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Navigating the next wave of change in In-Home Care





As alternative customer-led care models arrive within aged care, providers are striving to identify the best ways their business can respond.

The rapid ageing of Australia's population is beginning to place significant strain on the aged care sector. The Australian Government's Intergenerational Report (2010) projects that over the next 40 years, the proportion of the population over 65 years old will almost double.

Leaders across the aged care sector are recognising that traditional delivery models are no longer adequate to secure future funding and customers. The past decade of government driven reforms within the aged care sector, has provided incentives for providers to position themselves for future demand, with particular focus on the delivery of in-home care.

These changes coincide with other major government policy trends – such as the shift of funding control to customers via mechanisms such as Consumer Directed Care (CDC) and Activity Based Funding, rather than the provision of direct block funding to providers. This trend has also been seen in the recent introduction of the National Disability Insurance Scheme (NDIS).

While these policy changes are creating incentive for providers to grow and develop from a business perspective, stringent funding models are failing to create the same impetus for growth.

As a consequence, leaders within the aged care sector must carefully plot a course through shifting regulations, escalating costs, and rising customer expectations.

Grant Thornton's team of aged care specialists interviewed senior industry leaders across Australia to understand:

- How they are delivering in-home care services
- What opportunities they see moving forward
- What they're doing now and in the future to realise these opportunities

Our research identified four key strategic pillars for success. Successfully executing strategic plans to address these factors will simplify the transition from traditional to more contemporary service models, allowing providers to thrive and continue to provide an important social service to their communities.

Organisations that find the right balance will be able to safeguard sustainable revenue streams moving forward, and adapt rapidly to shifting government regulations.

These strategic pillars are:



- 1** Building a robust strategy, enabling targeted market share growth
- 2** Transforming rigid operating and services models to models that are flexible and respond quickly to changing demands
- 3** Investing in the development of the workforce, in order to ensure skills are retained and enhance the quality of service
- 4** Optimising operational synergies and client retention from in-home care to residential care.

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Providers shouldn't be too reliant on ACAR rounds to grow their business. In many cases, a mixed approach can spread risk and better support growth ambitions.
”

Sandra Hills | Chief Executive Officer, Benetas

Capturing a greater portion of the market share

To secure more funding, providers need to be able to satisfy basic government mandated requirements while also differentiating themselves in the mind of the customer.

Living Longer, Living Better is an initiative from government to support the needs of each individual. The goal is to assist citizens to stay independent and in their home for longer. In 2012-13, there were 47,158 operational Home Care Community Aged Care Packages (CACCP) places across Australia. Not for profit groups and religious charities were responsible for 83% of home care places¹. The government has committed to releasing 40,000 additional Home Care Packages by 2017².

Interestingly, the Australian Department of Health has indicated that some providers applying for home care packages are not addressing key Government requirements and criteria³. Home Care Packages are allocated based on service provider's ability to demonstrate capacity to deliver services effectively.

Our Observations

Service providers reported different experiences in securing funding, with some receiving greater than expected allocations in the most recent Aged Care Approval Rounds (ACAR) rounds and others failing to secure any additional packages.

In recognising the importance of securing a bigger proportion of the market, as the market itself gets bigger, some organisations have developed dedicated acquisition bid teams, and have seen positive returns from their investment.

Other providers have responded by leveraging existing infrastructure to offer additional services. By using economies of scale providers are able to build revenue streams while minimising capital investment and risk.

While the larger service providers can grow their market share in basic service offerings, some smaller providers are strategically consolidating offerings to create niche markets for themselves.

Some providers however are choosing not to rely on government-funded packages to grow their business. Through developing new and unique service offerings they are able to attract customers through brand awareness and reputation.

Key considerations

- To capture more home care packages, providers must strategically focus on meeting the funding criteria set by Government, while offering ancillary services that attract customers.
- Providers can diversify revenue streams by offering a wider range of services and gaining economies of scale. Complementary offerings that might leverage infrastructure investments include disability, community and family care services.
- As customers become more sophisticated in their use of technology, leveraging social media and peer review sites will help build competitive advantage.



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It's not just about economies of scale anymore, it's about geography and critical mass.

Businesses will succeed and fail on volume and how they work with customers to manage travel.”

Amanda Bowe | Executive Director, Home Care Services Mercy Health

¹ Report on the Operation of the Aged Care Act, Department of Social Services November 2013.

² Budget 2013-14, Department of Health, www.health.gov.au

³ General feedback for applicants for Home Care Packages, Department of Health, www.health.gov.au

Flexible service delivery to respond to changing needs

The CDC framework brings transparency to costs, with monthly service charge and fee breakdowns being made available to customers. This requires providers to rethink the way they deliver services, and reduce administrative costs.

Providers are also being challenged to become more commercial in the way they operate. As with any business, this means they need to make sure the services they are delivering are feasible.

To meet this challenge, providers need to be flexible enough to rapidly adapt, while ensuring productivity and profitability is maintained in an environment of increasing customer demand.

Our Observations

Drive for efficiency and cost effectiveness is clear across the sector, with providers striving to become more commercially focused, and profitable. Many providers are facing serious challenges balancing expense line reductions, while simultaneously improving customer service and customer care.

Many have transitioned away from a regional structure, to an organisational structure that mirrors lines of business such as residential care, in-home care and corporate services. Organisations that have moved quickly are seeing significant benefits, including improved flow of information within the organisation, and easier implementation of change initiatives.

When it comes to the delivery of in-home care, it is clear that there is no clear cut standardised model.

