

CHSP Extension

2023-24



Australian Government
Department of Health

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Key Changes

The 2023-24 CHSP extension will operate in the same way as 2022-23, with regard to monthly payments and reporting.

The Department is currently focussed on establishing new contracts, resolving the treatment of accumulated underspends held with providers and the impact of upcoming decisions of the Fair Work Commission.

CHSP Prices

- All CHSP unit prices indexed by a minimum of 5 per cent in 2023-24
- Transport indexed by 6 per cent.
- CHSP price range tightened, with the bottom of the range increased by a further 10 per cent.
- **Across CHSP, contracts are being increased by 6.35 per cent on average.**
- This does not factor in any impacts, from the Fair Work Commissions interim decision to increase certain wages by 15 per cent.

FWC Impacts

- 15 per cent increase to certain workers, with implementation details pending final decision by FWC. Government submission was 10 per cent from 1 July 2023 and 5 per cent from 1 July 2024.
- Survey undertaken in late 2022 to get a better understanding of wage structures in CHSP organisations. 59 per cent response rate (785 providers).
- Very clear that wage structures are highly varied with many organisations already paying staff above the award rate.
- As expected, major impacts are in the service types of Nursing, Personal Care and Cottage Respite. Also a notable impact on Domestic Assistance, other Respite Services and Social Supports.
- Implementation arrangements to fund increased costs to be confirmed as soon as possible, however, the Department is investigating the concept of an indexation boost to all CHSP providers as a means to retain consistency in CHSP funding arrangements.

Accumulated Underspends

- During the COVID-19 pandemic, CHSP providers accumulated significant unspent funds.
- The value of unspent funds has been growing consistently, year on year, and has meant the department has needed to take action to realign the system.
- Impacted providers are being asked to do one, or both of the following things:
 - Spend accumulated underspends in 2023-24, by having the value of their CHSP contract reduced by an equivalent amount; and/or
 - Repay funding to the Commonwealth through a debt recovery notice issued by the Department.
- This process is a correction of historical funding outcomes. If providers require additional funding to deliver in-demand services then they are able to apply for ad-hoc funding.
- Providers need to be aware that the practice of rolling over unspent funds has now ceased, subject to limited circumstances to be approved by the Department.

Program Data

- The introduction of monthly reporting arrangements has provided the department with a lot more information to assess the overall performance of CHSP.
- As at 30 November 2022, service delivery is at 71 per cent of contracted outputs (based on a monthly pro-rata, not factoring in seasonal trends).
- The Department's minimum benchmark is at least 80 per cent at any given point in time, noting that providers are subject to a number of economic headwinds at present.
- Assistive Technology, Meals, Specialised Support Services and Home Maintenance are tracking well (>85%)
- Major area of concern is Personal Care and Respite Services (<55%). Flexible Respite is the lowest performer at 39 per cent.
- Department will be investigating underpinning reasons for this in the coming period, and may seek to further adjust contract management arrangements in 2023-24. Analysis is complicated by flexibility provisions.