

National Aged Care Alliance

Federal Budget Submission 2007/2008

Introduction

The National Aged Care Alliance (the Alliance) is a representative body of 26 peak national organisations in aged care including consumer groups, providers, unions, and health professionals, working together to achieve a more positive future for the aged care sector in Australia.

The Alliance was formed in April 2000, and has developed a united policy agenda to achieve better outcomes for the care of older people in Australia.

Alliance members are concerned about the future sustainability and funding of aged care services, and are seeking the establishment of industry wide benchmarks of care.

The Alliance's vision for aged care in Australia is that:

All older people in Australia have access to planned, properly resourced and integrated quality aged care services that are flexible, equitable, that recognise diversity and promote choice and respect for users and workers.

The following organisations are members of the Alliance:

Aged and Community Services Australia; Aged Care Association Australia; Alzheimer's Australia; Anglicare Australia; Australian Association of Gerontology; Australian Council on the Ageing; Australian Divisions of General Practice; Australian Healthcare Association; Australian Medical Association; Australian Nursing Federation; Australian Pensioners' and Superannuants' Federation; Australian Physiotherapy Association; Australian and New Zealand Society for Geriatric Medicine; Baptist Care Australia; Carers' Australia; Catholic Health Australia; Diversional Therapy Association of Australia; Geriaction; Health Services Union; Liquor, Hospitality and Miscellaneous Union; Lutheran Aged Care Australia; OT Australia; Pharmacy Guild of Australia; Royal Australian College of General Practitioners; Royal College of Nursing Australia and UnitingCare Australia.

More information about the Alliance is available on their website: www.naca.asn.au.

Budget Priority 1

The planning arrangements and more aged care places

- 1.1 The Australian Government fund a review of the planning arrangements in aged care in 2007/2008 to:
- reassess the balance between high and low care places in residential aged care and between residential and community care in an environment of increasing demand for high level residential care and more community care;
 - consider a supply formula to better meet demand on the basis of age and other social and economic variables;
 - develop a mechanism for integrating the planning of community care and residential care; and
 - demonstrate greater transparency in how planning arrangements are responding to the needs of special groups.
- 1.2 The Australian Government make allocations to providers three years in advance on an 'in principle' basis with certain milestones to be met.

Rationale

The Review of Pricing Arrangements in Residential Aged Care recommended a review of the Australian Government's needs based planning arrangements after 2008.

The Government's response was, over the next four years, to increase the aged care provision ratio to 108 operational places for every 1,000 people aged 70 or over from the then 100 operational places for every 1,000 people aged 70 or over. The balance within the provision ratio was to be re-weighted to double the number of places offered in the community to 20 places for every 1,000 people aged 70 or over. The proportion of places offered in aged care homes was to be adjusted to 88 places for every 1,000 people aged 70 or over. Two low-level residential care places will be replaced by ten community care places. It is intended that the planning arrangements be improved to take better account of the needs of older people with special needs. The effectiveness of the new planning arrangements will be reviewed in 2007/2008.

The Government also announced that places will be set aside in each annual allocation round to meet structural and regional distortions, especially in the transition period up to the end of 2008.

However, the Alliance recommends that allocations to providers be made three years in advance on an 'in principle' basis with certain milestones to be met, such as: local government approval for the 'in principle' allocation to be converted to full approval. Such an arrangement would ensure providers could plan with certainty and assurance. It would also have the benefit of bringing new beds on line at the scheduled time.

Budget Priority 2

Providing the right care in the right place

- 1.1 The Australian Government provide additional funding for the new palliative care and dementia supplements from 1 July 2007.
- 1.1 The Australian Government provide additional funding to address the specific needs identified by the Review of Pricing Arrangements in Residential Aged Care including short-term medical needs and the care needs of people from diverse or disadvantaged backgrounds such as homeless older people and Indigenous Australians. The quantum of new funding should be adequate to ensure access for those with higher care needs; reflect the real costs of meeting the needs; and be based on evidence from a trial of the new system.

