

Operational Policy and Guidelines 2024/25

Freeze on residential care funding and management of NASC indicative budgets and EGL site fixed budgets

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Purpose

1. This guidance is to support NASCs and EGL sites to keep spending within their indicative budgets (NASCs) and fixed budgets (EGL sites). It also sets out the situations when decisions on support packages must be referred to a Review Panel.
2. It provides a nationally consistent approach to staying within budgets, and can be applied by NASCs and EGL sites, while implementing a freeze at current levels of funding for facility-based care for 2024/25 pending commissioning and completion of a detailed review of the contract and pricing models.

Outcomes

3. This guidance seeks to achieve the following outcomes:
 - Each NASC and EGL site keeps spending on residential care within their target budget for residential care for 2024/25.
 - Each NASC's spending keeps within the indicative budget supplied by the Ministry for 2024/25.
 - Each EGL site's spending keeps within the fixed budget supplied by the Ministry for 2024/25.

Section 1: Managing residential care within fixed expenditure

Outcomes

4. This Guidance aims to maintain, throughout the period of the hold on residential price increases, these outcomes:
 - a. disabled people continue to have the maximum possible control over where, with whom, and how they live;
 - b. disabled people and families have certainty and clarity about how entry to residential care will be prioritised;
 - c. the safety of disabled people and staff in residential services is maintained; and
 - d. disabled people are supported in environments that are no more restrictive than is justified and appropriate.

Financial objective

5. The financial objective is for residential care expenditure to stay within the target residential budget for the 2024/25 financial year, in accordance with Cabinet decisions and the appropriation for Disability Support Services (DSS). In practice, this is likely to mean no net increase in costs for most individuals and residential care services, and no net increase in the number of people in residential care.

NASC targets

6. Individual NASCs and EGL sites will be expected to make decisions about residential care increases and entries that do not lead to them exceeding the indicative or fixed budgets they must work within.

Context

Use of residential care

7. Residential care has tended to be used both for planned ongoing support and for urgent responses to individual situations. In a number of instances residential care, at least in the short term, has been the main way that the system responds to people leaving other forms of secure or institutional care, and where intensive involvement in creating and maintaining living situations is required for those individuals.
8. It is also not uncommon for situations to escalate within residential care, requiring urgent responses that may involve:
 - a. an increase in support;
 - b. a change in support, or in the involvement of other services and agencies; or
 - c. an individual moving to a different living arrangement.

9. Whilst a number of people do leave residential care in any given year, and the number of people supported overall has remained relatively static, those entering residential care have generally had greater complexity of needs – and larger packages – than those exiting. The number of people supported may generally stay the same, but costs do not.
10. This Guidance aims to support the prioritisation and management of urgent situations, without compromising the overall spending limit, or the experiences of people already in service.

Scope

11. The hold on growth in residential care extends to:
 - a. *Residential care*, such as group homes and live alone arrangements, funded under the Community Residential Care Specification;
 - b. *High and Complex (forensic) care* – provided both in the community and through secure hospital based care, under contract between the Ministry and RIDSAS (Regional Intellectual Disability Supported Accommodation Service) providers and Health New Zealand Te Whatu ora;
 - c. *Rest home care* - paid on invoice through contracts between the Ministry and providers;
 - d. *Hospital level care* – usually provided through aged care providers who hold a contract with the Ministry; and
 - e. *Residential rehabilitation* – where a person resides in a facility that also provides rehabilitation services.
12. This scope reflects the range of ways people are supported over the longer term in residential care.
13. In order to manage the potential for costs to shift, rather than be managed, elements of this policy related to escalating decisions also extend to higher cost community packages through:
 - a. *Choices in Community Living*
 - b. *Supported Independent Living*
 - c. *Home and Community Support Services (including Individualised Funding)*
 - d. *Enabling Good Lives Personal Budgets (including Flexible Disability Support Contracts)*
14. Other expenditure lines that may be affected by this guidance include:
 - a. *NASC discretionary funding* – which has from time to time been used to resolve urgent issues in residential care; and
 - b. *Facility-Based Respite* – in relation to longer term stays which may in effect be entries to residential level care;

Overall approach to staying within the expenditure hold

15. To stay within the overall expenditure limit, the government is taking a number of measures:

- a. *Prioritising and limiting entries* - In the first instance, to stay within the expenditure hold we aim to limit the cost of new entries within forecast reductions in cost due to exits. This requires NASC and EGL sites to apply new processes to prioritise clients entering residential care, and monitor exits closely. Specific guidance is included at paragraphs 24 – 32.
- b. *Pricing* – There will be no general price uplifts for these services in 2024/25. This includes not changing Aged Residential Care rates to match any Health New Zealand - Te Whatu Ora price uplifts.

NASCs can continue to approve new contract rates, but cannot approve individual rates without the approval of the panel. The Ministry will continue to honour the MoU with Oranga Tamariki, and provide the resources necessary to meet its obligations under the IDCC&R Act.

