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Senator the Hon. Helen Polley
Chair, Senate Finance and Public Administration Committee
c/o Committee Secretary
Senate Finance and Public Administration Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Polley

AIHW submission to an Inquiry into Residential and Community Aged Care in Australia

The Australian Institute of Health and Welfare (AIHW) welcomes the invitation to make a submission to the Senate Finance and Public Administration Committee 'Inquiry into Residential and Community Aged Care in Australia'.

The attached submission addresses the Terms of reference (e) "whether the current planning ratio between community, high- and low-care places is appropriate".

The submission draws on information published by the Institute, notably in:

- *Residential aged care in Australia 2006-07* (the latest report of a series produced annually);
- *Aged care packages in the community 2006-07* (the latest report of a series produced annually); and
- *Australia's welfare 2007* Chapter 3 Ageing and aged care (the latest report of a series produced biennially).

Ms Ann Peut, Head of the Ageing and Aged Care Unit will be most willing to help you with any queries related to this submission. Ann can be contacted on (02) 6244 1008 or at ann.peut@aihw.gov.au. Other publications may also be of relevance or interest to your inquiry, all of which are available on the Institute's website (www.aihw.gov.au).

Yours sincerely

Dr Penny Allbon
Director

/s/ December 2008



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Submission to an

Inquiry into Residential and Community Aged Care in Australia

by the

Australian Senate Finance and Public Administration Committee

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Balance of provision between community-based and residential aged care

The current planning ratio for those programs covered by the *Aged Care Act 1997* (residential aged care, Community Aged Care Packages, Extended Aged Care at Home and Extended Aged Care at Home Dementia) is currently for 113 places to be available for every 1,000 persons aged 70 or over. The majority of these places are for residential aged care (44 in high-care and 44 in low-care) while 21 places are for CACPs and 4 for EACH packages.

As Table 1 shows, the current level of provision aligns with this planning target in that it is weighted towards residential care (79% of places in 2007). However, residential aged care has become less dominant among these programs over the last ten years, reflecting the strong growth in provision of Community Aged Care Packages (CACPs). (It is important to note, however, that the scope of this Inquiry does not include the largest aged care program which is delivered in the community – Home and Community Care).

In the 5 years to 2006, overall use of established aged care programs – CACPs and Extended Aged Care at Home (EACH) packages and residential aged care – by the older population increased by around 7% (Table 2). Use of care packages increased in each age group, 65–74 years, 75–84 years and 85 years or over, for both men and women, and by 48% when averaged over the total older population. Higher rates of use of care packages in each age group occurred in parallel with decreased rates of use of residential aged care in those age groups. Particularly in the oldest age group, 85 years or over, where greater use is made of residential aged care, strong growth in the use of care packages has coincided with a period of declining rates of use of residential aged care.

However, it is unclear to what extent these utilisation rates reflect client preferences for particular types of care or are the result of changes in the availability of different types of care.

Potential users of aged care services require a recommendation from an Aged Care Assessment Teams (ACATs). In 2005–06, over half (58%) of the clients living in the community at assessment were recommended to remain in the community – 40% of these (38,227 clients) were recommended to receive a care package (ACAP NDR 2007: Tables 39, p. 128). One-fifth of those living in the community (32,823 clients) were recommended to low-level residential care, and a slightly smaller percentage (19%) was recommended to high-level residential care (30,502 people).

On the face of it, this balance of recommendations would suggest that the ratio of provision in community-care programs relative to residential care should be higher than it currently is. However, it is important to note that ACAT recommendations may not result in demand. Some people die prior to acting on recommendations and some take up options that are approved by ACAT but not recommended.

In addition, since ACATs are required to take account of place availability in their recommendations, recommendation patterns are not only a reflection of care needs. There is wide variation in recommendation patterns between ACATs much of which is due to factors such as bed- and CACP-availability, assessment characteristics such as location of assessment (whether in hospital or the community), and client characteristics (ACAP NDR 2007).

