

12 August 2022

Committee Secretariat
Senate Standing Committees on Community Affairs
Parliament House
Via community.affairs.sen@aph.gov.au

re: Submission on the Aged Care Amendment (Implementing Care Reform) Bill 2022

Dear Committee Members

UnitingCare Queensland (UCQ) provides health, aged care, disability and community services to over 430,000 Australians a year as the largest Queensland based not-for-profit employer with 16,500 staff and 9,000 volunteers. UnitingCare Queensland has more than 65 years experience providing in-home care to our senior Australians in addition to running 57 aged care facilities; as one of the largest aged care providers in Queensland and the Northern Territory and one of the largest Commonwealth Home Support Programme and Home Care Package provider in Queensland. UnitingCare Queensland's aged care services are run through Blue Care (Queensland) and the Australian Regional and Remote Community Services (Northern Territory).

UnitingCare Queensland supports the Federal Government's approach to carefully considering the reforms and changes in the aged care sector and endorses the Federal Government's move to extend the implementation and consultation timeframe by a year ensuring the new Support at Home program delivers for senior Australians through consultation and planning with them and the sector. The Federal Government's commitment to supporting fully-funded wage increases for our aged care workers is also strongly endorsed by UCQ.

The Aged Care Amendment (Implementing Care Reform) Bill 2022 covers three schedules:

- 1) A 24 hours a day, seven days a week requirement to have a Registered Nurse (RN) on-site and on-duty at all times operated at each residential facility (24/7 RN on-site and on-duty);
- 2) An amendment to cap the fees charged by approved home care providers and remove home care providers ability to charge exit amounts; and
- 3) An open-ended mandatory requirement for the Secretary of Health and Aged Care to publish aged care financial and staffing information

UnitingCare Queensland's submission covers our concerns regarding each of the three schedules, and makes appropriate recommendations to ensure that Australians continue to enjoy a safe, reliable, trustworthy and caring aged care system.

Schedule 1 – 24/7 RN on-site and on-duty at an approved Residential Aged Care Facility

UnitingCare Queensland always supports measures that improve care for our residents however we question whether this measure is the best use of scarce clinical care resources especially during an industry-wide workforce shortage. UnitingCare Queensland asks the Federal Government to re-consider the 24/7 mandate in this context as smaller facilities (which are usually based in non-major city regions¹) will struggle to find staff to meet the requirement and will have to divert scarce clinical care resources to fulfilling this requirement. This is particularly challenging when competing with local health services for scarce registered nursing staff. If the Federal Government considers 24/7 RN's to still be a priority, **UnitingCare Queensland recommends the following:**

- 1) Provide additional funding to the following facilities: small residential facilities and small residential facilities in non-major cities based on the following formula: [base sum - (multiplier x no. of residents)] x (uplift rate based on Remoteness Area type [as defined by the Australian Statistical Geography Standard]). For Respite and NATSIFAC funded facilities, funding be adjusted on a bed basis for respite and places for NATSIFAC instead of residents.**
- 2) Provide a transitional timeframe with the new funding mechanism (in recommendation 1) and align it with the care minutes timeline**
- 3) In addition to providing a clear timeline, exemption mechanism, process and criteria for facilities suffering proven workforce shortages, the Federal Government should provide non-major city residential aged care facilities with a clear two-year timeline to implement 24/7 RNs with a simple exemption process to ensure the delivery of 24/7 RNs in non-major city facilities is supported.**
- 4) Address workforce shortages through: increased educational funding; tax incentives for non-major city aged care workers; and allowances, incentives and support for non-major city aged care workers**

Recommendation 1: Provide additional funding to the following facilities: small residential facilities and small residential facilities in non-major cities based on the following formula: [base sum - (multiplier x no. of residents)] x (uplift rate based on Remoteness Area type [as defined by the Australian Statistical Geography Standard]). For Respite and NATSIFAC funded facilities, funding be adjusted on a bed basis for respite and places for NATSIFAC instead of residents.

