ANGLICARE AUSTRALIA

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Ms Christine McDonald
Committee Secretary
Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ms McDonald

Anglicare Australia welcomes the opportunity to provide a submission to the Committee's inquiry into residential and community aged care in Australia.

Anglicare Australia's primary concern is for people who are disadvantaged. We want to see a fair aged and community care system where everyone, regardless of means or location, has equitable access to the care and services they need.

Anglicare Australia wishes to make a statement about the overall thrust of the nature of the inquiry. We consider that it misses an opportunity to question the current basis of aged care provision. We note that the recent Catholic Health Australia (CHA) *Aged Care Policy Blueprint for 2020* (CHA, November 2008) calls for a more far-reaching change to the policy underpinnings for aged care, guided by the following high level principles:

1. Older Australians receive the care they need in the accommodation of their choice, whether in their own home, in the community or in a residential facility.
2. Demographic based funding will be oriented to ensure the delivery of excellence in person centred, compassionate care.
3. The funding framework will ensure that the care of older Australians is delivered by an appropriately skilled and qualified workforce.

Anglicare Australia agrees with these principles and recognises the need for a systemic shake-up of the way in which aged care services are funded, planned, allocated and provided.

Yours sincerely

Kasy Chambers
Executive Director

The voice for Anglican care and social justice in Australia

Submission to Senate Finance and Public Administration Committee
Inquiry into residential and community aged care in Australia

Anglicare Australia welcomes the opportunity to provide a submission to the Senate's inquiry into residential and community aged care in Australia.

Anglicare Australia's primary concern is for people who are disadvantaged. We want to see a fair aged and community care system where everyone, regardless of means or location, has equitable access to the care and services they need.

About Anglican aged and community care

Fourteen Anglicare Australia member agencies provide aged care and accommodation services for older Australians in Commonwealth approved residential aged care beds, services to people in independent living units and services to people living at home such as community care packages and respite care. Our aged care services provide in excess of $300 million in assistance to older Australians each year and employ more than 7,000 full and part-time staff across Australia.

Anglican aged and community care is first and foremost a ministry and not a business. Its primary focus is the provision of high quality services and to engage in an active advocacy role on behalf of older people who are at risk of becoming financially and /or socially disadvantaged.

Our services are available to all members of the community, regardless of means, faith or ethnic background.

Terms of reference

Before dealing with the terms of reference in detail, Anglicare Australia wishes to make a statement about the overall thrust of the nature of the inquiry. We consider that it misses an opportunity to question the current basis of aged care provision. We note that the recent Catholic Health Australia (CHA) *Aged Care Policy Blueprint for 2020* (CHA, November 2008) calls for a more far-reaching change to the policy underpinnings for aged care. CHA sets high level principles to guide developments:

1. Older Australians receive the care they need in the accommodation of their choice, whether in their own home, in the community or in a residential facility.
2. Demographic based funding will be oriented to ensure the delivery of excellence in person centred, compassionate care.
3. The funding framework will ensure that the care of older Australians is delivered by an appropriately skilled and qualified workforce.

While not necessarily agreeing with the detail of CHA's proposals, Anglicare Australia agrees with these principles and recognises the need for a systemic shake-up of the way in which aged care services are funded, planned, allocated and provided.

Barriers need to be eliminated between community-based aged care services (HACC, CACP, EACH) and between community-based and residential care, allowing people to move flexibly between modes of care as their needs change. For many people, the pathways into community-based and residential aged care services are complex and daunting. This is amplified by many people entering the system as a result of a crisis event. Now is an opportune time to work together to make the service system more streamlined, easier to navigate and more efficient.

There also needs to be a thorough examination of fees and charges; Australian policy needs to arrive at a fair, consistent and transparent way for people to pay for their care needs, taking particular care to set policies to ensure that disadvantaged people are not denied access to the care and services they need.

There also needs to be better articulation of aged and community care with other policy areas, in particular retirement incomes and income support, housing and health, to ensure that people do not fall through the cracks. Affordable housing is a growing issue for older people. Some estimates suggest that the number of people aged 65 and over in low income rental households is expected to increase from 195,000 in 2001 to 419,000 in 2026 (AHURI, 2007).

Care options for older people cannot be looked at in isolation. Planning for care and accommodation needs of older people requires an integrated approach. This would include an expansion of social housing (public and community/ non-profit housing) that is designed or has been modified to meet the needs of older people. An integrated approach allows funders, service providers and older people the maximum possible flexibility in meeting the needs of older people for affordable and suitable housing with tailored care services.

Anglicare Australia advocates a number of service level principles to guide consideration of effective provision of services into the future – whether provided in the community or in a residential setting. These principles include:

- Recognising and upholding people's rights, including the right to be treated with dignity and respect, the right to access everyday community life and to enjoy, or where needed improve, their quality of life

- Individualised approach, a 'whole of person' approach, with flexibility to meet a person's changing (both reduced and increased) needs and circumstances

- Active living focus, maintaining, developing and improving a person's abilities and environmental supports so that the person can maintain (and expand) their current activities, achieve desired goals and fulfil valuable roles in their living, social, learning and community environments

- Improving and maintaining quality of life in areas such as, continuing or re-engaging actively in community life, retaining relationships with families and

friends, accessing leisure and recreational activities and maintaining their health and well-being

- Choice and decision making – providing access to honest and accurate information and involving the person (and/or their family, advocate or guardian) in decisions affecting their care and support, including end of life issues
- Fair user pays principles – charges across service types being set fairly, consistently and transparently, with those with capacity to pay paying and services for those unable to pay (or able to pay a reduced amount) being subsidised at a full, reasonable cost of care by government
- Coordinated, integrated quality service delivery, both within a service and between services, to provide accountable, effective, efficient services that respond to a person's changing needs and circumstances
- Collaborative partnerships with other services, government and non-government agencies and the private sector to meet the needs of older, frail people and to facilitate acceptance and inclusion of older Australians as valued, contributing members of the community.