- c. *Responding to changes in need* - Escalations and changes in need will be addressed through early and targeted intervention, rather than increases in rates generally.
- d. *Bulk-funded sleepovers* will not be increased for the period of the hold, and no new sleepover funding will be put in place.
- e. *Advance Interim Payments* - because there is little or no increase to the hours funded, there will also be no increases to Advance Interim Payments for pay equity costs. There will be no wash up at the end of the year for AIPs as there should be no significant relative differences emerging between providers or from estimates from start-of-year to year-end.

How you will know how you are tracking

16. Expenditure reporting on residential care services will be available through reporting provided to support the management of NASC indicative budgets and EGL site fixed budgets. The Ministry will provide regular monitoring of expenditure to each NASC (this will also be provided to EGL Waikato and Mana Whaikaha).

Review Panel to approve individualised rates for residential care, essential planned entries into residential care, and high-cost community packages

17. The Ministry has established a Review Panel to approve any new individual rates¹ for residential care, any essential planned entries to residential care, and high-cost community packages.

¹ Note that this does not apply to situations where an existing individual rate is being reduced.

18. The Forensic Coordination Service will continue to manage all allocation decisions for those supported under the High and Complex Framework.
19. If the NASC determines that an individualised rate may be required, this must be approved by the Review Panel with consideration of these operational guidelines and the service specifications before the NASC confirms the rate with the provider.
20. Where a NASC or site considers that a planned entry to residential care is essential and can be accommodated within its budget, they can apply to the Review Panel for approval of that entry (see para 31 for further details on planned entries).
21. Decisions on community packages must be approved by the Review Panel where the package sought exceeds \$105,000. We anticipate that this will mean the Panel will review approximately 2% of community packages, in the situations outlined in Table 1 below.
22. Table 1 sets out in more detail the situations where Review Panel approval is and is not required:

Table 1: Situations where Review Panel approval is and is not required

Situation	Panel approval required?
<i>Residential care</i>	
A person is already in residential care with an individualised rate, and no change is proposed to the rate	No
A person is already in residential care on a contract rate, and the rate is proposed to go up, but still be a contract rate	No
A person is going to enter residential care on a contract rate	No
A person is already in residential care on an individualised rate, and there's a review with a proposal for the individualised rate to reduce	No
A person is already in residential care on an individualised rate, and there's a review with a proposal for the individualised rate to increase	Yes
A person is already in residential care on a contract rate, and it's reviewed with a proposal to increase to an individualised rate	Yes
A person is going to enter residential care on an individualised rate	Yes
A planned entry to residential care is essential	Yes

Situation	Panel approval required?
<i>Community support packages</i>	
A person is receiving a community support package of above \$105,000 and no change is proposed	No
A person is going to receive a new community support package of less than or equal to \$105,000	No
A person is going to receive a new community support package of more than \$105,000	Yes
A person is receiving a community support package and it increases to more than \$105,000	Yes

Application to EGL sites

23. Packages managed by EGL sites must be referred to the Review Panel where:

- a. a new package exceeds \$105,000; or
- b. it is a personal budget being put in place in line with the requirements for maintaining parity in 24/7 care set out in the interim operational guideline for implementing the revised Purchase Rules in EGL personal budgets.

Prioritising entries – specific guidance

24. This section sets out how the Ministry expects particular kinds of entries will be prioritised.

Priority entries

25. The first priority for entries to residential care are where the person:

- a. is subject to a court order requiring care under the High and Complex framework (forensics);
- b. is subject to an order under the Oranga Tamariki Act 2019;
- c. is exiting Mental Health care (including secure care), and there is no other appropriate option for the person to be discharged to;
- d. is exiting hospital care for physical health treatment, and there is no other appropriate option for the person to be discharged to; and
- e. has escalating needs from, for example, a progressive condition, with a medical or nursing component that can only be met through hospital-level care (usually in aged care).

Priority transfers

26. Prioritisation of transfers applies to:

- a. disabled people leaving residential care to go into forensic care;
- b. disabled people leaving forensic care and going into residential care; and
- c. disabled people leaving Oranga Tamariki care who require residential care.

27. These transfers must be prioritised on par with new entries for people entering or exiting court ordered and secure care.

Urgent entries that might be diverted to alternatives

28. Outside of these first priorities, consideration may be given to other entries that might urgently be sought where, for example:

- a. family members are no longer available to support the disabled person due to a change in their own circumstances (including, but not limited to their own health, housing, and other care responsibilities);
- b. the disabled person is losing or has lost their existing housing situation
- c. the disabled person has moved to the region, has not been in residential care, and has struggled to find an appropriate living situation; and/or
- d. the disabled person has been released from prison and is not able to secure transitional housing etc.

29. In general, we expect that these situations will best be met through shorter term transitional arrangements. This need not be achieved through a residential care contract, and guidance on creating these alternatives is supplied through the non-residential guidelines.

30. There should be no expectation that these situations can be responded to through an ongoing residential care placement, for at least the period of the hold.

Planned entries

31. A number of people are currently waitlisted for residential care, or may be in the process of planning to enter as part of an upcoming life change (leaving school, parents retiring etc.). These entries cannot be prioritised without the approval of the Review Panel, which will only approve planned entries to residential care where they are essential and affordable within the residential care funding envelope.

