South Australia Innovation Hub Framework

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# Table of Contents

Introduction .............................................................................................................................................. 3  
Service Provider Benefits of Hub Participation ....................................................................................... 4  
Consumer Benefits of Hub Participation ................................................................................................. 5  
Innovation Hub Framework ..................................................................................................................... 5  
  - Criteria for earned autonomy ........................................................................................................... 6  
  - Withdrawal of earned autonomy ...................................................................................................... 7  
  - Extenuating circumstances .............................................................................................................. 7  
Innovation Hub Trial Initiatives ................................................................................................................ 7  
  - Initiatives Ready to Commence ........................................................................................................ 8  
    - Extended accreditation period ......................................................................................................... 8  
    - Streamlined accreditation process for corporate management standard ........................................ 9  
    - Reduced duplication of assessment across the Accreditation Standards ....................................... 9  
  - Complaints management .................................................................................................................... 9  
    - Integrated assessment against the Accreditation Standards and Home Care Standards ............ 10  
    - Longer Term Trial Activities ........................................................................................................... 12  
  - Hub Governance and Evaluation ....................................................................................................... 12
Introduction

1. This paper details the framework of the South Australia Innovation Hub (the Hub). It is an iterative document that will be subject to ongoing modifications as the Hub progresses. This paper is complemented by the Hub Implementation Plan which includes deliverables, stakeholders, risk management and evaluation, and outlines the process for implementing each Hub initiative.

2. As part of the Australian Government’s agenda to reduce red tape, Minister Andrews engaged with a group of approved providers in South Australia (SA) to discuss and develop ideas for red tape reduction in aged care regulation. One concept raised by the group was the opportunity for increased autonomy for higher performing aged care providers. The Minister has had several discussions with the group of providers to refine the scope of initiatives and has agreed that they be trialled in a SA Innovation Hub. The trial was launched on 10 October 2014.

3. The objective of the Hub is to trial and develop an earned autonomy approach for aged care in support of the Government’s deregulation and social policies.

4. An earned autonomy approach to regulation offers ‘lighter touch’ regulation to higher performing providers and aims to:
   - Encourage providers to pursue better practice in consumer engagement and governance and improve service delivery outcomes for consumers.
   - Support an expansion in innovative models of care and services in line with the increasing demands of an ageing population.
   - Facilitate a more targeted approach to government regulatory activities to focus them on where they are needed.

5. The Government’s deregulation policy aims to reduce the cost of regulation across the Australian economy by $1 billion per year, and the social policy is to protect the safety, health and wellbeing of care recipients.

6. In line with deregulation, the Hub aims to reduce unnecessary regulatory intervention and the cost this imposes on industry.

7. In line with the social policy underpinning aged care, the Hub aims to promote high quality care that meets the needs of individuals; and encourage diverse, flexible and responsive aged care services that facilitate the independence of, and choice available to, care recipients.

8. The Hub showcases collaboration and partnership between industry, Government, regulators and the community. A number of participants have been involved in discussions to inform the development of the Hub, including industry representatives, the Australian Aged Care Quality Agency (the Quality Agency), COTA Australia (Council on the Ageing) and the Aged Care Financing Authority (ACFA).

9. The partners have agreed that to earn the right to more autonomy in the aged care regulatory framework, approved providers will need to demonstrate a history of sustained higher performance in relation to their quality and regulatory obligations. Agreement has also been reached on the governance, quality assurance and financial reporting initiatives appropriate for testing within the Hub. Subject to the outcome of the trial, consideration will be given to rolling out the initiatives nationally to eligible providers.

10. The trial has been limited to a small group of aged care providers who have been involved in developing the initiative. A localised trial allows for opportunities or improvements to be identified before considering national implementation. A smaller group of providers allows the trial to more easily identify benefits, costs and risks of the initiative. This will enable the Hub participants to share experiences and learn from each other during the trial.

11. The ten providers involved in the Hub trial provide aged care through approximately 60 services involving a range of geographical locations, sizes and service types and include:
12. Hub services will continue to be subject to monitoring through the Government’s regulatory programmes. In the event consumer concerns are identified, normal regulatory processes will apply. If a provider no longer meets the criteria for entry to the Hub, they will be unable to continue in the trial.