Key considerations

- In a transparent cost environment, overheads must be benchmarked and tightly controlled. Delivery models should relentlessly focus on reducing duplication and wasted effort.
- Investing in technology systems can significantly improve workforce productivity. Route planning and workforce tracking, remote specialist case management, and online staff training can lead to efficiency improvements.
- Comprehensive staff training to ensure they can use new technology effectively.
- Service offerings need to reflect the needs of local customers. To demonstrate enhanced value over competitors, service providers should:
 - Improve links with local community groups, and actively try to be visible contributors to the local community. This will provide direct paths for customer attainment, and the ability to better understand customer needs.
 - Partner with local community service providers to deliver services, realising economies of scale. Transport services are an example of where multiple organisations can benefit from co-operation.

Organisational approaches to In-Home care can be classified into 3 categories:

1 Centralised | All functions delivered from one central location

Central
Administration
Rostering
Case management
Service delivery



2 Regional | All functions replicated in each region, and managed autonomously within each region

Region 1	Region 2	Region 3
Administration	Administration	Administration
Rostering	Rostering	Rostering
Case management	Case management	Case management
Service delivery	Service delivery	Service delivery

3 Hybrid | Some functions delivered centrally and others regionally

Central or Regional
Administration
Rostering
Intake assessment

Region 1	Region 2
Case management	Case management
Service delivery	Service delivery

Continuous investment in workforce skills and retention

Historically low levels of investment in skills development within the sector (especially in-home service delivery) have created additional challenges for aged care providers. For in-home services, the quality of service and risk sits with the service delivery workforce, who are typically part-time and dispersed across large regions.

In 2012, the median age for employees across the aged care sector in Australia was 48 years for residential care, and 50 years for community aged care. A very high proportion of the workforce enters the aged care sector after they are more than 40 years of age, and approximately 35% of the residential aged care workforce was born overseas.⁴

Our Observations

Providers reported that in-home service delivery naturally attracts part-time workers. This makes it more difficult to engage and retain staff.

It is critically important for aged care providers to focus on managing overheads, and workforce attrition generates significant unnecessary overheads – such as on-boarding and training costs.

Some providers have switched from employing mostly casual and part-time staff, to offering full-time positions to a proportion of service delivery staff.

Key considerations

Aged care service providers need to seek to differentiate themselves as desirable workplaces, offering stable employment opportunities to their workforce in order to address staff retention.

The nature of in-home and residential care leads to customers and service delivery staff forming close relationships. Providers have a very real incentive to improve workforce retention, as this correlates to customer satisfaction.

Workforce strategies to consider include:

- Building efficient training programs.
- Employing more full-time service delivery staff trained to work across multiple areas.
- Reviewing recruiting and retention programs to ensure they are effective.
- Implementing incentive programs, regional rotation and career development programs.
- Establishing programs to promote positive workplace cultures and increase workforce feedback.



⁴ The Aged Care Workforce Final Report 2012, Department of Health and Ageing.
⁵ DoHA, Living Longer, living Better website – Frequently asked questions, June 2013.
⁶ Future Demand for Aged Care Services, September 2008, Australian Productivity Commission.

Optimising in-home care services to support residential care

In 2012, home care packages accounted for approximately a quarter of all aged care packages, whereas by 2022 they are projected to account for approximately 35%⁵. People are staying in their homes for longer as a result of the increased focus on in-home care⁶.

Our Observations

Customers of aged care providers are able to stay in their own homes for long periods, consequently the average length of stays in residential facilities is decreasing. This is resulting in a shift in the mix of services delivered within residential facilities, and an increase in residential care costs.

This decrease in resident stay times in residential facilities will result in:

- An increase in the average level of care required by residents
- Increased volumes of admissions and discharges

There currently appears to be a significant level of reluctance for customers to move into residential care from in-home care.

It is critically important for aged care providers to consider how they can leverage their in-home care services to better educate customers and their families, and smooth the transition to residential care.

Key considerations

- Providers need to consider how they structure their in-home care delivery model to better integrate with residential care.
- In-home service delivery staff need training and resources to help customers transition to residential care.
- Admission and discharge processes need to be highly efficient. Providers should look at the automation of processes and implementing specific workforce training.
- Ensuring in-home and residential care services are integrated to minimise duplication and support a holistic approach to customer care.



In Summary

The rapid demographic change within the community is creating unprecedented pressure for change in the aged care sector. Leaders within the sector who are proactively working with the Government, their local communities, and workforce have been able to reduce their costs while seizing market share in a rapidly changing industry.

Further information

Contact one of our Aged Care Industry specialists

Melbourne

Sandy Lawson

Partner & National Head
of Health & Aged Care
T +61 3 8320 2167
sandy.lawson@au.gt.com

Andrew Trnacek

Partner, Operational Advisory
T +61 3 8663 6121
andrew.trnacek@au.gt.com

Michelle Fenwick

Associate Director,
Operational Advisory
T +61 3 8663 6016
michelle.fenwick@au.gt.com

Sydney

Trevor Pogroske

Partner, Financial Advisory
T +61 2 8297 2601
trevor.pogroske@au.gt.com

Andrew Rigele

Partner, Audit & Advisory
T +61 2 8297 2595
andrew.rigele@au.gt.com

Rory Gregg

Partner, Operational Advisory
T +61 2 8297 2531
rory.gregg@au.gt.com

Adelaide

Sheenagh Edwards

Partner, Audit
T +61 8 8372 6671
sheenagh.edwards@au.gt.com

Brisbane

Graham McManus

Partner, Financial Advisory
T +61 7 3222 0224
graham.mcmanus@au.gt.com

Jason Sorby

Partner, Operational Advisory
T +61 7 3222 0310
jason.sorby@au.gt.com

Perth

Jeff Vibert

Partner, Audit & Advisory
T +61 8 9480 2190
jeff.vibert@au.gt.com



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