Balance of provision between low- and high-care residential places

Within residential aged care, there has been a steady rise in the proportion of permanent residents who are classified as high care – 70% in 2007 compared with 58% in 1998 (Table 3 attached). However, only 49% of places were designated as high-care in 2007. The 2008

Report on Government Services noted that by 30 June 2007, 37% of low care places were occupied by residents with high care needs, and 67% of all operational places were taken up by high care residents (SCRGSP 2008: Table 13A.58). These results suggest that the relationship between provision of and need for low- and high-care residential places is not well balanced.

Occupancy rates

One possible measure of the adequacy of aged care service provision is occupancy rates. Data about occupancy and turnover rates for the relevant aged care programs are provided in the enclosed publications (AIHW 2008b: Table 2.8) and Table 3 (attached). Occupancy levels are high in residential aged care (currently around 94%) and in CACPs (currently around 93%) suggesting that some providers may have difficulty responding fully to demand for services. AIHW is unaware of any accepted definition of a 'ceiling' occupancy rate for aged care services beyond which the functioning of the aged care system and its capacity to meet demand is seriously in question. However, a number of recent reports into the aged care system (Hogan Review 2004; Productivity Commission 2008) have suggested that high occupancy rates are creating lengthy waiting times for entry to care in some parts of the country and for some groups of people.

Planning ratio

Recent changes to the aged care planning ratio have implied that the supply of certain forms of aged care have been falling short of the underlying need for these services. One pertinent issue in relation to the appropriateness of the current planning ratio for aged care places is the extent to which the denominator (population aged 70 or over) continues to be an appropriate measure of potential need for formal aged care for service planning purposes. This denominator was adopted as an indicator of potential need for residential aged care during the 1980s, but is now also used for planning in relation to aged care packages in the community.

The AIHW considers that it is timely to review this denominator and to undertake work modelling the impact of some alternatives. People in older age groups (85 years of over) are the heaviest users of aged care services (especially residential aged care) (Table 1). Their numbers doubled between 1991 and 2006 (AIHW 2007a Figure 3.1, Table A3.1) and are projected to quadruple to 1.6 million over the next 40 years (Costello 2007).

The use of a single age-based indicator does not take account of the profile of disability among older people and how this might change over time. People with profound or severe limitation who need help with the core activities of self care, mobility and communication could be considered the group most in need of assistance from formal aged care programs, since a person with this degree of activity limitation usually needs help on at least a daily basis. Profound or severe limitation is strongly age-related affecting around 10% of 65-69 year olds and increasing to 58% of people aged 85 or over. Among the age group used as the denominator for the planning ratio (70 or over) 27% had a profound or severe limitation.

Analysis in the most recent volume of *Australia's Welfare* showed that age is a weaker predictor of residential aged care use than disability (and particularly severe or profound limitation) (AIHW 2007: Section 3.2).

Finally, the provision ratio was devised to support service planning for residential aged care. Its appropriateness for community care programs needs to be assessed. Seventy-three per cent of older people with a profound or severe limitation live in private households in the

community and programs such as Community Aged Care Packages (CACPs) and Extended Aged Care at Home packages (EACH) play a potentially important role in facilitating the ability of older people to live independently and to delay or even prevent entry to nursing home care.

As an illustration of the results from using different provision ratio denominators, Table 1 (attached) shows the ratios which result from the use of the population 70 years or over and Table 5 (attached) shows the results from using the population 65 years or over with a severe or profound core activity limitation.

In summary, AIHW suggests that a review of the planning ratio should encompass the choice of age threshold, the incorporation of data about the nature and severity of disability among the older population and the appropriateness of a single planning ratio for both residential and community-based provision.

Information gaps

There are information gaps which hamper the ability of service planning to ensure that provision is both adequate and appropriate to the needs and circumstances of potential and actual clients. These include:

- The absence of a currently accepted approach to the measurement of potential or actual demand for formal aged care services.
- The lack of national level information about the care preferences of potential and current aged care program consumers and their carers and families.
- The lack of on-going information about the care needs of people who receive CACPs, EACH or EACH-D packages and the amount and type of assistance provided through these programs.
- The absence of cross-program information which could be used, among other things, to develop more robust estimates about the numbers of people using all aged care services and to build better evidence about utilisation patterns and pathways through the system of aged care services as a whole.

