

November 27 2008

SENATE ENQUIRY ONTO AGED CARE – Response from Meercroft Care Inc

Meercroft Care Inc is a medium sized Not for Profit, non aligned Aged Care Facility, consisting of 109 beds, divided into 50 high care beds which include 2 respite beds and 59 low care beds which includes 5 respite beds. We provide specialised dementia care to both high and low care residents. Meercroft also has 26 Independent Living Units as well as a Dementia Specific Day Centre which operates 6 days per week. We have been operating as an Aged Care Facility in Devonport, Tasmania for 50 years having celebrated our 50th Anniversary in June this year. Meercroft Care is a “stand alone” community based organisation that has no financial support from the larger church or other such community groups.

FACTS AND DATA

1. Real funding is being eroded, as wages, energy, consumer and building costs outstrip government payments.
2. Pressure on space in older facilities – restricts ageing in place, as lifting equipment is required for higher care residents.
3. Current ACAT assessed residents on RCS categories 6, 7 and 8 get no subsidies under the ACFI.
4. Nurses wages up to 10% higher in public hospital sector.
5. CPI running at around 3.2% for goods, and 6.2% for services.
6. CAP frozen at 8.75% for the next 4 years – no annual 1.75% increases.
7. In the last financial year 07/08 inflation travelled at 4.3% whilst CAP and Commonwealth Own Purpose Outlays (COPO) together was below this at 4.05%.
8. CAP will mean funding drop of \$750 per annum per resident.
9. No bonds in high care is unjust – cross subsidisation is creating two tiers of residents.
10. Regional areas attract smaller Bonds than the larger city areas.
11. No recognition for workers compensation in relation to Organisation's which have secure dementia Units, in relation to increased risk of staff injuries and associated costs.

Some examples of how this affects our service:

Meercroft Care has conducted operation reviews during the past 12 months both financial and operational and through this process has streamlined processes to improve efficiencies without affecting the standard of care and services to our residents. however, we cannot reduce these resources any further. We have an abundance of legislative requirements to meet with no

extra funding provided to assist us in funding these areas, for example, Criminal History Checks for both staff and volunteers, new food safe standards which require external auditing, accreditation audits which has just cost this facility \$18,000 which we can ill afford.

Currently Meercroft Care is paying approximately 81% of our income in wages, to provide the care required to our residents. Many of our staff work voluntary overtime to ensure that our residents receive the standard of care they deserve. Meercroft Care has no other form of income source; we rely on Federal Funding and resident contribution. Meercroft Care Inc Board of Governance funded a \$4.7 million upgrade in 1996 and is faced with the need to upgrade an older section of the facility which provides accommodation for low care residents, and whilst it currently meets the Certification requirements, future work will be required. Meercroft Care are also in the preliminary stages of trying to source a loan for the building of a further 15 allocated high care bed places, were successful in gaining 4 high care bed licences and a zero real interest loan of \$500,000. The Government are trying to encourage the aged care facilities to operate within a business framework; however, we are not in control of funding received other than establishing our own bond arrangements for low care residents.

Aged care staff are generally very passionate about the care of their residents, and they struggle with the fact that they cannot give quality time to residents and their families.

We are at great risk of staff burnout, our staff give many voluntary hours, the management team work extraordinary hours to ensure they complete their workload as well as those added extras, e.g. sourcing grants and completing applications, developing training programs, promoting aged care in the community etc. The Management Team spend a great deal of time supporting staff, who are frustrated with funding, lack of recognition in the form of low level wages which makes it difficult in attracting quality staff to the industry.

We rely heavily on volunteers, for resident activities and are very fortunate at Meercroft in having these very special people, however, they are mostly elderly and in the future we will have difficulty attracting the younger generation to voluntary work as the economic climate requires people to have paid work.

ACFI (Aged Care Funding Instrument) – is another form of reduced funding particularly, in low level care. This reduced funding has a severe impact on Meercroft Care as we have 59 low care licenses and whilst we are embracing ageing in place, this is a slow process relying on the health care needs of residents to increase. Whilst the 'grandparenting' arrangement is supportive of existing residents prior to ACFI, we are finding that prospective low care residents on our waiting lists do not have care needs which score well on ACFI, therefore reducing our income funding.

Gas, electricity, fuel, wages, essential service costs, repairs, maintenance etc. have increased during the past 2 years. The CAP increases are around

1.75% per annum which is well below CPI, which has been absorbed by Meercroft Care over the past few years. As a result Meercroft Care Inc has operated at a substantial operational loss over the past 4 years. We are very fortunate in having the support of a very active auxiliary, staff social club and local service groups, private donations which have enabled us to purchase equipment etc. As a result of a review of our efficiencies and the wonderful community support we have been able to continue to provide the high standard of care and services to our residents.

We have responded to funding pressures by increasing our efficiencies, but there is no more 'fat to squeeze' from aged care without compromising care. There is a need to develop and implement a realistic costing formula for subsidies or facilities will be forced to reduce further costs which will have a severe impact on the care and services provided to the aged in our care. A long term 'Aged Care Index', which properly recognises all cost drivers, wages growth, consumer items, building costs and increased energy and water prices, is required.

Meercroft Board of Governance has recently increased our Bond to 100% of assets, after allowing for the \$35,000 retained by the resident, currently our average bond paid would be \$59, 660 as the average house price in this area would be about \$200,000 in comparison with the larger cities where the value of properties is much greater, therefore allowing much larger bonds to be paid, coupled with the fact that we choose to maintain a greater than 40% ratio of residents as these residents are assessed to be supported and therefore not required to pay a bond. As a result we would advocate for the payment of bonds for high care residents, to assist in promoting our financial viability, into the future.

Another issue which impacts on Meercroft Care is the increase in our workers compensation premiums, due to staff injury occurring in our secure dementia unit. We care for 29 residents with dementia, who can have unpredictable behaviours placing the staff more at risk of injury. The majority of our workers compensation claims occur in this area. We have provided specialised dementia care training to staff, to assist in behaviour management, and assault management to provide our staff with the necessary knowledge and skills, however, injuries are not always preventable. There is no recognition for this extra cost burden to this Organisation.

Like many stand alone facilities Meercroft Care Inc is finding it increasingly more difficult to remain viable. Whilst we have plans for further development, funding these projects will be very difficult. We desperately want to continue as a community based Organisation into the future, as Meercroft has a very unique identity which had been fostered by the community for the past 50 years, and we continue to be passionate about providing a facility of excellence to the aged in our community. We have a strong co-operative network, between the aged care facilities on the North West Coast, and rather than consolidate, investment by the Government in supporting this would result in efficiencies.

Meercroft continue to plan for the future and have a proactive Board of Governance which has developed a long term master plan, for this site. Meercroft Care has funded several projects, the latest being a kitchen upgrade of \$800,000 which was supported by a capital grant of \$300,000. The Board of Governance has been business savvy, but has reached a point where the current funding model has impacted on our ability to have the funds available for further capital projects.

We ask that the following points be considered:

- The CAP funding should align with CPI as a minimum.
- The funding model needs to reflect the as actual costs associated with running the operations.
- Legislative requirements should attract additional funding e.g. Accreditation Audit, criminal history checks, Food Safety Audit.
- Introduction of Bonds in high care.
- Recognition in insurance premiums for facilities with secure dementia units.

Yours sincerely

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Director of Nursing