Service Provider Benefits of Hub Participation

13. The Hub offers invited providers who have sustained higher performance and committed to better practice corporate governance and consumer engagement the opportunity for reduced government intervention in their operations.

14. Reduced red tape enables more efficient and flexible business practices and frees up aged care providers to focus on service delivery and other business improvement initiatives to encourage industry investment and promote adequate access to aged care.

15. In the initial phase the Hub will include trials of several initiatives that would see:

- The possibility of less frequent audits and an assessment of accreditation standards that reduces duplication and recognises systems and processes common across the provider’s services.
- Less intervention by the Aged Care Complaints Scheme and a focus on greater resolution by the provider.
- The opportunity to work with ACFA to improve financial data collection and reporting requirements.
- The possibility of reduced ACFI reviews.

16. The Hub encourages providers to develop better practice business models which can be used to position themselves competitively in the marketplace using their “earned autonomy” status.

17. These benefits of participation would grow with further initiatives being trialled as soon as they are developed. The highest priority for development is integrated assessment of a provider against the Accreditation Standards and Home Care Standards and the introduction of less frequent assessments of Home Care Providers and Home Care services. This would reduce the frequency and effort associated with assessments in both residential and home care recognising providers’ activities in promoting quality. There may also be opportunities to trial Quality Indicators being developed as part of the national voluntary quality indicator program for residential care.

18. Importantly, the Hub will provide the opportunity for providers to work with government to identify, develop and trial further innovations that substitute greater reliance on effective Board governance activity for government intervention.

19. Hub membership also provides a platform for sharing the learnings from these initiatives within a unique network that includes ACFA, the Quality Agency and COTA Australia.
Consumer Benefits of Hub Participation

20. The Hub initiatives aim to improve governance by providers and their Boards and encourage greater consumer engagement. This is intended to improve service delivery with better care for consumers and provide even more opportunities for consumer consultation about care.

21. Reducing government intervention will also free up providers to focus on business improvement opportunities, encourage industry growth and promote adequate access to care.

22. Although the trial reduces intervention by the Government, protection of care recipients will not be reduced. The priority of government is always the safety, health and wellbeing of care recipients. Services will continue to be subject to monitoring through the Government’s regulatory programmes and the safety nets to ensure quality care continues to be delivered will remain.

23. An earned autonomy approach in aged care will allow government regulation activities to focus where they are needed to protect the health and welfare of the care recipient. This may facilitate a more effective approach to the protection of consumers.

24. From a complaints perspective, there will be a greater focus on providers resolving concerns directly with consumers which is preferable as this leads to faster, more sustainable resolution. Ultimately, consumer satisfaction will continue to be tested by the Aged Care Complaints Scheme and consumers will retain all their existing rights in relation to complaints.

Innovation Hub Framework

25. Participation is dependent on the dedication of the provider and its Board taking a more active role in influencing standards of care and services in return for ‘lighter touch’ approaches to regulation in a number of areas. Approved providers will need to demonstrate sustained higher performance in relation to their regulatory obligations before they earn the right to participate.

26. Five criteria have been identified to inform eligibility to participate. In establishing the criteria, consideration was given to setting the elements and thresholds to require providers to consistently demonstrate strong performance. Some flexibility has been built into the criteria to allow for variations in performance for larger providers while providing protections to care recipients. For example, the size of providers will be taken into account in the accreditation criterion.

27. There is less flexibility where the criteria directly relate to the provision of quality care and services for care recipients and all services must have remedied any non-compliance at the time of entry to the Hub. This will ensure that only providers with a sufficiently strong record of managing their performance across all their services are able to participate.

28. Participation in the Hub will be at the provider level. This will result in improved organisational benefits as a single regulatory approach can be trialled across all of a provider’s services.