Rationale

The Government announced that new supplements will be introduced in 2007 to target assistance to residents with higher care needs by supporting the provision of care to residents with dementia exhibiting challenging behaviours and residents requiring complex palliative nursing care. However the new supplements and the new three level classification and funding system to replace the current Resident Classification Scale is to be cost neutral. The Alliance considers it totally unrealistic to fund the supplements from existing care funds.

The Review of Pricing Arrangements in Residential Aged Care concluded that supplement payments should be extended to include the following specific care needs:

- short-term medical needs, such as IV therapy, wound management, intensive pain management and tracheostomy; and
- the care needs of people from diverse or disadvantaged backgrounds such as homeless older people and Indigenous Australians.

The rate of payment for any new supplements is to reflect the incremental increase in the cost of providing the appropriate treatment and/or level of care. The Government's response suggests the view that extending supplements to other conditions or circumstances would add complexity to the payment system and administration. While supporting the introduction of the two new supplements, the Alliance is seeking an explanation as to why the other recommendations of the Review were not picked up in respect of specific care needs.

The lack of new funding for short-term medical care, dementia care, and palliative care will reduce the quality of life for older people in residential aged care, and increase their entry in the acute care system.

The dementia supplement could be targeted to dementia specific care for those ambulant with severe behaviours (10% of those with a diagnosis at any time). Given the prevalence of dementia, mainstream residential care facilities will need to continue to provide dementia care for many residents.

Budget Priority 3

Aged Care Standards and Accreditation Agency

- 1.1 The Australian Government make funding available for education and information programs and products to be developed to increase consumer knowledge and understanding and to support their involvement in the accreditation process, and to clarify the roles and responsibilities of the Minister, the Agency, the Department, the new Office of Aged Care Quality and Compliance and the new Aged Care Commissioner in relation to accreditation, complaints and compliance processes.

Rationale

The Review of Pricing Arrangements in Residential Aged Care concluded that the role of the Aged Care Standards and Accreditation Agency should be directed mainly to the accreditation of services and the dissemination of accreditation results.

The Alliance considers there are conflicts of interest in these functions and has published a discussion paper on future directions for accreditation in the aged care sector. The Alliance suggests that the Government consider the Alliance discussion paper on accreditation as part of a global review of accreditation and standards compliance monitoring of residential and community aged care (see: www.naca.asn.au).

Budget Priority 4

Workforce

- 4.1 The Australian Government introduce a transparent mechanism, accompanied by sufficient dedicated funding, to achieve and maintain comparable and competitive wages for all staff working in aged care with their counterparts in other sectors.
- 4.2 The Australian Government develop a national workforce strategy for aged care that will provide sufficient staff with the necessary skills to deliver quality care across all settings where aged care is provided.
- 4.3 The Australian Government increase the number of undergraduate nursing places to the level recommended in the Review of Pricing Arrangements in Residential Aged Care. These additional places should only be available to universities that offer specialist training in aged care for nurses, including aged care specific preceptor programs for newly graduated nurses and quality aged care placements for student nurses.
- 4.4 The Australian Government implement strategies to provide flexible working practices and suitable alternative care arrangements to allow carers to remain in or enter the workforce.
- 4.5 The Australian Government implement the 50% Care Cost Reimbursement for employees with caring responsibilities, to be capped at a net amount of \$10,000 for out of pocket expenses per household annually as recommended in the 2006 Taskforce on Care Costs final report: *Where to now?*

Rationale

Quality care in aged care services cannot be achieved without a skilled and qualified workforce, which is clearly defined, accurately costed and fully funded. Staffing levels and skills mix in aged care services should be driven primarily by the need to achieve optimal health and quality of life outcomes. The increasing dependency levels of people requiring or in receipt of aged care services require facilities to be adequately staffed. This is necessary so providers and staff can meet their duty of care and to manage complex care needs, including dementia and challenging behaviour.

All workers in aged care experience heavy workloads and wage levels that are not competitive with their counterparts in comparable sectors. These factors contribute to a critical shortage of staff that impacts on the delivery of quality aged care services. There are also major barriers that create disincentives for doctors and allied health professionals to work in aged care.