Tables

Table 1: Residential aged care places, CACP, EACH, EACH Dementia and Transition Care places per 1,000 persons aged 70 years or over, at 30 June, 1997-2007

| Year | Places and packages | | | | | Provision ratio | | | | |
|------|-----------------------|--------|----------------------|-------|---------|-----------------------|------|----------------------|-----|-------|
| | Residential aged care | CACP | EACH & EACH Dementia | TCP | Total | Residential aged care | CACP | EACH & EACH Dementia | TCP | Total |
| 1997 | 139,058 | 6,124 | .. | .. | 145,182 | 89.2 | 3.9 | .. | .. | 93.1 |
| 1998 | 139,917 | 10,046 | .. | .. | 149,963 | 87.1 | 6.3 | .. | .. | 93.4 |
| 1999 | 141,697 | 13,896 | .. | .. | 155,593 | 85.6 | 8.4 | .. | .. | 94.0 |
| 2000 | 142,342 | 18,308 | .. | .. | 160,650 | 83.6 | 10.8 | .. | .. | 94.4 |
| 2001 | 144,013 | 24,629 | .. | .. | 168,642 | 82.2 | 14.0 | .. | .. | 96.2 |
| 2002 | 146,268 | 26,425 | .. | .. | 172,693 | 81.9 | 14.8 | .. | .. | 96.7 |
| 2003 | 151,181 | 27,881 | 255 | .. | 179,062 | 83.4 | 15.4 | 0.1 | .. | 98.7 |
| 2004 | 156,580 | 29,063 | 860 | .. | 186,503 | 85.1 | 15.8 | 0.5 | .. | 101.3 |
| 2005 | 161,765 | 30,973 | 1,673 | .. | 194,411 | 86.4 | 16.5 | 0.9 | .. | 103.8 |
| 2006 | 166,291 | 35,383 | 3,181 | 595 | 205,450 | 87.2 | 18.5 | 1.7 | 0.3 | 107.7 |
| 2007 | 170,071 | 37,997 | 4,573 | 1,609 | 214,250 | 87.0 | 19.4 | 2.3 | 0.8 | 109.7 |

Notes

1. The total for EACH/EACH Dementia includes 1,271 EACH Dementia packages in 2007.
 2. From 1999, data in this table includes places and packages provided by Multi-Purpose Services and services which receive funding under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. Non-resident flexible care packages are counted under CACP.
- .. Not applicable.

Source: AIHW 2008a.

Table 2: Age-specific usage rates of community/flexible care packages and residential aged care, 30 June 2001, 2004, 2006 (per 1,000 population)

