

## Senate Committee Hearing - Aged Care (Financial Transparency)

**Bill - 14 May 2021**

### Opening statement

LASA supports better information on the quality of aged care services. We want to be an industry that competes on quality not on price and cost.

It is important to note that residents are already able to request a copy of a provider's statutory financial report.

The Royal Commission has recommended that providers provide an annual report to Government, and that this be published on My Aged Care.

However, the Commissioners differ on what the report should contain. Pagone recommends that the annual report should include:

- the names and positions of all key personnel
- information on staffing levels, qualifications, hours worked, employment status, and staff turnover.

Briggs recommends that the report contains:

- financial reports, including profit and loss and balance sheet information
- related party transactions
- the names and positions of key personnel
- information on staffing levels, qualifications, hours worked, employment status, and turnover
- information on service provision and use, which could include, for example:
  - in the case of approved providers of residential aged care, the number of residents who entered and left the service, the reason for leaving and the average number of residents

The proposals made by both Commissioners differ from what is proposed in the Bill under consideration today, in terms of the level of detail of the items and the facility level information that is being requested.

The Government has accepted this recommendation but the details are not clear.

We tend to agree with Pagone, and have some concerns that requiring small organisations to publish financial reports puts them at a significant disadvantage in negotiations with suppliers (e.g., staffing agencies, consultants, medical equipment and consumable suppliers). Publishing financial information can facilitate price discrimination where there is market power.

More importantly, the focus should be on getting a simple, fair and insightful representation of quality at a facility – or indeed in a home care service. Having this information easily available

through something like a star rating system will be much more helpful to older Australians than an annual financial report.

We need indicators that are valid, adjusted (so we can make apples for apples comparisons), and comprehensive.

We have no problem with disclosing staffing, the issue has always been ensuring this is adjusted for casemix. And we should be able to do that by the introduction of AN-ACC.

We have some concerns with disclosing current mandatory quality indicators at a service level, because there has been no explanation of how they would be risk adjusted. There is significant potential for perverse incentives/collection bias because they are self-collected. They also offer a narrow picture of quality that can lead to perverse outcomes. For example, we want services to support residents who want to maintain their mobility and independence, but doing so increases the risk of falls. If the quality of services is being measured on the number of falls, then the perverse incentives are obvious.

The key missing piece is information quality of life. There are well established and internationally validated measures of social care related quality of life such as the Adult Social Care Outcomes Toolkit, which we can and should be using.

The consumer experience reports are one option too, but they don't have the same level of academic rigour as other more established indicators.

Again, risk adjustment is important in making like for like comparisons. And we need to make sure that we have a big enough sample for a valid comparison.

Recent reports in the New York Times about the problems with the US Nursing Home Compare star rating system demonstrate the need to take these issues seriously.

We are also worried about quality indicators in home care. Right now, the government is focused on price comparisons. But do we really want people to focus on comparing prices without any accompanying information on quality? That seems almost guaranteed to reduce service quality.

Fundamentally, these issues are where we should be directing our attention. These are the issues that we need to resolve if we want a system where older Australians have the information they need and where providers genuinely compete on quality.

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