

TREASURY

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# 2018-19 PRE-BUDGET SUBMISSION

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## ABOUT ACSA

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Aged & Community Services Australia (ACSA) is the leading aged care peak body supporting over 700 church, charitable and community-based, not-for-profit organisations. Not-for-profit organisations provide care and accommodation services to about one million older Australians.<sup>1</sup>

ACSA represents, leads and supports its members to achieve excellence in providing quality affordable housing and community and residential care services for older Australians.

Aged care providers make a significant \$17.6 billion contribution to the Australian economy, representing 1.1 per cent of GDP by producing outputs, employing people and through buying goods and services. The direct economic component is akin to the contribution made by the residential building construction and sheep, grains, beef and dairy cattle industries.<sup>2</sup>

ACSA members are important to the community and the people they serve, and are passionate about the quality and value of the services they provide, irrespective of their size, service mix or location.

## ACSA CONTACTS

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<sup>1</sup> Australian Government, Department of Health, 2016-17 Report on the Operation of the *Aged Care Act 1997*, November 2017.

<sup>2</sup> Deloitte Access Economics, Australia's aged care sector: economic contribution and future directions, Aged Care Guild, June 2016, page 24.

# 2018-19 PRE-BUDGET SUBMISSION

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## INTRODUCTION

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ACSA supports an aged care system that is consumer-driven, market-based and less regulated as outlined in the Aged Care Sector Committee's Aged Care Roadmap<sup>3</sup> released in 2016.

It is essential that momentum be maintained for a better, fairer, more sustainable and nationally consistent aged care system.

Australia requires a strong and sustainable aged care system able to provide choice and high quality aged care now, and into the future.

Government is currently considering the recommendations of the Legislated Review of Aged Care 2017. The report provides an overall approach to reform that supports the Aged Care Sector Committee Roadmap for Reform. It will be important that Government takes a considered approach and develops an overall package of reforms to achieve its aim of a consumer driven market based aged care system to the 38 recommendations within the report. In this submission, ACSA highlights some of the recommendations we consider a priority for government as part of an overall reform agenda.

ACSA's 2018-19 Pre-Budget submission makes recommendations with the aim of increasing equity of access for older Australians to services and supports; ensuring there is sustainable aged care funding; and reducing regulation and improving Government IT and other aged care systems and processes.

## SUMMARY OF ACSA RECOMMENDATIONS

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### HOME CARE AND HOME SUPPORT

#### ACSA recommends:

1. Increasing investment in home care, including releasing more packages to directly reduce the number of clients waiting from over 100,000 people<sup>4</sup>;
2. Implementing Recommendations 5, 6 and 7 of the Legislated Review 2017<sup>5</sup> to collectively address greater access to high level home care packages;
3. Ensuring adequate resourcing of a skilled, integrated assessment service to minimise inequities;
4. Ensure timely allocation of packages to those who are waiting by:
  - Putting systems in place to ensure people who are unable to navigate the process of finding a provider once a home care package is assigned, are supported to do so;
  - Reducing the 56-day decision making period that someone has to activate their home care package; and
  - Not automatically allocating a higher-level package to consumers with unspent funds not directed towards an agreed purpose (i.e. a longer respite period that has to be saved for).
5. Introducing mandatory consumer contributions for services under the Commonwealth Home Support Programme (CHSP). Consumer contributions should be standardised according to an individual's financial capacity;

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<sup>3</sup> <https://agedcare.health.gov.au/aged-care-reform/aged-care-roadmap>

<sup>4</sup> Home Care Packages Program – Data Report Overview 1 July to 30 September 2017, Aged and Community Services Australia, December 2017.

<sup>5</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p13.

6. Allocating funds to support Home and Community Care providers in Western Australia transition to the Commonwealth Home Support Program, as occurred for all other states/territories.
7. Develop an integrated home care program by combining the Commonwealth Home Support and Home Care Package programs as foreshadowed in the 2015 Federal Budget.