As one of the largest residential aged care providers in Queensland and the Northern Territory, UnitingCare Queensland is acutely aware of how the cost burden for 24/7 RN on-

¹ Non-Major City Areas refers to non-Major Cities areas as gazetted by the Australian Statistical Geography Standard (<https://www.abs.gov.au/websitedbs/D3310114.nsf/home/remoteness+structure>)

site and on-duty will fall on small residential facilities that are often in non-major city regions. Facilities in these regions often need to use higher levels of expensive labour solutions because a local workforce is not available. For example, using agency, fly-in-fly-out work placements, and providing staff accommodation and other incentive allowances. To support services in these areas achieve the additional staffing levels required, UnitingCare Queensland proposes the following formula [base sum - (multiplier x no. of residents)] x (uplift rate based on Remoteness Area type [as defined by the Australian Statistical Geography Standard]) and for Respite and NATSIFAC funded facilities, funding be adjusted on a bed basis for respite and places for NATSIFAC instead of residents.. The figures should be agreed by the Independent Hospital and Aged Care Pricing Authority. This funding is in addition to the Australian National Aged Care Classification funding a facility receives.

Recommendation 2: Provide a transitional timeframe with the new funding mechanism (in recommendation 1) and align it with the care minutes timeline

UnitingCare Queensland recommends that a transitional timeframe with the new funding mechanism (in recommendation 1) is applied to the 24/7 RN requirement and aligned with the care minutes implementation timeline. Given the shortages in nursing and the long-lead times required for both nursing graduates and for skilled visa processing times, UnitingCare Queensland believes aligning the 24/7 RN timeline with the care minutes implementation timeline to provide a one-year transition period from commencement of new funding would provide a better outcome. UnitingCare Queensland proposes:

Requirements	Federal Government Proposal (24/7 RN)	UCQ Proposal (24/7 RN)	Quality Care Minutes
New funding provided to age care providers	N/A	1 October 2023 (as per recommendation 1)	1 October 2022 (AN-ACC starts)
Mandatory compliance	1 July 2023	1 October 2024 (24/7 RN)	1 October 2023 (200 Care Minutes) 1 October 2024 (215 Care Minutes)

Recommendation 3: Provide non-major city residential aged care facilities with a clear two-year timeline to implement 24/7 RNs with a simple exemption process to ensure the delivery of 24/7 RNs in non-major city facilities is supported

Facilities in non-major city areas will find it extremely challenging to meet the Federal Government or UnitingCare Queensland proposed timeline given the dire shortage of nurses, the lack of incentives to move out to non-major city areas and the concerning lack of accommodation in most non-major city areas. UnitingCare Queensland proposes a staggered two-year implementation of 24/7 RN for non-major city based facilities as follows:

- 1) In the first year of compliance, provide an automatic exemption to facilities that are outside the non-major city area WHERE they have contracted OR internally have

access to a registered nurse within 30 minutes of a RN being required (e.g. via telehealth, on-call nurse etc.);

- 2) In the second year, provide an automatic exemption to facilities that are outside the non-major city area WHERE they have contracted OR internally have access to a registered nurse within 15 minutes of a RN being required (e.g. via telehealth, on-call nurse etc.);
- 3) From the third year, facilities with exceptional circumstances be granted an exemption.

Recommendation 4: Address workforce shortages through: increased educational funding; tax incentives for non-major city aged care workers; and allowances, incentives and support for non-major city workers

The Lancet medical journal in May 2022 identified a 30.6 million global shortage of nurses and midwives. Housing affordability also plays a role in attracting and retaining a nursing workforce in most non-major city regions (and in some major cities), vacancy rates have declined dramatically whilst rents have increased. In this context, the Federal Government needs to:

- **Increase educational funding for nursing** through increased nursing placements at universities, providing subsidised fees alongside work, learn and earn programs to support nursing students in aged care;
- **Extend tax incentives for non-major city aged care workers** through expanding the Fringe Benefit Tax Exemption for certain regional employers for remote area housing to remote area rent, property, holiday, transport etc.; and
- **Provide allowances, incentives and support for non-major city workers** through:
 - A program to support staff accommodation in regional and remote areas and areas with poor housing affordability and availability. This program could look at a range of housing and accommodation options, including co-location with remote services, redeveloping former residential sites or units, developing mixed tenure projects in more populated areas, and rental support for aged care workers in target locations;
 - An allowance program to encourage people to work in regional and remote locations; and
 - Expanding the incentive program to encourage aged care workers to work in non-major city areas.

Schedule 2 – Cap charges of approved home care providers and remove home providers ability to charge exit amounts

UnitingCare Queensland fully endorses the removal of exit amounts. UnitingCare Queensland notes that capping charges runs counter to the publicly stated direction of consumer directed care and package management and will likely end up limiting consumer choice. UnitingCare Queensland also notes that the providers are required to publicly disclose fees on the My Aged Care portal and that providers can be audited for value for

money issues.