An important trend in workforce participation is the continuing rise in the number of women working and an increase in the hours they work. As women are the largest component of family carers in the community, strategies need to be put in place to make it easier for family carers to remain in, or enter the workforce. Paid employment is reported to have protective effects for carers by offering respite from the caring role and helping to maintain social networks. The ability of carers to maintain or return to paid employment will be an increasingly important factor in women's predisposition to provide ongoing paid care. Physical, psychological and time demands of caring place paid employment out of reach for many family carers of working age. Difficulties associated with employment include a lack of suitable, affordable alternative care arrangements and inflexible work hours, disruption to the care recipient and loss of skills while caring.

Budget Priority 5

Funding and targeted capital assistance

- 5.1 The Australian Government introduce a defined and properly costed benchmark of care for aged and community care that reflects the real costs – capital, staffing and operating – of providing a quality aged care service in different regions around Australia.
- 5.2 The Australian Government introduce a care subsidy indexation system that recognises the cost pressures on the sector, and includes a capital component and that work commence in 2007 to reach agreement on what review process will be required in the 2007/2008 financial year to ensure there is an appropriate indexation system that meets the real cost of delivering quality care.
- 5.3 The Australian Government provide greater capital assistance in supporting access to services in rural and remote areas.
- 5.4 The Australian Government immediately increase HACC funding by 20% to enable a more appropriate level of care to be offered to existing clients (with 8% annual indexation of the program to ensure continuing growth).
- 5.5 The Australian Government allocate funding for further expansion of the Extended Aged Care at Home and Community Aged Care packages.

Rationale

The Alliance considers that the current funding system for residential aged care, both for capital and recurrent costs, is an inadequate basis on which to provide quality care and quality buildings. This is also the case for community care. Quality community care is a critical factor in a positive experience of ageing for the 93% of people over 65 years of age who live in the community and want the choice of remaining at home. The Australian Government has direct responsibility for Community Aged Care packages (CACPs) and Extended Aged Care at Home packages (EACH), however other community care services funded through the home and community care (HACC) program are the responsibility of State and Territory governments, and there is little coordination between the two levels of government on rationalising or integrating service provision. The number of CACPs and EACH package should continue to be expanded.

Recurrent funding for aged care does not reflect the real costs of providing care, which are not the same in all parts of Australia. There are interstate differences, partly as a result of State Government charges (such as workers' compensation) and differences in costs of living between capital cities, rural towns and remote areas. Pretending that these differences do not exist is flying in the face of reality. Since 1997, the indexation formula used to adjust Government subsidies has not reflected the actual costs faced by the aged care industry. The additional funds provided in the 2004/2005 budget provided some assistance to residential aged care but are not enough to ensure that high quality services can be maintained or to pay staff in aged care comparable wages to those in other comparable sectors.

Quality buildings are essential for quality care. Residential aged care facilities should be modern, efficient, safe, and sensitive to cultural factors. The current accommodation charge and Government subsidies for residents receiving high care do not meet the capital needs of providing and maintaining quality buildings on an ongoing basis. Also in geographic areas of Australia where house values are low or large numbers of the community are non-homeowners, the current capital income arrangements do not provide sufficient income for capital construction of new facilities or major refurbishment of existing buildings. The additional viability supplement will offset some of the additional costs of providing care in remote areas but will not address the ongoing capital raising issues.

Budget Priority 6

Dementia

- 6.1 The Australian Government fund a program to enable all nurses, care staff and GPs to be provided with education and support to implement models of care that include the early diagnosis of dementia.
- 6.2 The Australian Government fund additional flexible community and respite care places to enable people with dementia to be cared for in the community for as long as possible, including to the time of their death if that is their wish and that of their family.
- 6.3 The Australian Government promote dementia specific care for people with challenging behaviours by providing greater incentives to mainstream residential aged care providers with an improved mix of capital and recurrent funding so they can provide quality dementia care.
- 6.4 The Australian Government provide additional funding for dementia research, including care and medical research, aimed at building dementia research capacity and promoting cooperation and collaboration between existing centres of research in Australia and internationally.