## **AGED CARE FUNDING AND SECTOR SUSTAINABILITY**

### **ACSA recommends:**

1. No further changes to the ACFI, including downwards funding adjustments, without consultation and trialing / piloting of the proposed changes to ensure the impacts on quality of care for residents and provider sustainability are understood.
2. In line with Government policy that those who can contribute to the costs of their aged care do so by:
  - Allowing providers to charge a higher basic daily fee to non-low means residents (Recommendation 14 of the Legislated Review 2017);
  - Developing and considering options for the treatment of the owner's home (Recommendation 13 of the Legislated Review 2017) which could include increasing the current maximum amount taken into account in the means testing; and
  - Developing and considering options for increasing the value of the annual and lifetime caps (Recommendation 15 of the Legislated Review 2017).
3. Informing consumers of the value of the subsidy that is provided for their care (Recommendation 17 of the Legislated Review 2017<sup>6</sup>).
4. Increasing the maximum accommodation payment from the current \$550,000 to \$750,000; and additionally implementing an automatic link between this maximum payment amount and median house prices (Recommendation 19 of the Legislated Review 2017).

## **AGED CARE REGULATION, SYSTEMS AND PROCESSES**

### **ACSA recommends:**

1. Government use the opportunity provided via a number of recent reviews undertaken (including the Review of National Aged Care Quality Regulatory Processes and the Australian Law Reform Commission Report Elder Abuse – A National Legal Response) to undertake an audit of current regulation and reporting requirements to develop an efficient and effective approach to reporting requirements for all relevant stakeholders.
2. Rectifying and improving the interface issues between the Department of Human Services systems and My Aged Care and to ensure adequately trained staff are available to manage issues in a timely manner.

## **EQUITY OF ACCESS FOR ALL OLDER AUSTRALIANS**

### **ACSA recommends:**

1. **Housing:**  
Commonwealth Government working with State and Territory governments to develop and implement a national housing strategy to ensure all older Australians have access to secure, accessible and affordable housing.

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<sup>6</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p14.

**2. Mental health:**

Extending the Better Access Initiative to ensure access for people living in residential aged care.

**3. Palliative care:**

Increased and more timely funding for the provision of palliative care services so that the expressed preference of most older Australians to die in their own home, including when they are living in residential aged care facilities, is realised.

**4. Primary health care:**

- Ensuring equity of access for older Australians to primary health care;
- Introducing separate Medicare Benefits Schedule item numbers for urgent visits to patients in residential aged care facilities, this would allow Government to better understand the need for after-hours primary health care in residential aged care facilities; and
- Introducing Medicare provider-numbers for nurse practitioners and dental hygienists to increase access to services and improve the wellbeing of older Australians in residential and home care.

## **REGIONAL AND REMOTE SERVICES**

**ACSA recommends:**

Government actively explore funding models (including adequate viability provisions) to ensure:

1. Aged providers in regional and remote Australia remain viable and sustainable over time as the aged care sector moves towards a consumer-driven market-based system, acknowledging that aged care providers in rural and remote locations can suffer the effects of thin markets; and
2. Consumers of aged care services in regional and remote Australia receive equity of access to Government funded aged care services.

## **YOUNG PEOPLE IN RESIDENTIAL AGED CARE**

**ACSA recommends:**

1. Appropriate levels of funding to address their care needs, particularly revising the NDIS policy position not to fund personal care for younger residents as part of their NDIS plan; and
2. Government, working with the sector to co-design and implement a housing and support strategy to identify and fund alternate service / care models that better meet the needs of these different cohorts.

## BACKGROUND

### SUPPORTING PEOPLE TO LIVE IN THEIR OWN HOME

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The majority of older people want to remain living independently in their own home for as long as possible. Aged care policy and reform has been moving this way but more reform is required to provide the most effective support to older Australians.

