MANAGEMENT CONSULTANTS AND TECHNOLOGY SERVICES PTY LTD
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RESPOND TO SENATE ENQUIY INTO AGED CARE

A. ***Whether current funding levels are sufficient to meet the expected quality service Provision outcomes.***

Consumer and building costs outstrip government payments, thus eroding actual funding.
There is a delay in access to improved funding due to the phased implementation of the ACFI "top-level $10 adjustments till 2011"
Difficulty in suitably qualified nurse recruitment due to strong competition from public hospital sector which pay higher nurse wages up to 10%

B. ***How appropriate the current indexation formula is in recognizing the actual cost of pricing aged care services to meet the expected level and quality of such services***

CAP frozen at 8.75% for next 4 years with no annual 1.75% increases. Without this annual increase adjustment, the Aged Care Industry cannot stretch any further
COPO funding increases are less than costs and has eroded 23.5% down over the past 8 years.
CAP loss will n funding drop of $750 per resident per annum.
Overall , this means that reduction in CAP which was seen to be adding value to the industry will hit residential care particularly hard.

C. ***Measures that can be taken to address regional variations in the cost of service delivery and the construction of aged care facilities.***

More flexible funding arrangements are needed to provide levels of community care, reducing the need for clients to move from program to program.
Re-visit the "No Bonds" for high care. This will assist facilities to maintain some level of financial sustainability, especially when 60% of new residents entering facilities now have complex high care need and require more costly nursing care staff. The cost of complying with the 2008 building standards is continually rising, with the average cost of building a new room to be around $200,000. The Grant Thornton Report in 2008 has found that the average return on investment for new single room facilities to be around 1.1 per cent. Not an encouraging business venture for prospective investors.

D ***Whether there is inequity in user payments between different groups of aged care consumers and, if so, how the inequity can be addressed.***

There are currently inequities in user payments. At the present time, ACAT assessed residents on RCS categories 6, 7 and 8 get no subsidies under ACFI. It would be helpful to remove the gap between funding and actual costs. This can be done by providing minimum ACFI payment for all to assist with bed, board, food, cleaning and laundry costs.

Income tested fees, paid by non-pensioners, are collected by the provider and deducted from subsidies by government. This can be fully retained by the provider, instead of having this amount offset by reducing the initial subsidies which are already inadequate to meet actual costs incurred in providing similar levels of care this could partially address some of the cost outlined above.
The gaps between those paying bonds and those who do not, need to be addressed. There is no difference in the level of personal and nursing care being provided to all clients regardless of their financial circumstances. This is often perceived to be unfair by low care residents who pay bonds.

E ***Whether the current planning ratio between community, high and low care places are appropriate .***

There is an uneven distribution of beds across the state. There are some areas with serious shortfalls in places, and other areas of oversupply.
DOHA has data which shows that in Victoria, the residential aged care occupancy rate is now at 92.7%. This makes it the worst occupancy rate in the country, and a big financial challenge for providers. The greatest concern is in rural and regional Victoria.
It would be of assistance to providers and assist them with proper planning for places in appropriate locations if they know where these locations are. It would be helpful for all data at local LGA level to be disclosed.
The current planning ratio should only be an indicative model only. For providers who wish to expand services to meet the true needs of their community, there should be flexible model. This latter model should include some consideration and incentives for those providers who have financial investors with available funds.

CONCLUDING COMMENTS:

If the government is serious about encouraging senior Australians to remain in their own homes longer, than there is an urgent need to review the infrastructure through which community aged care is being provider. There appears to be fragmentation and lack of co-ordination between different levels of service providers. This causes confusion to care recipients and their carers. Also the ratio of high care beds to low care beds in the allocation round does not address the issue of large numbers on high care waiting lists, and increasing numbers of vacant low care beds. This is partly due to more people being cared for in their own homes till they require nursing/high care, before they consider residential age care as an option. The issue of bonds is also a major consideration for potential care receivers. Many and their families are prepared to put up with the status quo till their loved ones require high care and no bonds, before deciding on residential care. Whilst not discounting that increased funding levels will definitely address many of the issues facing the Industry, there is also an urgent need to educate providers into redefining their priorities. **The $ on the balance sheet should not be singled out as the bottom line. This should go hand in hand with excellent resident care outcomes.**

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