Terms of reference (a) and (b): funding levels and indexation

Viability of services in both the residential and community care sectors has been an issue for a number of years, with funding not keeping pace with the cost of service provision. This has obvious impacts on the ability to attract and retain quality staff and, therefore, to provide high quality and innovative services that meet the care needs of older Australians.

The recent Grant Thornton survey of residential aged care providers found that 40 per cent were operating in deficit. It also found that even high performing providers were suffering reduced margins. This currently unsustainable position cannot allow for the capacity growth that will be required to meet escalating demand for services to 2030. Current funding models also do not allow for sufficient resources to meet needs of clients with complex needs, including mental health or drug and alcohol issues.

Consistent with their mission, Anglicare aged care providers accommodate high levels of concessional and/or supported residents (in many cases, above the levels required by the Commonwealth). Our members' experience is that the level of supplement paid by the Commonwealth does not compensate in full for 'lost' bond payments by residents.

The gap between indexation by COPO and residential care providers' costs has been growing over the past decade, even with the introduction of Conditional Adjustment Payment in 2005-06.[1] Likewise indexation of community care has not kept pace with the costs of service provision. In either case, this funding deficit is either met by organisations calling on their other resources or by rationing services, with particular impacts on older people with limited means and limited alternative supports.

[1] Aged Care Industry Council, Submission to Review of Conditional Adjustment Payment, October 2008

Term of reference (c): addressing regional variations

Anglicare Australia notes that viability supplements in both residential and community care, rural and regional building grants and the new $300 million zero real interest loans are available to rural services to assist them to meet higher costs. Even so, many rural and remote providers struggle.

Less populous areas are unattractive to private providers, due to population size, lower property prices (therefore, fewer people with capacity to pay significant bonds in low or 'extra service' residential care) and inherent lack of economies of scale. The cost of providing services in such locations is unsustainable, even with supplements, for many providers. In addition, both residential and community care providers face difficulties in attracting and keeping good staff.

Anglicare Australia considers that further effort is needed to expand flexible approaches to service provision for sparsely populated areas. There is also a need to find a more sustainable funding formula for aged care services to support people living in rural and remote communities to remain there, even as their care needs increase. Displacement and long distance relocation exacerbates loss to clients and communities. Lack of accessible local services leads to delay in decisions around seeking assistance with care until crisis situations emerge.

Term of reference (d): inequity in user payments

There is inequity in user payments across the whole spectrum of aged care services, from HACC through to high level residential care.

Anglicare Australia considers that aged care services should be looked at as a continuum of care (with individuals being able to move flexibly both between levels of services, and in and out of the system, as their needs change). A consistent platform for means tested fee setting, and for the payment of subsidies, should be set across the system. Those with high levels of wealth and income who are able to pay should fully meet the costs of their services and care, while those with limited or no capacity to pay should have the cost of their care subsidised at a fair and reasonable level.

Anglicare Australia considers that the Government should consult widely on the parameters of such a fee setting system. Before going 'live' with any new fee paying system, it should be fully modelled and a 'virtual trial' undertaken to assess the impacts and implications.

Terms of reference (e) and (f): planning ratios, funding and allocation of places

The current planning ratios within residential care for high and low care beds and between residential and community care are not keeping step with usage or demand. Of particular note is the current even balance of 44 high care and 44 low care places per 1000 population aged over 70 years, when in 2006-07 (the latest year for which data are available), 70 per cent of places in residential care were high care.

Most people want, and have the means, to remain in their own homes as long as possible, with an accompanying high demand for community based care. This obviously

reduces the demand for low level residential care. This trend is likely to continue. This demands a recalibration of the planning ratio to better reflect older people's preferences and usage. The split between new high and low level care residential places should be immediately shifted to 70:30, with future ratios being determined by actual and projected take up of places.

This strongly suggests that the balance between residential and community care needs re-examination, as does the provision of low and high level care in the community (CACP and EACH) and the ease with which people are able to transition from lower to higher levels of care in the community. The current number of places available (for example, the Victorian ratio is 19.4 CACP places per 1000 population aged 70 years and over and 2.4 EACH places), funding levels, as well as eligibility criteria for, CACP and EACH preclude an easy transition, leaving many people no option but to enter residential care before they are ready. There is a need for a continuum of care model to be introduced, with greater flexibility to meet increasing levels of care need and/or different care needs, and with planning ratios more accurately reflecting likely demand for higher levels of care.

It is time to re-examine the level at which the number of overall places is capped and whether ratios between residential and community care need to be retained or could be abandoned, giving more flexibility in the market. Planning ratios should be set using more localised social and demographic information (for example, at LGA or SLA level) than is employed under the current planning regime. This would need to be accompanied by providing better information to interested parties (existing and potential providers of both residential and community care services; people who may be eligible for assistance) on which to base their decisions on investments and care options. It would also provide a platform to put more control and decision making power in the hands of consumers rather than those of government and providers.