#### Home Care Package Program

ACSA applauds improved transparency around the number of people waiting for Home Care Packages which will support better planning to meet the needs of older Australians.

While ACSA welcomes the Government providing an additional 6,000 Level 3 and 4 home care packages, there is still an unacceptably high number of people waiting for a package. As at 30 September 2017, there were 101,508 people on the national prioritisation queue of which just over 40,000 people were on a lower package than they have been approved to receive.

People unable to receive the high level support they have been assessed as requiring are more likely to move to residential aged care. This is both more expensive and, in many cases, not the preference of the older person.

ACSA supports the recalibrating of the spread of home care packages to allow the funding of additional Level 3 and 4 packages. ACSA also supports providing higher levels of funding to support older people with very high care needs to remain at home. This could take the form of a level 5 home care package as recommended by the Legislated Review 2017.

#### Commonwealth Home Support Program (CHSP)

The Commonwealth Home Support Program (CHSP) supports the largest number of older people of all aged care programs.

Ensuring continued growth of CHSP is important to help to keep older people living safely in the community and delay or remove the need for higher-level support.

The Legislated Review (Recommendation 16<sup>7</sup>) recommends that community clients who receive services under this program should be required to contribute towards the cost of their care, commensurate with their capacity to pay and subject to means testing provisions and protections. This measure improves financial sustainability, creates greater equity between clients receiving home support and those receiving a package as well as removing disincentives that currently exist for consumers to move from the CHSP to a Home Care Package.

In order to ensure the smooth transition in Western Australia from Home and Community Care to the Commonwealth Home Support Program, providers will need assistance consistent with other States.

#### An Integrated Home Care Program

The Home Care Package Program and the CHSP share many goals and supports in common with home care packages. In the 2015 Budget, the Government stated its intent to merge these two programs but practical implementation is still forthcoming.

An important first step in integrating these two programs is to address the current fee variations and ensure equitable treatment for consumers accessing services from either program and an overall home support assessment system and process.

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<sup>7</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p91.

Assessment is critical as it determines:

- Eligibility for either home care or home support;
- Equity of package assignment. Current data shows considerable variation in decisions around the country (e.g. with more than double the proportion of high priority determinations in Queensland than Tasmania, you could expect a higher proportion of packages would be allocated sooner to people residing in Queensland than Tasmania).
- Package level required to meet the client's needs. With increasing amounts of unspent funds accumulating the appropriateness of the assessment tool and framework as well as the accuracy of assessments needs to be considered.

Merging the Home Care Packages and the CHSP programs will create a more streamlined home support system for individuals and address a number of disincentives to people taking up a package that may better support their needs.

**ACSA recommends:**

- 1. Increasing investment in home care, including releasing more packages to directly reduce the number of clients waiting from over 100,000 people<sup>8</sup>;**
- 2. Implementing Recommendations 5, 6 and 7 of the Legislated Review 2017<sup>9</sup> to collectively address greater access to high level home care packages;**
- 3. Ensuring adequate resourcing of a skilled, integrated assessment service to minimise inequities;**
- 4. Ensure timely allocation of packages to those who are waiting by:**
  - **Putting systems in place to ensure people who are unable to navigate the process of finding a provider once a home care package is assigned, are supported to do so;**
  - **Reducing the 56-day decision making period that someone has to activate their home care package, including a provision to retain their place in the queue if/when they choose to return; and**
  - **Not automatically allocating a higher-level package to consumers with unspent funds not directed towards an agreed purpose (i.e. a longer respite period that has to be saved for).**
- 5. Introducing mandatory consumer contributions for services under the Commonwealth Home Support Programme (CHSP). Consumer contributions should be standardised according to an individual's financial capacity;**
- 6. Allocating funds to support Home and Community Care providers in Western Australia transition to the Commonwealth Home Support Program, as occurred for all other states/territories.**
- 7. Develop an integrated home care program by combining the Commonwealth Home Support and Home Care Package programs as foreshadowed in the 2015 Federal Budget.**

