



## Commnwealth Home Support Programme (CHSP) – identifying risks which may arise with the changes to funding arrangements

The following contains examples of the potential risks CHSP providers may face with the changes to funding arrangements. It is not definitive or exhaustive, rather illustrative, and intended to assist you in thinking through the risks for your organisation.

		Severity			
		<i>Acceptable</i> <i>Little to no effect</i>	<i>Tolerable</i> <i>Effect felt but not critical</i>	<i>Undesirable</i> <i>Serious impact</i>	<i>Intolerable</i> <i>Could be catastrophic</i>
Probability	<i>Improbable</i> <i>Unlikely to occur</i>	Low	Low	Medium	Medium
	<i>Possible</i> <i>May occur</i>	Low	Medium	High	High
	<i>Probable</i> <i>Likely to occur</i>	Medium	Medium	High	High

**Note:** the below is just an example of the type of risks, risk levels and mitigation strategies.

Risk	Potential risk	Mitigation strategies	Residual risk
<b>Cashflow is constrained</b> Unable to pay: <ul style="list-style-type: none"> <li>• Staff</li> <li>• Suppliers</li> <li>• Bills</li> </ul> Threat to business viability. Potential loss of providers limiting client choice in service provision.	High <i>Intolerable</i> <i>Possible</i>	<ul style="list-style-type: none"> <li>• Understand costs of service delivery and ensure they are appropriately allocated to services</li> <li>• Apply for transition funding to assist with cashflow</li> <li>• Where applicable, seek grants to deliver programs and operations not funded by CHSP</li> <li>• Consider possible income diversification strategies</li> </ul>	Medium <i>Tolerable</i> <i>Possible</i>
<b>Increased emphasis on client contributions</b> This could lead to a reduction in client numbers and consequently reduced services and funding	High <i>Undesirable</i> <i>Possible</i>	<ul style="list-style-type: none"> <li>• Review client contribution policy</li> <li>• Refer clients to government financial support services and subsidies</li> </ul>	Medium <i>Tolerable</i> <i>Possible</i>



<p><b>Unit prices may not be reflective of actual costs</b> This could mean that the CHSP provider is unable to deliver the service at the required quality or quantity; or the service becomes unviable.</p>	<p>High <i>Undesirable Possible</i></p>	<ul style="list-style-type: none"> <li>Providers need to allocate their direct and indirect costs to services to get a clear picture of their costs. This could potentially identify efficiencies.</li> <li>If costs are still higher than unit costs – discuss with the Department of Health Funding Arrangement Manager.</li> </ul>	<p>Medium <i>Tolerable Possible</i></p>
<p><b>Outputs/service delivery targets may be increased to ensure funding levels do not change</b> This would result in the provider being required to deliver more with the same funding, and a risk to quality of service and viability.</p>	<p>High <i>Undesirable Possible</i></p>	<ul style="list-style-type: none"> <li>Be aware of changes in grant agreement for 2022-23</li> <li>Examine costs, look for efficiencies e.g. what costs can be reduced without reducing quality?</li> <li>Consider client contribution framework.</li> </ul>	<p>Medium <i>Tolerable Possible</i></p>
<p><b>There could be higher costs for clients with complex needs and limited flexibility on infrequent use of services</b> Being funded on a unit costs basis could mean that providers are unable to operate with losses as a result of clients missing appointments or services due to illness or other reasons.</p>	<p>High <i>Intolerable Possible</i></p>	<ul style="list-style-type: none"> <li>Work with other CHSP providers to identify and communicate gaps and impacts to the Dept of Health (particularly issues specific to Western Sydney's population).</li> <li>Allocate contingency budget to cover operational costs that arise when funding is reduced.</li> </ul>	<p>Medium <i>Tolerable Possible</i></p>

Other risks may include:

- Averaging of unit prices across Aged Care Planning Regions (ACPR)
- Funding transport on a one-way trip basis
- Unit price ranges may not cover all indirect costs (overheads)
- Retention of staff.