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15 April 2009

The Secretary
Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

INQUIRY INTO RESIDENTIAL AND COMMUNITY AGED CARE IN AUSTRALIA
QUESTIONS ON NOTICE

I refer to the questions on notice from Senator Siewart and Senator Moore following the Launceston hearing on 27 March 2009 and provide the following:

QUESTION 1
Senator Siewart – Aged Care Funding Instrument (ACFI)

As indicated at the Launceston hearing, I have sought information from this Homes' senior nursing staff on the particular difficulties they experience with ACFI.

Behaviour Domain
The funding allocations in this domain are inadequate to meet the on-going care needs and services for residents.

Current funding is;

Low:	$ 6.68 per day
Medium:	$13.85 per day
High:	$29.17 per day

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With the assessment process, the points score is well spread. A resident's assessment must provide a strong score under the Psycho-Geriatric Assessment Scale (PAS), the Cornell Scale of Depression (CDS) and behaviour to qualify for a medium ranking.

Very few, if any residents are likely to display episodes of physical behaviour, verbal aggression and wandering along with depression and cognitive impairment at once, to attract the highest ranking.

The timing of incidences/episodes on the behaviour charts is too great.

Currently these are:

- *Nil*
- *At least once a week*
- *At least 6 days in a week*
- *Twice a day or more at least 6 days a week*

There is no recognition or allowance for incidents/episodes that occur 2, 3, 4 or 5 times a week so residents who do fall into those categories automatically default to the – "*at least once a week*" category and the corresponding lower score.

Complex Health Care Domain

If a resident has a nursing procedure carried out that has a "B" rating, but then self-medicates, the matrix will come up with a zero score. We have experienced several such incidents at our low care facility where considerable time is spent on pain management and ordering medications yet this is not claimable.

The area relating to skin care is too prescriptive with the guidelines actually stating that - *a resident has to be bed or chair bound or requires assistance with ambulation.*

Many residents who are not bed or chair bound or require assistance with ambulation do require and receive assistance with skin care – yet under the guidelines that assistance cannot be claimed.

The amount of time taken for the administration of medications, again, is too restrictive with no time allowed for preparation – i.e. crushing of tablets or removal from the dangerous drugs (D.D.) locker.

General

The Committee has heard evidence of the reduced funding for low care residents under the ACFI system.

It is strongly recommended that a minimum daily subsidy level be set for residents entering residential aged care.

The minimum subsidy should/could be aligned to the maximum basic daily fee paid by pensioners – currently $33.41 per day.

The attached document – ***ACFI Indicative Payment Levels*** – clearly demonstrates that in a number of cases that the recognised funding required to meet the care needs of residents is not being provided.

Example No. 1 shows a shortfall of $32.34 per day for 2008/2009, $22.34 in 2009/2010, $12.34 in $2010/20011.

Example No. 2 demonstrates that the funding require, as per the formula, is being provided.

Example No. 3 shows a shortfall of $3.83 for 2008/2009.

These examples were provided by the Department of Health and Ageing and were applicable from 20th March 2008.

The only area that has changed is that the figures have been indexed but the "capping" still remains in place.

This "capping" should be removed to allow the recognised level of funding to be paid.

I have also attached copies of two recent articles from "*Australian Ageing Agenda*" –

- **High Care not viable: Surveyors** - dated 9 April 2009,
- **Daily Shortfall of $13.44** – dated 14 April 2009.

These articles should be of interest to the Committee and reinforce – through independent analysis – the urgent need to address the funding shortfall in the Aged Care sector.

In relation to questions 2 and 3 from Senator Moore, this organisation has elected to provide information to our peak body, Aged and Community Services Tasmania, who will provide the formal response.

Thank you for the opportunity to provide further evidence to the Committee

Yours faithfully

Greg Burgess
Chief Executive Officer

HIGH CARE NOT VIABLE: SURVEYORS

Modern, single-room high care facilities are not viable under current conditions, according to three major accounting firms which regularly produce aged care benchmarking reports.

Stewart Brown Business Solutions, James Underwood & Associates and Grant Thornton have issued a joint statement to the Senate's aged care inquiry.

The three organisations said they wished to clarify their position after information from their respective reports had been used to argue different points.

"Our research confirms that modern, single-room high care services make very poor or negative returns on average," the statement said.

"These returns are far below the returns achieved in older, shared-room high care services.

"In our opinion, modern, single-room high care services – other than those with extra services approvals – are not viable under current funding and regulatory arrangements."

The statement was welcomed by industry body, Aged Care Association Australia (ACAA).

"We are pleased that the surveyors have made this statement because it does clarify their knowledge and information that they have gleaned from their survey activities," said ACAA CEO, Rod Young.

"Under these circumstances I don't think anyone could possibly have the capacity to make an alternative point of view.

"There is no other information of which I am aware that could create a doubt about what the surveyors have said."

A spokesperson for the Minister for Ageing said the government was providing more than $41 billion to the sector over the next four years.

"[The] Australian Government will continue to listen to and work with the industry and consumers to improve aged care services in Australia," the spokesperson said.

"We will continue to consider proposals and ideas presented to government on behalf of providers and consumers."