## **AGED CARE FUNDING AND SECTOR SUSTAINABILITY**

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The aged care sector in Australia is a significant contributor to the Australian economy, generating annual revenues of approximately \$21.5 billion in 2015-16 (approximately 1 per cent of Australia's Gross Domestic Product).<sup>10</sup>

It is well documented that Australia has an ageing population and, in order to achieve the projected target ratio of 125 operational places per 1,000 of population aged 70 and over by 2021-22, an additional 62,000

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<sup>8</sup> Home Care Packages Program – Data Report Overview 1 July to 30 September 2017, Aged and Community Services Australia, December 2017.

<sup>9</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p13.

<sup>10</sup> Aged Care Financing Authority Fifth report on the Funding and Financing of the Aged Care Sector July 2017, Aged Care Financing Authority, Australian Government, pxii.

home care places and 49,000 residential places will be required. In fact, the Legislated Review 2017 highlights that an additional 89,000 residential places will be required over the next decade.<sup>11</sup>

To achieve this level of growth the industry needs sufficient and stable funding from Government, or the taxpayer, and individuals with capacity to contribute to the costs of their care. This is the only way to ensure high quality aged care into the future with providers able to plan and invest with certainty.

Currently Government provides around three quarters of all aged care funding, with consumers meeting less than a quarter of the cost<sup>11</sup>. The Legislated Review 2017 highlights this is unsustainable into the future and that ‘there is a strong case to increase the proportion of the costs that are met by consumers’.

The overall direction of consumers with means contributing more to the costs of their care has had broad bipartisan support, since the Living Longer Living Better reforms were implemented in 2013. Further reforms are needed to achieve the right balance between Government and individual contributions noting that consumers are generally willing to pay more where they receive quality care and have more control over the services they receive.

### *Declining financial performance of residential care*

The StewartBrown Aged Care Financial Performance Survey, Residential Care Report (June 2017), relied on by the ACFA in reviewing the financial health of the aged care industry, highlights that there has been an 8 per cent decline in average results for the 2016-17 financial year and a 4 per cent decline in facility EBIDTA over the same period.

In its Funding and Financing of the Aged Care Sector report, the ACFA concludes that these results could be taken to “*broadly reflect the trend experienced by the sector as a whole*” and that the funding changes (to ACFI) “*may be expected to contribute to a decline in financial performance over time.*”<sup>11</sup> ACFA expects that the full effect of these changes will not be known until the 2018 report, and beyond.

Separately, in their Residential Care Report for June 2017,<sup>12</sup> StewartBrown report that the 2017 financial year has seen a general decline in the results of residential care services at all levels of the operation, with contributing factors including:

- Increasing revenue gap between the costs of everyday living expenses and the basic daily fee;
- Smaller increases in ACFI as the changes made to the ACFI scoring appear to be adversely influencing profits; and,
- Accommodation results decreasing due to accommodation income not keeping pace with depreciation and property and maintenance costs.

This increasing per day deficit will erode provider’s ability to remain sustainable over time, reducing the capacity of many to refurbish and (re)build their facilities and struggle to maintain the quality of care the community expects.

### *Current Funding Considerations*

Government measures intended to reduce the rate of ACFI growth, including the 2016-17 MYEFO measures, have had the intended effect of reducing the ‘real growth’ rate for 2016-17 to 1.9 per cent from the previously reported 2015-16 growth rate of 5.2 per cent.<sup>13</sup>

The ACFI issues highlight ongoing issues with appropriate and adequate funding for residential aged care.

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<sup>11</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p8.

<sup>12</sup> Aged Care Financial Performance Survey, Residential Care Report – June 2017, StewartBrown, p5.

<sup>13</sup> Aged Care Financing Authority Fifth report on the Funding and Financing of the Aged Care Sector July 2017, Aged Care Financing Authority, Australian Government, p107.



