Submission to the Senate Finance and Public Administration Committee Enquiry

Aged and Community care

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Submission by Baptcare

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Baptcare
Bringing care to life

SENATE ENQUIRY INTO AGED CARE

Are current funding levels sufficient to meet expected quality service provision outcomes?	**FACTS AND DATA** • Real funding is being eroded, as wages, consumer and building costs outstrip government payments. • Phased implementation of the ACFI 'top-level $10 adjustments till 2011' - a significant delay in access to improved funding. • Nurses wages up to 10 per cent higher in public hospital sector. **KEY MESSAGES** **1.** Now – staff are so busy they can't spend quality time with residents and families. In three to five years time – what happens if this is not addressed? **2.** Staff burn-out, or loss to the acute sector; innovative programs put on hold or run on a "shoe-string" because staff/finances not available. **3.** Staff recruitment and retention is already difficult as we can not afford to pay the same rates on offer in the acute sector. Inadequate funding levels further increase this differential, making it even harder to retain loyal staff. This is critical in respect to Registered Nurses. **4.** Immediately scrap the $10, $20, $30 cap on maximum ACFI subsidy for high care. **5.** Insufficient funding for Community Aged Care Packages. CACP budgets are not able to meet the increasing needs of clients.
How appropriate is the current indexation formula in recognising the actual cost of providing the expected level and quality of services?	**FACTS AND DATA** • CAP frozen at 8.75% for next four years – no annual 1.75% increases. • COPO funding increases are less than costs – eroded 23.5% down over last eight years. • CAP loss will mean funding drop of $750 per annum, per resident. **KEY MESSAGES** **1.** Industry like a "taut" rubber band, which won't stretch any further. Baptcare has realised scaled economies through operating efficiencies and acquisitions, but little more can be achieved without impacting on quality of care. **2.** CAP seen as adding value to the industry but now needs to address other costs, such as proposed Emissions Trading Scheme, which will hit residential care particularly hard. **3.** A long term "Aged Care Index", which properly recognizes all cost drivers, wages growth, consumer items, building costs and increased energy and water prices, is now required. **4.** Baptcare's lifestyle programs are a crucial aspect of the

	holistic care it provides to residents. In 2006, one of our facilities received a Better Practice Award for our lifestyle program. These programs would need to be scaled back should the CAP be frozen or removed. **5.** Our ability to invest in future sustainable efficiencies will be severely impacted should the CAP be frozen or removed. **6.** Indexation for Community Packages Programs has not kept pace with the actual costs of providing services and has not taken into account the increasing acuity of clients on CACP's.
Measures to be taken to meet variations in service delivery costs and construction	**FACTS AND DATA** • 60% of residents now have complex and high care needs, upon entering facilities • 2008 Grant Thornton Report found 1.1 per cent average return on investment for new, single room facilities. • Average cost of building a new room is now $200,000. **KEY MESSAGES** **1.** "No bonds in high care" is unjust – cross subsidisation is creating two tiers of residents. **2.** Pressure on space in older facilities – restricts ageing in place, as lifting equipment is required for higher care residents. **3.** More flexible funding arrangements are needed to provide incremental levels of community care, reducing need for clients to move from one program to another. **4.** The declining number of residents entering residential aged care as "low care" will severely impact our ability to make capital investment so as to meet the growing demand and expectations of future care recipients.
How can any inequities in user payments, between different groups, be addressed?	**FACTS AND DATA** • There are currently inequities in user payments. • Income tested fees, paid by non-pensioners, are collected by provider and deducted from subsidies by government. • Currently ACAT assessed residents on RCS categories 6, 7 and 8 get no subsidies under the ACFI. **KEY MESSAGES** **1.** Minimum ACFI payment for all to help with bed, board, food, cleaning and laundry – remove gap between funding and costs. **2.** Identify gaps between those paying bonds and those who don't. **3.** HACC and Packaged Care programs are often not appropriately used by clients who are reluctant to transfer from HACC to CACP because of differences in fees.

Is the current planning ratio between high and low-care places appropriate? What is the impact of residential places allocation and provision of community care places?	**FACTS AND DATA** • Some areas have serious shortfalls in places, others have an over supply. • DoHA data shows Victorian residential aged care occupancy rate now 92.7% - worst in Australia. • Concern greatest in rural and regional Victoria. **KEY MESSAGES** **1.** Disclose all data at LGA level so providers can properly plan for places in appropriate locations. **2.** Current planning ratio should only be an indicative costing model. **3.** Direct effect on providers wishing to expand services – need for flexible model, which meets true community needs. **4.** More funding assistance should be provided to rural and remote areas to attract and retain staff. Inability to recruit Registered Nurses in rural and regional areas is a major reason stopping providers from investing in such areas. The incentive scheme to attract registered nurses back into the nursing has not worked in rural areas such as Kerang, Victoria.