistance with Care and Housing (ACH) navigation supports to new Care Finder Program

On 19 October 2021, ACH providers were notified about the new Care Finder Program due to commence 1 January 2023. The Care Finder Program will provide specialist assistance to senior Australians who need intensive support to understand and access aged care services and could otherwise fall through the cracks.

To streamline navigation supports for aged care, ACH navigation services (Advocacy and Assessments) are expected to transition out of the CHSP and into the new Care Finder Program from 1 January 2023. Hoarding and Squalor will remain as part of the CHSP and is expected to be funded under the new Support at Home Program from 1 July 2023.

This means ACH providers will be fully funded for services until Care Finder starts on 1 January 2023. However, from 1 January 2023, only the Hoarding and Squalor component of ACH services will be included in the CHSP.

Given the changes to ACH services under CHSP, unit prices for ACH services may not be adjusted as part of the CHSP extension.

ACH providers are reminded to complete the mandatory 2021 Survey for CHSP ACH Providers which closes 3 November 2021.

Specialised Support Services (SSS)

Health is also conducting a review through a short survey for providers delivering SSS. This review will ensure SSS is achieving the best outcomes for clients and carens and will provide information on how these services will align to the new Support at Home Program, due to begin 1 July 2023.

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tracking of service delivery. Reporting will be due 10 business days after the end of the month.

- Grant agreements will also be reviewed and updated to reflect nationally consistent unit price ranges for all service types in CHSP, with the exception of Goods Equipment and Assistive Technology (GEAT) and Home Modifications.

This applies to all service types except for Sector Support and Development (SSD). SSD will stay on their existing payment and reporting arrangements, noting the current process underway to review activity work plans (further detail outlined below).

Transition support for smaller providers

Health acknowledges that some providers may require some assistance to manage the cashflow impact of transitioning to payment in arrears. Health will provide targeted assistance by allowing some providers to:

- roll over unspent funds from 2021-22 to 2022-23 (up to a maximum of one month's worth of funding); or
- receive targeted transition funding to provide a cashflow bridge.

In the coming months, Health will provide details for the application process and specific criteria to access these additional transition supports. However, this is expected to exclude large CHSP funded providers and those who already receive funding in arrears through other programs (e.g. National Disability Insurance Scheme or Home Care packages).

It is expected that these supports will focus on smaller providers with low cash reserves and will be considered on a case by case basis (for example, a smaller provider may be defined as those with revenue of less than \$500,000 per annum).

Implementation timelines

Table 1 shows the key items of work. The shaded months correspond to when the work is expected to commence and the finalisation of that work.

Table 1 Implementation timelines for the CHSP extension

Financial Year	2021-22	2022	2022-23	2023
Calendar Year	2021	2022	2023	2024
	Jul – Sep	Oct – Dec	Jan – Mar	Apr – Jun
Key work items				
Contract negotiation with CHSP providers				
Transition support applications				
Contract finalised				
CHSP Extension				
Reforms to Support at Home Program				

Webinar for CHSP providers

On 17 November 2021 Health will host a CHSP Provider Webinar to update the sector on the CHSP 2022-23 extension, including payment in arrears and unit pricing. The Webinar will be recorded and published online following the live session. More details on the Webinar will be provided in early November.

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Depending on the types of services being delivered by SSS providers, Health may consider whether services should be funded under the new Support at Home Program, or if they are better funded under other Aged Care programs.

SSS providers are reminded to complete the mandatory 2021 Survey for CHSP SSS Providers which closes 9 November 2021.

Sector Support Development (SSD)

Health is currently reviewing all 2021-22 Activity Work Plans for providers delivering SSD. SSD providers who are delivering direct service delivery are currently being re-reported into appropriate direct service delivery activities e.g. Social Support Group. Health will have further discussions with providers who are delivering activities which are out of scope of SSD and CHSP. SSD providers who deliver navigation services may be funded until 31 December 2022 for that activity, where these services are expected to be delivered through the new Care Finders program from 1 January 2023.

NEXT STEPS

- In early November 2021**, Health will be providing CHSP service providers with a letter outlining the indicative service offer and funding being proposed. This will exclude the ACH, SSS and SSD service types. If a CHSP service provider is planning to exit the program at 30 June 2022 they will need to notify their Funding Arrangement Manager, in writing, as soon as possible.
- November 17 2021**, a webinar will be held to allow providers to raise questions about the proposed reforms and impacts on them based on the indicative service offer and funding.
- In late December 2021, early January 2022**, ACH, SSS and SSD providers will receive an indicative service offer and funding being proposed for these service types.
- In early 2022**, CHSP service providers will receive a draft grant agreement for consideration that would implement these reforms.
- In March 2022**, eligible providers can apply for transition support to manage cashflow impacts from payment in arrears.
- In July 2022**, the CHSP manual will be updated.

Further information

Health aims to regularly update providers on the changes to CHSP. All CHSP providers will be able to access these updates under CHSP homesupportpolicy@health.gov.au. Alternatively, please direct any enquiries to homesupportpolicy@health.gov.au.