[Thu 09/04/2009 12:13:31]

Tags:
(none)

BREAKING NEWS

:: CAP lobbying intensifies as budget looms nearer
:: Top End home officially opens
:: ITAC discount offer extended
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:: Extension adds a point of difference

CONFERENCES & EVENTS

Dementia Recreation Conference 2009
Early bird discount: 'two for one' offer in the month of April. **more»**

HammondCare's 5th National Conference on Depression in the Elderly
The 2009 HammondCare Depression Conference will be held from 14-15 May at the Powerhouse Museum in Sydney. It's theme is: 'Depression in the elderly: should we improve the assessment and management or just concentrate on being happy?' **more»**

ACCV State Congress
The ACCV State Congress will be held from 18-19 June at the Melbourne Park Function Centre. Its theme is "Aged Care; Centre Court" **more»**

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DAILY SHORTFALL OF $13.44

The maximum daily accommodation payment for aged care residents would need to increase by $13.44 to meet the actual cost of providing a bed, according to a report conducted by Access Economics.

Commonwealth legislation limits daily accommodation payments to $26.88 but according to the report, it costs $187,460 over 25 years – or $40.32 a day – to build a single aged care bed.

The study was commissioned by an alliance of eight church-affiliated groups which represent about 40 per cent of the aged care market.

The CEO of Catholic Health Australia Martin Laverty said the figures did not come as a surprise.

"We did not know the exact nature of the gap going into this exercise but we had a fairly good idea that the average cost of providing a residential aged care bed was going to be somewhere between $170,000 and $200,00," he said.

"We are not-for-profit organisations so we are not here to make money but we are here to break even because if we don't break even, we can't provide care into the future."

The alliance presented the findings to the Rudd Government in mid-March and Mr Laverty described the ensuing dialogue as "positive".

"The government is very aware of the challenges we are facing," he said.

"The shortfall has been acknowledged by government as something it needs to take on board."

Access Economics presented five different options to address the shortfall in its report, including a move to uncap the accommodation charge altogether.

Mr Laverty said the alliance would prefer to maintain a maximum fee, although he did feel the $26.88 cap should be lifted.

"If the government wanted to do something tomorrow to help the sector remain viable, it could raise that $26.88 cap and lift it to an amount that is directly related to the cost of providing accommodation," he said.

"This would impose no cost on the government."

However Mr Laverty acknowledged that an increase to the accommodation supplement for concessional residents would need to be factored into the federal budget.

"We are not going to be unreasonable in asking the government to fix this tomorrow," he said.

"We have given the evidence to them and now they need to come up with the best arrangement fort taxpayers, government and consumers."

A recent report from accounting firm Grant Thornton found that the average cost of building new facilities was $176,000 per bed.

In a submission to the current Senate Inquiry into residential and community aged care, Queensland provider Blue Care also stated that current capital funding is insufficient.

It suggested an increase in the maximum daily accommodation payment from $26.88 to $62.81.

[Tue 14/04/2009 11:01:17]

Tags:
access-economics accommodation-payment catholic-health-australia

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ACFI Indicative Payment Levels

The Australian Government has provided $96 million over four years to top up the new ACFI supplements. Once all residents are paid ACFI rates, this will be an ongoing increase of $50 million per year.

FUNDING LEVEL	ACTIVITIES OF DAILY LIVING	BEHAVIOUR SUPPLEMENT	COMPLEX HEALTH CARE SUPPLEMENT
Low	$28.56	$ 6.53	$12.85
Medium	$62.22	$13.54	$36.62
High	$86.19	$28.51	$52.87

Note that the indicative payment levels were indexed on 1 July 2007.

The maximum rate payable under the ACFI will increase to exceed the maximum daily rate under the RCS (as indexed) by:

- $10 from 20 March 2008 to 30 June 2009;
- $20 from 01 July 2009 to 30 June 2010; and
- $30 from 01 July 2010 to 30 June 2011.

Below are some examples of the indicative ACFI funding levels for common resident types:

RESIDENT WITH OVERALL HIGH CARE NEEDS

ACFI Rating	Activities of Daily Living High	Behaviour High	Complex Health Care High	Total before capping	ACFI subsidy payable to 30.6.2009	ACFI subsidy payable to 30.6.2010	ACFI subsidy payable to 30.6.2011
Indicative ACFI Funding	$86.19*	$28.51*	$52.87*	$167.57*	$135.23*	$145.23*	$155.23*

RESIDENT WITH DEMENTIA

ACFI Rating	Activities of Daily Living High	Behaviour Medium	Complex Health Care Low	Total before capping	Capping	ACFI subsidy payable from 20.3.2008
Indicative ACFI	$86.19*	$13.54*	$12.85*	$112.58*	Not applicable	$112.58*

Funding						

FRAIL RESIDENT WITHOUT DEMENTIA

ACFI Rating	Activities of Daily Living High	Behaviour Nil	Complex Health Care High	Total before capping	ACFI subsidy payable to 30. 6. 2009	ACFI subsidy payable from 1.7. 2009
Indicative ACFI funding	$86.19*	$0.00	$52.87*	$139.06*	$135.23*	$139.06*

* **Note** – these examples apply to residents commencing on or after 20 March 2008 and exclude the effects of indexation. The indicative figures are current as at 1 July 2007.

On 1 July 2011, phasing in of the maximum amount will be complete and the full ACFI amounts will be paid.