There are a number of completed and ongoing reviews about residential care funding which are under active Government consideration. The Government is also undertaking the Resource Utilisation and Classification Study (RUCS) as a result of the review by the University of Wollongong. The review of the Aged Care Funding Instrument undertaken by Applied Aged Care Solutions<sup>14</sup> proposes significant changes to the current funding instrument. Initial analysis by ACSA indicates a significant re-weighting across the Activities of Daily Living (ADL) and Complex Health Care (CHC) domains, with potentially significant reductions in funding to providers, should the proposed revised ACFI (R-ACFI) be implemented.

Given the ongoing work in this space there should be no further changes to the ACFI, including to funding levels for the various domains, occur without consultation and trialling / piloting of the proposed changes.

#### *Required action to increasing sustainability*

ACSA asks Government to take a considered and holistic approach to the 38 recommendations in the Legislated Review 2017, including the following that address sustainability and viability:

- Allowing providers to charge a higher basic daily fee to non-low means residents (Recommendation 14 of the Legislated Review 2017). This is in line with aged care policy that those who can afford to contribute do so;
- Developing and considering options for the treatment of the owner's home (Recommendation 13 of the Legislated Review 2017) which could include increasing the current maximum amount taken into account in the means testing, this would ensure those people with homes of considerable worth contribute accordingly;
- Developing and considering options for increasing the value of the annual and lifetime caps<sup>15</sup> (Recommendation 15 of the Legislated Review 2017); and
- Increasing the maximum accommodation payment from the current \$550,000 to \$750,000; and additionally implementing an automatic link between this maximum payment amount and median house prices (Recommendation 19 of the Legislated Review 2017).

#### **ACSA recommends:**

**1. No further changes to the ACFI, including downwards funding adjustments, without consultation and trialling / piloting of the proposed changes to ensure the impacts on quality of care for residents and provider sustainability are understood.**

**2. In line with Government policy that those who can contribute to the costs of their aged care do so by:**

- **Allowing providers to charge a higher basic daily fee to non-low means residents (Recommendation 14 of the Legislated Review 2017);**
- **Developing and considering options for the treatment of the owner's home (Recommendation 13 of the Legislated Review 2017) which could include increasing the current maximum amount taken into account in the means testing; and**
- **Developing and considering options for increasing the value of the annual and lifetime caps (Recommendation 15 of the Legislated Review 2017).**

**3. Informing consumers of the value of the subsidy that is provided for their care (Recommendation 17 of the Legislated Review 2017<sup>16</sup>).**

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<sup>14</sup> Review of the Aged Care Funding Instrument Report, July 2017, Applied Aged Care Solutions Pty Ltd.

<sup>15</sup> The Legislated Review 2017 highlights that those benefitting from the annual and lifetime caps are consumers with higher levels of wealth and the current limitations on these caps for contributions do not reflect a true capacity to pay.

<sup>16</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p14.

4. Increasing the maximum accommodation payment from the current \$550,000 to \$750,000; and additionally implementing an automatic link between this maximum payment amount and median house prices (Recommendation 19 of the Legislated Review 2017).

## AGED CARE REGULATION, SYSTEMS AND PROCESSES

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ACSA and its membership are committed to providing quality care and support a firm but fair regulatory system, which protects older people while allowing service innovation to flourish.

A number of recent reviews, including the Review of the National Aged Care Quality Regulatory Processes and the Australian Law Reform Commission Report Elder Abuse – A National Legal Response, have recommended increased reporting and regulation. These reports highlight concerns with the existing regulatory system and provide an opportunity to streamline arrangements.

Arrangements can only be streamlined if overall regulation and reporting is considered rather than merely adding extra requirements. To do this justice there should be an audit of existing arrangements to determine which regulations and reporting requirements should stay, which need replacing and whether new or different reporting is required. Consideration should also be given to where reports (such as assault in residential care) should be directed to ensure appropriate action is taken. In doing this, consideration should be given to the audience, and the purpose of the regulation in question; what do consumers and their families need to know to make decisions about care and feel confident in the system?; what do providers need to know to effectively manage and continually improve their services and, lastly, what does Government need to know to undertake its planning and regulatory roles appropriately? This is the only way to ensure that there is 'right touch' regulation of value to all stakeholders.