| | Males | | | | Females | | | | Persons | | | |
|------------------------------|-------|-------|------------|------------|---------|-------|------------|------------|---------|-------|------------|------------|
| | 65-74 | 75-84 | 85 or over | 65 or over | 65-74 | 75-84 | 85 or over | 65 or over | 65-74 | 75-84 | 85 or over | 65 or over |
| CACP and EACH | | | | | | | | | | | | |
| 2001 | 1.8 | 6.8 | 24.6 | 5.2 | 3.1 | 12.8 | 29.9 | 10.3 | 2.5 | 10.3 | 28.2 | 8.0 |
| 2004 | 2.3 | 8.1 | 28.3 | 6.4 | 4.1 | 16.2 | 37.2 | 13.2 | 3.2 | 12.7 | 34.3 | 10.1 |
| 2006 | 2.7 | 9.6 | 29.7 | 7.5 | 4.4 | 18.7 | 41.9 | 15.3 | 3.6 | 14.7 | 37.9 | 11.8 |
| 5-year growth (%) | 50.0 | 41.2 | 20.7 | 44.2 | 41.9 | 46.1 | 40.1 | 48.5 | 44.0 | 42.7 | 34.4 | 47.5 |
| Residential aged care | | | | | | | | | | | | |
| 2001 | 10.0 | 41.0 | 165.8 | 32.1 | 11.0 | 68.0 | 299.0 | 70.6 | 10.5 | 56.7 | 257.9 | 53.6 |
| 2004 | 9.4 | 41.0 | 162.2 | 32.6 | 10.1 | 67.6 | 297.7 | 71.7 | 9.8 | 56.2 | 254.8 | 54.2 |
| 2006 | 9.2 | 40.5 | 152.8 | 32.9 | 9.6 | 66.2 | 284.0 | 71.7 | 9.4 | 54.9 | 240.9 | 54.2 |
| 5-year growth (%) | -8.0 | -1.2 | -7.8 | 2.5 | -12.7 | -2.6 | -5.0 | 1.6 | -10.5 | -3.2 | -6.6 | 1.1 |
| Total | | | | | | | | | | | | |
| 2001 | 11.8 | 47.8 | 190.4 | 37.3 | 14.1 | 80.8 | 328.9 | 80.9 | 13.0 | 67.0 | 286.1 | 61.6 |
| 2004 | 11.7 | 49.1 | 190.5 | 39.0 | 14.2 | 83.8 | 334.9 | 84.9 | 13.0 | 68.9 | 289.1 | 64.3 |
| 2006 | 11.9 | 50.1 | 182.5 | 40.4 | 14.0 | 84.9 | 325.9 | 87.0 | 13.0 | 69.6 | 278.8 | 66.0 |
| 5-year growth (%) | 0.8 | 4.8 | -4.1 | 8.3 | -0.7 | 5.1 | -0.9 | 7.5 | 0.0 | 3.9 | -2.6 | 7.1 |

Notes

1. EACH includes EACH Dementia.
2. Table excludes Transition Care clients.

Source: AIHW 2007: Table 3.20.

Table 3: Average occupancy in residential aged care 1998–99 to 2006–07

| State/territory | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|-----------------|------|------|------|------|------|------|------|------|-----------|
| 1998–99 | 95.9 | 94.5 | 96.3 | 94.8 | 96.4 | 97.8 | 94.8 | 94.7 | 95.7 |
| 1999–00 | 95.6 | 94.4 | 95.9 | 95.1 | 97.3 | 97.8 | 93.2 | 95.1 | 95.5 |
| 2000–01 | 95.9 | 94.8 | 96.6 | 94.7 | 97.6 | 97.5 | 95.6 | 93.5 | 95.9 |
| 2001–02 | 95.3 | 94.9 | 96.4 | 92.9 | 97.7 | 97.7 | 97.7 | 91.9 | 95.5 |
| 2002–03 | 96.4 | 94.7 | 96.4 | 95.6 | 97.3 | 97.8 | 97.7 | 94.7 | 96.0 |
| 2003–04 | 96.1 | 94.4 | 96.5 | 95.7 | 97.2 | 97.5 | 98.0 | 90.9 | 95.9 |
| 2004–05 | 95.2 | 94.1 | 96.2 | 94.8 | 97.5 | 96.9 | 98.3 | 93.9 | 95.3 |
| 2005–06 | 95.4 | 93.0 | 96.0 | 94.9 | 97.6 | 96.0 | 97.9 | 95.1 | 95.1 |
| 2006–07 | 94.3 | 92.5 | 94.9 | 94.6 | 97.6 | 95.9 | 96.3 | 94.9 | 94.3 |

Note: The average occupancy over a year is calculated by dividing total occupied resident days over the year by total available place days over the year. This gives an under-estimate of true occupancy because some places may be offline for upgrading etc over the period.

Source: AIHW 2008a.

Table 4: Level of dependency of permanent aged care residents aged 65 years or over, at 30 June 2000, 2002, 2004 and 2006