UnitingCare Queensland also notes that the current home care package system and the episodic and continuously changing nature of care and support often results in direct care and support funding not being sufficient to cover the cost of true care to genuinely assist care recipients with a real focus on re-ablement and wellness. Care management and administration funding in the current form enables greater individualised responses and provision of a coordinated and holistic approach to services/support to meet care recipient needs, rather than a narrower, transactional approach to service delivery without the care recipient's full context or a view to re-ablement and wellbeing.

Regulating and capping administration and/or management charges poses significant risk to care recipient choice and will have a likely outcome of diminishing the care recipient experience of receiving community aged care services. Currently, providers are able to prioritise and invest in care management and package administration to improve the experience and outcomes for care recipients, a component of community aged care services which is highly valued by many care recipients. Capping charges for such services restricts the level to which providers are able to invest in these critical areas and will result in care recipients having reduced choice and quality when it comes to care management and package administration.

The current model includes publicly published pricing and consumer choice of provider for these charges empowering the care recipient to select the provider which best suits their needs including the option to engage a provider who provides superior quality care management and administration services at a higher cost if this represents value to the care recipient. Regulating charges in this space will remove providers the opportunity to invest and provide above average quality in these services, with the likely outcome being a diminished experience for the care recipient, with reduced choice and ability to prioritise the components of care and support which are important to them e.g. care management.

Shifting to capped charges and fees might enable increased hours and variety of services for care recipients however material consideration needs to be given to appropriate regulation of new market entrants to ensure care recipient experience and quality of services and outcomes is not diminished. Coordination and management of such services within the context of a care recipients overall care and support requirements remains a critical component and will need careful consideration given that recipients of care are not well placed to notice declines.

Based on the latest StewartBrown² survey of 29% of the home care sector, administration as % of income has been fluctuating due to the utilisation of Home Care Packages but is still down 0.9% since March 2018. UnitingCare Queensland as a not-for-profit provider strongly believes that administration overheads should be minimised, a cap whilst sounding simple in practice adds further complication and costs to providers to implement for an 18-month

² https://www.stewartbrown.com.au/images/documents/StewartBrown_-_Aged_Care_Financial_Performance_Survey_Sector_Report_March_2022.pdf

period prior to the new Support at Home regime starting.

UnitingCare Queensland also observes that the recent change to the Social, Community, Home Care and Disability Award last month that increased the minimum shift time for casual and part-time care workers from one to two hours shows the ways in which some providers choose to change their operating model to pass on costs to senior Australians. Depending on how a cap of charges is implemented, providers may implement minimum hours of engagement or simply increase their rates to meet their overhead costs.

UnitingCare Queensland recommends that any capping of charges is based on the type of Home Care Package level and accounts for the increased costs borne by providers outside of the major city areas.

Indeed, the major issue in the Home Care Package regime is the ballooning unspent funds per packages which has almost doubled since March 2018 to \$10,690 of unspent funds per Home Care Package (in excess of \$1.9bn in unspent funds or just under 25% of the 21-22 Home Care Package budget) and the workforce issues seeing staff hours per recipient decrease to 5.31 hours.

Schedule 3 – An (open-ended) mandatory requirement for the Secretary of Health and Aged Care to publish aged care financial and staffing information

UnitingCare Queensland's mission is to help all Australians live a rich and fulfilling life by delivering quality aged care. Transparency and openness are welcome and supported however, pointless red-tape will take away from providing Senior Australians with the best possible care. Meeting past Department of Health and Aged Care requirements has diverted significant resources away from care and into paperwork. The Quarterly Financial Reporting regime cost UnitingCare Queensland over \$1,000,000 to implement and an ongoing compliance in excess of \$500,000.

UnitingCare Queensland recommends that the Department of Health and Ageing be required to conduct detailed analysis of the cost to aged care providers on all new disclosure requirements and be required to consider the cost-benefit vs other possible measures through consultation with the sector.

UnitingCare Queensland notes that there are better ways to encourage aged care providers to provide better standards including:

- Standardising levels of cleaning (e.g. Bronze, Silver, Gold standards) for cleaning rooms and facilities
- Financial Incentives to invest in IT systems to show residents care, nursing, food, maintenance and cleaning tasks being completed and access to their records
- Extend the regional and remote FBT exemption to meals provided to residential aged care staff with on-site kitchen facilities.

I appreciate the Committee's consideration of our submission. Please contact UCQ's Senior Manager for Advocacy and Government Relations, Daniel Wong

Yours sincerely,

Cathy Thomas
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