### *Aged care systems and processes*

ACSA supports the Government's Modernising Health and Aged Care Payments Services Program, which is replacing the IT system to deliver reliable and accurate health, aged care and veterans' payments. However, there continues to be significant issues with the operation of current systems, including since the implementation of the 27 February 2017 home care reforms.

Government solutions have been individualised rather than systemic, resulting in catch-up payments for some providers, only to fall behind again. Outstanding claims have resulted in excessive amounts of funding outstanding for many providers, creating administrative burden, additional costs and potential cash flow problems for providers.

Consumers often receive incorrect advice about what their contribution should be, causing anxiety and confusion.

There has been complete failure from Government to address these ongoing and repeated issues.

The DHS claims and payments system needs to be addressed as a matter of urgency and providers compensated for costs associated with delayed payments and additional staff time. ACSA's advice to our members is to seek financial compensation from Government.

There are many interface issues between Department of Human Services (DHS) systems and My Aged Care resulting in, for example, consumers being notified that their home care package has been withdrawn when it should not have been, which then results in non-payment of subsidy. Providers are required to continue to deliver services at their own cost, until the matter is rectified and back payment made which can take months.

**ACSA recommends:**

- 1. Government use the opportunity provided via a number of recent reviews undertaken (including the Review of National Aged Care Quality Regulatory Processes and the Australian Law Reform Commission Report Elder Abuse – A National Legal Response) to undertake an audit of current regulation and reporting requirements to develop an efficient and effective approach to reporting requirements for all relevant stakeholders.**
- 2. Rectifying and improving the interface issues between the Department of Human Services systems and My Aged Care and to ensure adequately trained staff are available to manage issues in a timely manner.**

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**EQUITY OF ACCESS FOR ALL OLDER AUSTRALIANS**

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ACSA strongly supports the comments made on 25 October 2017 by the Minister for Aged Care, the Hon. Ken Wyatt AM MP. The Minister said ‘all Australians have inherent rights, built on a foundation of dignity which should not in any way diminish with age’ and ‘Our legacy for this century must be a nation in which older Australians, whether in home or residential care, have safe, secure, quality lives’.<sup>17</sup>

There are many situations where older Australians do not receive the same level of services and support as other Australians.

Once a person enters residential aged care they are viewed as being completely supported by the aged care system and therefore do not need broader services and supports. A change in mind-set is required. Older Australians residing in residential aged care are fundamentally entitled to the same spectrum of health services and supports received by those Australians who live in the broader community, for example access to mental health services.

All older Australians should have equity of access to services and supports on the same basis as other Australians regardless of where they live.

**Housing**

Older single women are increasingly experiencing financial and housing hardship.<sup>18</sup><sup>19</sup><sup>20</sup> About 12,000 older women (55 and over) sought assistance from homelessness services in 2015-16, a 52% increase since 2011-12.<sup>21</sup> More needs to be done to address this immediate and pressing need. Nationally consistent incentives and interventions could assist older Australians who wish to move to housing that is more accessible.

**ACSA recommends:**

- 1. Commonwealth Government working with State and Territory governments to develop and implement a national housing strategy to ensure all older Australians have access to secure, accessible and affordable housing.**

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<sup>17</sup> The Minister for Aged Care and Indigenous Health, the Hon. Ken Wyatt AM MP address to the National Press Club Australia’s New Age of Opportunity 25 October 2017; pp15-16.

<sup>18</sup> Understanding Single Older Women’s Invisibility in Housing Issues in Australia; Sandy Darab & Yvonne Hartman; Housing, Theory and Society Vol. 30, Iss. 4, 2013.