| | High care | | | | | Low care | | | | | Total |
|----------|-----------|--------|--------|-------|---------|----------|--------|--------|-------|---------|---------|
| | RCS 1 | RCS 2 | RCS 3 | RCS 4 | RCS 1-4 | RCS 5 | RCS 6 | RCS 7 | RCS 8 | RCS 5-8 | |
| Number | | | | | | | | | | | |
| 2000 | 17,618 | 32,205 | 20,818 | 5,820 | 76,461 | 11,071 | 12,933 | 21,153 | 2,978 | 48,135 | 124,596 |
| 2002 | 24,010 | 32,455 | 19,016 | 5,964 | 81,445 | 13,643 | 14,057 | 17,989 | 1,781 | 47,470 | 128,915 |
| 2004 | 29,692 | 33,680 | 19,973 | 6,577 | 89,922 | 16,630 | 14,653 | 15,450 | 1,052 | 47,785 | 137,707 |
| 2006 | 33,321 | 34,706 | 22,211 | 8,319 | 98,558 | 17,630 | 14,299 | 12,878 | 645 | 45,452 | 144,009 |
| Per cent | | | | | | | | | | | |
| 2000 | 14.1 | 25.8 | 16.7 | 4.7 | 61.4 | 8.9 | 10.4 | 17.0 | 2.4 | 38.6 | 100.0 |
| 2002 | 18.6 | 25.2 | 14.7 | 4.6 | 63.2 | 10.6 | 10.9 | 13.9 | 1.4 | 36.8 | 100.0 |
| 2004 | 21.6 | 24.5 | 14.5 | 4.8 | 65.3 | 12.1 | 10.6 | 11.2 | 0.8 | 34.7 | 100.0 |
| 2006 | 23.1 | 24.1 | 15.4 | 5.8 | 68.4 | 12.2 | 9.9 | 8.9 | 0.4 | 31.6 | 100.0 |

Notes

1. Assessments unavailable for 2,825 residents in 2000, 1,671 residents in 2002, 1,088 residents in 2004 and 1,233 residents in 2006.
2. Table does not include clients of Multi-purpose and flexible services.

Source: AIHW 2007: Table 3.16.

Table 5: Residential aged care places, CACP, EACH, EACH Dementia and TCP places per 1,000 persons aged 65 years or over with a severe or profound core activity limitation, at 30 June, 1997-2007

| Year | Places and packages | | | | | Provision ratio | | | | |
|------|-----------------------|--------|----------------------|-------|---------|-----------------------|------|----------------------|-----|-------|
| | Residential aged care | CACP | EACH & EACH Dementia | TCP | Total | Residential aged care | CACP | EACH & EACH Dementia | TCP | Total |
| 1997 | 139,058 | 6,124 | .. | .. | 145,182 | 296.4 | 13.1 | .. | .. | 309.5 |
| 1998 | 139,917 | 10,046 | .. | .. | 149,963 | 288.8 | 20.7 | .. | .. | 309.5 |
| 1999 | 141,697 | 13,896 | .. | .. | 155,593 | 283.3 | 27.7 | .. | .. | 311.0 |
| 2000 | 142,342 | 18,308 | .. | .. | 160,650 | 275.5 | 35.4 | .. | .. | 310.9 |
| 2001 | 144,013 | 24,629 | .. | .. | 168,642 | 270.5 | 46.4 | .. | .. | 316.9 |
| 2002 | 146,268 | 26,425 | .. | .. | 172,693 | 264.8 | 47.8 | .. | .. | 312.6 |
| 2003 | 151,181 | 27,881 | 255 | .. | 179,062 | 265.4 | 48.9 | 0.4 | .. | 314.7 |
| 2004 | 156,580 | 29,063 | 860 | .. | 186,503 | 267.1 | 49.6 | 1.5 | .. | 318.2 |
| 2005 | 161,765 | 30,973 | 1,673 | .. | 194,411 | 269.9 | 51.7 | 2.8 | .. | 324.4 |
| 2006 | 166,291 | 35,383 | 3,181 | 595 | 205,450 | 270.7 | 57.6 | 5.2 | 1.0 | 334.5 |
| 2007 | 170,071 | 37,997 | 4,573 | 1,609 | 214,250 | 268.6 | 60.0 | 7.2 | 2.5 | 338.3 |

Notes

1. The total for EACH/EACH Dementia includes 1,271 EACH Dementia packages in 2007.
 2. From 1999, data in this table includes places and packages provided by Multi-Purpose Services and services which receive funding under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program. Non-resident flexible care packages are counted under CACP.
- .. Not applicable.

Source: AIHW 2007, AIHW 2008a.

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