(Updated 29 October 2021)

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NATIONAL UNIT PRICES

In the CHSP – Payment in arrears and unit pricing fact sheet published in July, Health explained unit prices needed to be addressed as a part of transitioning CHSP to payment in arrears and in advance of the new Support at Home Program.

Health has finalised the 2022-23 national unit price ranges to be used in grant agreements which are presented in Table 2 below. These price ranges exclude the client contribution.

Table 2 2022-23 CHSP National Unit Price Ranges

CHSP Service Type	Output measure	2022-23 CHSP National Unit Price Ranges
Allied Health and Therapy Services	Hour	\$95-\$125
Assistance with Care and Housing	Hour	\$61-\$97
Centre-based Respite	Hour	\$27-\$51
Carriage Respite	Hour	\$28-\$53
Domestic Assistance	Hour	\$48-\$61
Flexible Respite	Hour	\$51-\$67
GEAT	Cost in dollars	-
Home Maintenance	Hour	\$53-\$75
Home Modifications	Cost in dollars	-
Meals	Meal	\$7.50-\$13
Nursing	Hour	\$104-\$129
Other Food Services	Hour	\$25-\$41
Personal Care	Hour	\$51-\$68
Social Support Group	Hour	\$17-\$27
Social Support Individual	Hour	\$39-\$60
Specialised Support Services	Hour	\$76-\$118
Transport	One-way trip	\$16-\$36

Source: ACIL Allen Consulting

* GEAT will have a similar reporting structure to Home Modifications, with the output measure to remain cost in dollars.

** Home Modifications will continue to deliver services based on the cost in dollars and will remain capped at \$10,000 (per client per financial year).

About the 2022-23 CHSP National Unit Price Ranges

The unit price ranges in Table 2 are broadly in line with historical funding and in many cases consistent with unit costs of other government funded programs (for standard weekday delivery during business hours).

These ranges were developed by ACIL Allen after thorough assessment of unit price information, examining comparable pricing approaches for other programs, and considering market implications of funding design.

It is important to note these ranges do not include a reasonable client contribution over and above funding from the Australian Government. In CHSP, service providers should implement their own client contribution policy, with a view that clients who can afford to contribute to the cost of their care should do so.

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GEAT and Home Modifications will not have national unit price ranges:

- Home Modifications will continue to deliver services based on the cost in dollars and will remain capped at \$10,000 (per client per financial year).
- GEAT will have a similar reporting structure to Home Modifications, with the output measure to remain cost in dollars. GEAT providers will need to report the hours of Allied Health and Therapy services associated with complex GEAT in DEX.

THE GRANT AGREEMENT

In most circumstances, funding amounts for providers will be rolled over based on 2021-22 funding levels, plus indexation. No provider will have their funding level reduced as part of this process (indexing reductions may occur for other reasons, such as compliance action).

The way services are funded across Aged Care Planning Regions (ACPRs) in the grant agreement will change. Currently, providers have a unit price per activity per ACPR. The grant agreement for 2022-23 for each specific CHSP provider will have one unit price per activity, which reflects an average across all the ACPRs which they deliver services in. Outputs will also be adjusted in the following way in order to ensure funding levels remain unchanged:

- Where providers are currently funded above the new price range, the funded price will be reduced to the top of the unit price range. Outputs will be adjusted up to ensure there is no reduction in the overall value of the contract.
- Where providers are funded below the price range, but are not delivering services close to agreed outputs, the funded price will be increased to the bottom of the unit price range, and outputs will be reduced.

Some providers will receive additional funding where they are delivering services close to agreed outputs but are currently funded below the bottom of the unit price range.

Examples on how outputs will be adjusted are not included in this factsheet as the changes are not uniform across providers. However, your organisation will receive a letter in November 2021 which will outline the specific impact on your organisation, if any.

There is only modest scope for CHSP providers to negotiate unit prices. Where a CHSP provider is already funded within the 2022-23 National Unit Price Ranges, there will be no option to negotiate a unit price above the range.

However, providers can seek to adjust their contracts through the Community Grants Hub to correct historical anomalies in order to better reflect actual service delivery arrangements. These will be considered on a case by case basis, but examples include funding allocated to incorrect service types (such "other food services" rather than "meals").

Health recognises the cost of service delivery in remote and very remote areas (IMRSE and JMRSE) is higher compared to metropolitan, regional and rural areas. For providers where the vast majority of services are delivered in these areas, they will be able to seek a change to their contract to provide a loading to the unit price range. Outputs would then be reduced by an equivalent amount so that funding levels do not materially too high. Further information about this loading will be provided in future updates.

Compliance framework

Health already has a CHSP compliance framework in place, however from July 2022 this will have a renewed focus on ensuring a CHSP provider is meeting performance against their grant agreement.

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Thank you

ABC of Unit Costing in Commonwealth Home
Support Program (CHSP) Services

November 2021 | v2.1