<sup>19</sup> Sharam, A (2017). The Voices of Midlife Women Facing Housing Insecurity in Victoria, Australia. Social Policy & Society (2017) 16:1, 49–63.

<sup>20</sup> 1200 additional social and affordable homes for vulnerable people in NSW media release 12 September 2017 by Premier Gladys Berejiklian and Minister for Social Housing Pru Goward.

<sup>21</sup> Australian Institute of Health and Welfare: Australia’s Welfare 2017 - Chapter 6-2 Homelessness.

## **Mental health**

Regardless of where they live, older Australians should have equal access to mental health services. The Better Access initiative aims to improve outcomes for people with a clinically diagnosed mental disorder and provides Medicare rebates for up to ten individual and ten group services per year. This initiative is not available to older Australians in residential aged care facilities. Older Australians in residential aged care facilities in rural and remote regions are also not eligible to access the Better Access telehealth services that commenced on 1 November 2017.

### **ACSA recommends:**

- 1. Extending the Better Access Initiative to ensure access for people living in residential aged care.**

## **Palliative care**

Older Australians, in both the community and residential care, are increasingly living with chronic degenerative diseases including cancer and dementia. Provided symptoms can be adequately controlled, between 60% and 70% of people at end-of-life prefer to be cared for and die at home<sup>22</sup>, regardless of whether home is in the community or residential care.

Inevitable deterioration associated with chronic degenerative diseases means that many of these individuals and their families eventually require a palliative approach to their care, which focuses on maximising their quality of life (rather than a curative treatment). Palliative care services are currently fragmented and there is a need to consolidate and simplify existing program structures, address duplication and ensure equity of access for all Australians, regardless of where they live<sup>23</sup>.

Specialist services need to be readily available regardless of location, and pathways between services should be coordinated and seamless for the person and their family. Palliative care is a core feature of delivering aged care both in residential facilities and in peoples' homes within the community.

The current residential aged care funding tool (ACFI) is acknowledged as being inadequate (in both funding provision and timeliness of funding) in addressing palliative care provision in residential aged care facilities.

### **ACSA recommends:**

- 1. Increased and more timely funding for the provision of palliative care services so that the expressed preference of most older Australians to die in their own home, including when they are living in residential aged care facilities, is realised.**

## **Primary health care**

Provision of timely and high-quality primary health care services to patients in residential aged care facilities is essential for this group of patients as they have high medical needs.

The implementation of the recommendations of the Medicare Benefits Schedule Review Taskforce released on 19 October 2017 may lead to a reduction in the number of doctors available to provide after-hours

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<sup>22</sup> Foreman LM, et al, Factors predictive of preferred place of death in the general population of South Australia, Palliat Mewd 2006; 20: 447-453.

<sup>23</sup> Palliative Care is everyone's business, Palliative Care Australia's Pre-Budget Submission 2018-19.

primary health care to older Australians in residential aged care facilities. The negative flow on impact from this is an increase in unnecessary emergency department presentations during the night and on weekends or older Australians being unable to access services when needed.

**ACSA recommends:**

- 1. Ensuring equity of access for older Australians to primary health care;**
- 2. Introducing separate Medicare Benefits Schedule item numbers for urgent visits to patients in residential aged care facilities, this would allow Government to better understand the need for after-hours primary health care in residential aged care facilities; and**
- 3. Introducing Medicare provider-numbers for nurse practitioners and dental hygienists to increase access to services and improve the wellbeing of older Australians in residential and home care.**

## **REGIONAL AND REMOTE SERVICES**

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Rural and remote aged care providers are a distinct and vital segment of the overall aged care industry<sup>24</sup>. Services in these areas are most often delivered by not-for-profit aged care providers. They are key employers and service purchasers in these regions making a significant contribution to their local economies.