29. Five criteria have been agreed to assess providers’ eligibility for participation in the Hub. All the criteria will be monitored for any unintended consequences and part of this trial is about developing and testing appropriate eligibility criteria for earned autonomy. Issues identified as the Hub proceeds may result in changes to the criteria.
Criteria for earned autonomy

30. The criteria for earned autonomy in relation to demonstrating sustained higher performance in regulatory obligations:

Criterion 1:

a) Accreditation history – Reaccreditation of accredited and previously accredited residential care services

A provider of residential aged care services can participate if for each of the services operated by the provider:

i. serious risk has not been identified by the Quality Agency in the last five years; and

ii. the last two accreditation decisions were to accredit or re-accredit a service for the maximum accreditation period.

b) If a provider operates 15 or more residential aged care services, and fails to meet criterion 1a)ii at only one in 15 of its total number of operational residential aged care services, it can participate in the Hub provided that in relation to the failure:

i. only one of the previous two reaccreditation periods was not the maximum accreditation period; and

ii. the accreditation period that was not the maximum period of accreditation was not as a result of nine or more unmet expected outcomes; and

iii. the provider rectified the unmet expected outcomes within a period specified by the Accreditation Agency (for re-accreditation decisions before 1 January 2014) or the Quality Agency.

c) Accreditation – Commencing services

A provider can participate providing:

i. the decision on accreditation of a commencing service is to accredit the commencing service for a period of one year; and

ii. during the one year accreditation period, the service continues to meet all expected outcomes of the Accreditation Standards.

Criterion 2:

Board agreement – The provider’s Board must agree to support all the provider’s services in the Hub activities and participate in the Hub governance and consumer engagement activities.

Criterion 3:

a) Compliance history – a provider can participate in the Hub providing:

i. the provider has not had sanctions imposed during the past five years; and
ii. if a provider operates less than 15 aged care services, the provider has not been issued with more than one notice of non-compliance during the past three years; or

iii. if a provider operates 15 or more aged care services, the provider has not been issued with more than two notices of non-compliance during the past three years.

b) If a provider has been issued with more than one notice of non-compliance on the same date for co-located services with the same physical address, the notices of non-compliance are counted as one.

Criterion 4:

Complaints history – a provider can participate in the Hub providing:

i. if a provider operates less than 15 aged care services, the provider has not been issued with more than one Direction during the past three years; or

ii. if a provider operates 15 or more aged care services, the provider has not been issued with more than two Directions during the past three years.

Criterion 5:

ACFI claims history – A provider can participate in the Hub if they have not been subject to administrative action under s25-4 or 27-3 of the Aged Care Act 1997 over the past three years.

Withdrawal of earned autonomy

31. It will be critical to the success of the Hub that members of the Hub continue to be higher performing providers and that there can be ongoing assurance that ‘light touch’ regulation by the Government will not adversely affect the wellbeing of care recipients.

32. Where one or more of a provider’s services no longer meets the earned autonomy criteria at the required level, earned autonomy will be withdrawn and the provider will no longer be able to participate in the Hub.

Extenuating circumstances

33. There will be flexibility to accommodate providers within the Hub when a provider that otherwise would meet the criteria takes on a service with a record of poor performance. Assessment of that service in terms of the Hub will only have regard to performance under the new provider. The governance performance record of the provider taking on such services should be reflected in the future performance of that service.

34. Where a provider takes over responsibility for a service that does not meet the Accreditation Standards, the provider must make prompt and sustainable improvements to ensure that the service meets the Accreditation Standards within any timetable for making improvements set by the Quality Agency. The Quality Agency will monitor improvements to the service’s compliance and, at the end of the timetable, will assess if the Accreditation Standards are met by the service.

Innovation Hub Trial Initiatives

35. A range of initiatives will be trialled at the outset of the Innovation Hub with others to commence at a later stage in the Hub.
Initiatives Ready to Commence

Extended accreditation period

43. Services of Hub members will be considered for an extended period of accreditation of up to five years following a site audit and decision to re-accredit each service. The provisions of the Australian Aged Care Quality Agency (Transitional Provisions) Act 2013 do not allow the CEO of the Quality Agency to extend accreditation periods granted prior to 1 January 2014.

44. If, during the course of the Hub, a service fails to meet elements of the Accreditation Standards, current processes will apply. That is, the provider will have the opportunity to address these issues and the Quality Agency would reconsider the period of accreditation. Decisions about the period of accreditation made following any failure to meet the Accreditation Standards will take into account the usual considerations relevant to determining the appropriate period of accreditation. There is no guarantee that a service that fails to meet the Accreditation Standards will have five years accreditation restored upon remedying failures.

45. Unannounced visits will play an important role in providing assurance both to government and consumers that the quality of care is monitored and are an appropriate mechanism to test quality during the extended period of accreditation.
46. As per the current arrangements, the Quality Agency will conduct an unannounced visit at least once a year for each service. The nature of each visit will be determined by a risk-based assessment of the service or industry in the case of systemic industry issues.