32. We expect most disabled people and whānau in these situations to be supported in line with the guidelines on managing non-residential expenditure.

Responding to escalations in existing services

33. Before applying to the Review Panel for an individualised rate for residential care a number of options should have been pursued. These options include:

- a. upskilling staff or providing more skilled staff in a time-limited way;

- b. providing specific or more intensive behaviour support;
- c. drawing on a wider range of agencies to support the situation; and
- d. considering the priority of modifications to adjust the environment to support better management of the behaviour.

34. Transfers between group homes or placements to reflect the need for a person to live in a different environment, or to change the mix of people living together (where, for example, the relationship dynamic exacerbates challenges or creates vulnerability) may be considered, but the priority of making those changes must be considered against the relative priority of other placements.

Agreeing transfers within existing residential care placements – specific guidance

35. Prioritisation of transfers also applies to disabled people moving between regions to, for example, be closer to family. Transfers can be prioritised when a transferring NASC agrees to continue to fund residential care for the transferring disabled person for the remainder of the financial year. The transferring NASC and the receiving NASC should agree to a transition plan for the disabled person as part of the usual process.

Understanding exits

36. Achieving the outcomes and financial objective of this guidance will require timely notification to NASCs of exits, to ensure that:

- a. actual residential care places available are well understood; and
- b. potential reductions in support levels required in one setting are understood to enable effective prioritisation of requests for new entries or transfers.

37. There should be clear and timely communication about changes in residential care to ensure we can maximise delivery to disabled people.

Managing capacity and vacancies

Expectations of NASC on where they direct referrals to

38. Because there will be no increase in overall expenditure NASCs should direct referrals between providers to balance financial impacts fairly, whilst supporting choice by disabled people.

Expectations of how providers manage any vacancies

39. Some providers may wish to consolidate or otherwise adjust the services they provide, in a way that has an impact on where and with whom disabled people live.

40. We expect providers and NASCs to continue to apply the principles of Enabling Good Lives and that disabled people have choice and control on where, with whom, and how they live, through this process.

41. As a matter of course, NASCs must update service authorisations to reflect any changes. We expect those updates to be contingent on evidence that the disabled person has consented to any changes, in line with Right 7 of the HDC (Health & Disability Commissioner) code. This should occur before any physical move is made.

Supporting the creation of alternatives

42. As a consequence of this Guidance, the Ministry expects that a number of people who might otherwise have entered residential care will instead receive community-based alternatives to residential care.

43. Specific guidance on those alternatives, and how they relate to other recommendations of the Independent Review Panel is available through the guidelines on managing non-residential expenditure (Section 2 of this document).

Section 2: Managing non-residential care within NASC indicative budgets and EGL site fixed budgets

Scope

44. This section relates to all allocations to disabled people made by NASCs and EGL sites, excluding residential care (refer Section 1).

NASC and EGL Site Actions Required to Stay Within Indicative and Fixed Budgets

45. To stay within the indicative and fixed budgets, NASCs and EGL sites will need to:

- a) apply eligibility criteria strictly for new entrants
- b) understand the indicative or fixed budget information that will be provided by the Ministry, which will include:
 - annual indicative budget for each NASC
 - annual fixed budget for each EGL site
 - reporting and regular guidance provided by the Ministry regarding the allocation and spending trajectory (especially where this is trending above indicative or fixed budget)
- c) allocate non-residential support at levels to stay within indicative or fixed budgets.
- d) at each annual review, consider what level of allocation is required including the possibility of reductions (refer to para 48 for guidance on setting and reviewing allocations).
- e) where a disabled person is waitlisted for residential care:
 - non-residential support should be allocated until a residential care option is available.
 - the allocation for non-residential support should be set consistent with these guidelines.
 - the allocation for non-residential support should be lower than or the same as the estimated cost of residential care for that disabled person.

What if monitoring shows a NASC or EGL site is spending too much?

46. The Ministry will provide regular updates of allocation and spending information. If a NASC is tracking to exceed its indicative budget, or an EGL site is tracking to exceed its fixed budget, the Ministry will meet with the NASC or EGL site to ensure there is a shared understanding of the drivers of the spending and the options available to bring spending back within the indicative or fixed budget.

47. If action is needed to bring spending within the indicative or fixed budget, NASCs and EGL sites can:
- further reduce allocation of support (consistent with requirements).
 - Bring forward annual reviews of allocations by implementing an early review process (ref para 49).

Setting and reviewing allocations

48. The following applies to all non-residential allocations for new entrants and reviews of existing allocations:
- Support within the home should be prioritised to ensure the disabled person is safe.
 - Where support outside of the home is required, shared or group support should be prioritised before individual support.
 - Consider removal of Supported Living allocation where a person is no longer developing or maintaining skills. In some instances Personal Care or Household Management may be required instead.
 - Where an allocation contains a number of different supports - gain the person's input to best prioritise the supports allocated to achieve the required reduction.

Early review process

49. If a NASC or EGL site is tracking above its indicative or fixed budget, it can bring annual reviews forward in order to reduce spending.
50. Affected disabled people and family/whanau should be provided at least a month's notice prior to the review occurring where a review is brought forward.