Providers operating in rural and remote areas face extra challenges in their financial operations. They generally have higher cost pressures and lower financial results. During 2014-15<sup>25</sup> rural and remote providers (in comparison to other providers):

For residential care:

- Receive less Australian Government funding per resident per annum;
- Have significantly higher expenses, particularly labour costs;
- Receive lower average Refundable Accommodation Deposits; and,
- Have lower overall financial results.

For home care:

- Have slightly lower EBITDA results;
- Lower resident fees;
- Higher direct labour costs; and,
- Higher administration costs.

(Noting they also receive higher Government subsidies via the viability supplement).

For these reasons, aged care services can be less available and / or more expensive for older Australians living in regional and remote regions.

Consumers in these regions are already impacted by these constraints often needing to travel long distances to attend specialist health care services for diagnosis and treatment including access to geriatricians and palliative care specialists. This creates additional travel and accommodation costs.

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<sup>24</sup> There are 739 services/facilities, delivering 18,000 places/packages .

<sup>25</sup> Aged Care Financing Authority Financial Issues Affecting Rural and Remote Aged Care Providers Part 1, Aged Care Financing Authority, Australian Government, p76.

The Legislated Review 2017 supports the position that providers in rural and remote areas face ‘particular challenges’ in relation to service provision and costs pressures<sup>26</sup> noting that ‘if these factors cause providers to be less viable this could present a risk to access for consumers’.

Standard funding models often don’t work well in regional and remote regions. In particular, market based approaches are challenging given the very limited competition in service provision in these areas.

Government has an opportunity to ensure that the policy and funding settings support viability in regional and remote areas and ensure maintenance of these all important services at the local level.

Recommendation 32 of the Legislated Review 2017 proposes a review of the Multi-Purpose Services Program to ensure greater consistency of services for aged care consumers and providers and to ensure program funding is properly targeted. This should be taken up.

In addition, different funding models should be considered to ensure viability and policy settings should be adjusted for these areas while maintaining as much consumer choice as possible.

#### **ACSA recommends:**

**Government actively review and explore funding models (including adequate viability provisions) to ensure:**

- 1. Aged providers in regional and remote Australia remain viable and sustainable over time as the aged care sector moves towards a consumer-driven market-based system, acknowledging that aged care providers in rural and remote locations can suffer the effects of thin markets; and**
- 2. Consumers of aged care services in regional and remote Australia receive equity of access to Government funded aged care services.**

## **YOUNG PEOPLE IN RESIDENTIAL AGED CARE**

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Young people with disability living in residential aged care (RAC) is a long standing and well-recognised issue in the Australian community. This population reside in facilities designed for older Australians because alternative housing and support options are unavailable or inappropriate. The needs of this cohort relate to disabilities such as acquired brain injury, degenerative neurological conditions and younger onset dementia.

The implementation of the National Disability Insurance Scheme (NDIS) and its move to individualised service planning and funding, holds great promise for this group of younger residents and their aged care providers.

The provision of choice, alongside the complexity of developing alternative housing and support options in local communities, will mean that in the foreseeable future, many of these younger clients will remain living in residential aged care facilities.

Therefore, ACSA believes that it is important to not only focus on looking for alternative housing and support options, but also to dedicate policy attention and resources to improving the experience of younger people living in residential aged care facilities.

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<sup>26</sup> Legislated Review of Aged Care 2017, Department of Health, July 2017, p156.

The NDIS has made it clear that it will not fund any additional personal care to support a Scheme participant living in RAC beyond that provided through ACFI. Aged care funding levels have not been designed to meet younger people's needs. The refusal of NDIS to consider increased personal care needs as a component of an individual's plan risks entrenching the difficulties that younger residents and providers have historically faced.

**ACSA recommends:**

- 1. Appropriate levels of funding to address their care needs, particularly revising the NDIS policy position not to fund personal care for younger residents as part of their NDIS plan; and**
- 2. Government, working with the sector to co-design and implement a housing and support strategy to identify and fund alternate service / care models that better meet the needs of these different cohorts.**

~ENDS~