Rationale

The Alliance welcomes the recent measures announced by the Government to address issues relating to dementia including the Government's commitment to make dementia a National Health Priority and support it with \$200 million over four years.

Currently the number of people in Australia with a diagnosis of moderate to severe dementia is estimated at over 180,000, although as many people again may be in the early stages of dementia. By 2040 it is predicted that the number will reach half a million people in Australia. Around 60% of people receiving nursing home or high care and 30% of those receiving hostel or low care have dementia. Some 90% and 54% respectively have an obvious cognitive impairment. Caring for people with dementia is an integral part of aged care.

About half of those people living with dementia are living in the community. There is evidence to show that the application of best practice carer education and support models can show significant benefits in terms of delay in admission to residential aged care. However, even with the provision of the best community services, for many people there comes a time when the transition to residential care is considered necessary.

The Review of Pricing Arrangements in Residential Aged Care found evidence that the current arrangements in aged care do not adequately ensure equity of access for people with special needs, such as older people with dementia, and consumers report having problems in accessing dementia services for people with challenging behaviours.

Budget Priority 7

Linking health and aged care

- 7.1 The Australian Government make a significant investment in improving the linkages between health and aged care by:
- introducing a national strategic framework for the health care of older people covering all settings where care services are provided;
 - funding the development and introduction of best practice care pathways and guidelines across the acute, community and residential aged care settings covering a range of areas and conditions;
 - funding the development and introduction of a common clinical assessment process for use across the continuum of care regardless of where care is being provided; and
 - funding a pilot network of health coordinators in aged care to work closely with nurses, general practitioners, medical specialists, pharmacists and allied health staff to ensure the effective integration of both common assessment processes and best practice care pathways and guidelines.

Rationale

Health care and aged care services need to be integrally linked by the introduction of policies to achieve a system of services where access is determined by the needs of people, rather than the particular point of contact or service setting. Older people need fair and equitable access to the full range of health services for optimal independence and wellbeing to be achieved. Currently access to such services can be inhibited depending on where the person lives and in which care setting they find themselves. Progress toward a continuum of care for older people requires policies and strategies across the acute, community and residential aged care settings. It also requires better integration of primary care; community care; health promotion, illness prevention; acute care; sub-acute care; rehabilitation; and residential care.

People in residential aged care need more appropriate health care, including the effective management of both acute episodes of ill health and their medicines, to avoid unnecessary hospitalisation. Acute hospitals need to change their care practices so they are more appropriate to frail older people with acute illness or requiring surgery. While the best setting for providing health care for older people is often their own home or in residential settings, there will always be a need for acute hospital care, particularly as the population ages. In the acute hospital setting, older people need access to specialist multidisciplinary gerontic services. When they are discharged from hospital, there needs to be effective coordination with community health services. Currently their health care needs are not being adequately met in any setting. This unacceptable state of affairs is a result of the fragmentation of health and aged care service.

Governments need to agree on how to meet the care needs of older people who require a level of care that lies between current hospital and residential aged care, eg. sub-acute, transitional, or interim care. The Alliance considers that much more effort is required in this area. Planning to bridge the gap between hospitals, the community and residential care must involve all service providers – the aged care sector, the acute hospital sector, general practitioners and gerontic specialist – from the outset if they are to maximise their potential.

Health care for older people in both the community and in aged care facilities should be funded at a level that ensures adequate availability of general practitioners and specialists, including geriatricians, other medical specialists, pharmacists, allied health practitioners and nurse specialists.

Conclusion

The recommendations made in this submission are a result of Alliance members concern for the future sustainability of aged care services.

The Alliance considers that the achievement of a shared vision for aged care in Australia – that all older people in Australia have access to planned and properly resourced integrated quality aged care services that are flexible, equitable, that recognise diversity and promote choice and respect for users and workers – should be a primary goal of the Federal Budget process.

The Alliance's broad representative membership offers to Government the opportunity to consult across a range of stakeholders with an interest in the issues canvassed in this submission to achieve this goal.