Streamlined accreditation process for corporate management standard

47. A streamlined accreditation process will be used for the assessment of Standard 1 of the Accreditation Standards. A full review of corporate policies and procedures relevant to the Accreditation Standards will be conducted at the provider’s head office. Standard 1 will not to be fully reviewed in each of the provider’s services. Instead, accreditation site audits at the provider’s services will focus on Accreditation Standards 2-4 and validate that corporate management policies and procedures are being applied at the service level.

48. Larger aged care providers typically develop their corporate management policies in their head office and implement those policies and procedures across the organisation where their aged care services are delivered. The time and resources spent preparing for, and participating in, separate quality assessments against the same corporate management standard can impose a significant burden on providers with a number of services.

49. This approach is consistent with the practice in quality reviews of aged care services provided in the community, where Standard 1 of the Home Care Standards is fully reviewed in an organisation’s head office and the application of governance policies and procedures is reviewed at service outlets.

Reduced duplication of assessment across the Accreditation Standards

50. The Quality Agency will conduct its assessment against Standard 1 as if the duplicate expected outcomes across the four standards were consolidated. This further supports the streamlined accreditation process by reducing the duplication of assessment across the Standards.

51. A number of expected outcomes are duplicated across the Accreditation Standards regarding continuous improvement, regulatory compliance and education and staff development. In addition, there are other expected outcomes related to management systems that may be defined at a corporate level and implemented at a local level which could be assessed as if they were consolidated. For example, for matters such as confidentiality of information and health and safety, providers are likely to have corporate-wide policies and procedures and therefore a corporate-level audit may include the related expected outcomes.

52. This option is an administrative arrangement which would not require changes to subordinate legislation. Conducting the trial in this way would allow all parties involved in the Hub to identify key learnings before consideration is given to broader implementation.

Complaints management

53. The involvement of the Aged Care Complaints Scheme (the Scheme) in resolution of complaints it receives about members’ services will be reduced. The Scheme will refer all complaints about a provider’s services that would typically be handled through a full Scheme resolution process to the provider for resolution, except those complaints where serious risk to care recipients has been identified. In these circumstances, the provider will need to satisfy the Scheme that it has appropriate strategies in place to mitigate the risk prior to the Scheme referring the matter to the provider for resolution.

54. Providers will be required to report back to the Scheme that the complaint has been resolved and the Scheme will verify this with the complainant before finalising the matter.

55. A provider can elect to refer a complaint back to the Scheme for resolution, for example in cases where the complainant would be more confident with an independent resolution process.
Initiatives for Further Development

Integrated assessment against the Accreditation Standards and Home Care Standards

63. Where a provider delivers residential and home care services, options to co-ordinate assessments against elements of the Accreditation Standards and Home Care Standards will be considered. For example, a streamlined assessment of Standard 1 of the Accreditation Standards and Standard 1 of the Home Care Standards to incorporate both types of aged care services could be conducted at the corporate level.

64. Co-ordinated assessment processes could also be possible for expected outcomes under both sets of Standards that relate to similar issues and outcomes for care recipients, for example care planning and delivery, staffing requirements, complaints mechanisms and continuous improvement.

65. Where expected outcomes are particular to either the Accreditation Standards or the Home Care Standards, these would be assessed separately. The legislated requirements for the Quality Agency to report separately on residential and home care services would be maintained during trialling.
66. Coordinated assessment processes against the Accreditation Standards and the Home Care Standards would remove duplication of effort for service providers.
Longer Term Trial Activities

83. Further activities for trial will be informed by the evidence gathered during the initial phases of the Hub, including evidence that quality of care is being maintained under the immediate trial activities. The following activities could be considered.

Hub Governance and Evaluation

87. The Hub trial will be supported and governed by a Hub Working Group (HWG) consisting of representatives of key stakeholder groups, including three providers who are members in the Hub, the Quality Agency, consumer groups and the Department. The first meeting of the HWG occurred on 30 July 2014 via video conference.

88. All Hub initiatives will be subject to analysis taking into account costs and benefits to evaluate their effects on providers, care recipients and the taxpayer and to inform consideration of their uptake nationally. The Department will engage an evaluator to work with Hub members, consumers, the Quality Agency and the Department.