



1 December 2008

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Senate Finance and Public Administration Committee  
Department of the Senate  
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**Finance and Public Administration Committee Inquiry into Residential and Community Aged Care.**

**Submission from Care Connect Ltd**

**The funding, planning, allocation, capital and equity of residential and community aged care in Australia, with particular reference to:**

- a. whether current funding levels are sufficient to meet the expected quality service provision outcomes;**

Evidence would suggest the 'purchasing power' of CACP's has diminished over time. Whilst this does not result in fewer clients receiving care, the amount of service offered to the client has declined, with funding for packages less able to meet assessed need. The industry needs **realistic benchmarks for care inputs** for CACPs / EACH and EACHD clients;

Costs of **non-direct care** need to be factored in to subsidy:

eg:

- initial time spent assessing clients before they are 'activated' on a package of care
- case management time

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For many providers (such as Care Connect) this Case Management is **an important component of a Packaged Care Program**. It enables clients and service providers to plan innovative, individually tailored, flexible programs that maximize independence and self-determination. Case Managers are required to undertake screening, assessment/risk management, care planning, implementing service arrangement, monitoring/evaluation and advocacy with their clients.

Some packaged care clients will receive case management support only, owing to the complexity of their health and circumstances. The case management support required by a client can vary from intense support during the time the package commences or during periods of unstable health. Considerably less case management support may be required during other times, once a person's needs are stable and a regular pattern of direct services and ongoing monitoring has been established;

The number of 'hospital leave days for EACH clients should be reviewed; The current 28 day entitlement does not match the increasing medical needs being seen in this client group;

Operating costs, especially wages and their on-costs, are rising at a faster rate than increases to care subsidies and care recipients' fees. The average increase in funding does not sustain the costs of the community care industry's operations. In particular, COPO (Commonwealth's Own Purpose Outlays) used by Government to determine increases in subsidies, does not adequately recognize wage increases (which often represents 70-80% of costs in the aged community care sector) resulting in a less than adequate indexation of the wages component of COPO. The Commonwealth uses the **Safety Net Adjustment**, rather than **actual aged care sector wage increases which have occurred as a result of enterprise bargaining, to determine COPO**. This results in a method of indexation insufficient to maintain pace with real increases in the costs of running businesses and providing care.

**b. how appropriate the current indexation formula is in recognising the actual cost of pricing aged care services to meet the expected level and quality of such services;**

The Consumer Price Index is made up from a weighted basket of goods to reflect domestic consumption patterns, these are quite at odds with the non-wages and salaries cost drivers in frail aged community care which includes such expenditure as:

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- medical goods and equipment
- information technology hardware and software
- administration costs,
- consultancy fees (eg quality certification)
- vehicle usage
- communication services

Vehicle running costs have increased dramatically due to global petrol price increases. Home based care services are highly dependent on motor vehicles for their operation.

The evidence demonstrates that the annual Packaged care subsidy increase, as determined by the COPO index, has fallen well behind the annual rate of increase in unit costs of providing care and operating services. As a result, the amount of care that can be purchased per package has been severely eroded over the past ten years.

Government needs to improve the current indexation **system** for packaged care funding . The increase in wages measured through national data has been more than double the increase in subsidies.

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

Other Providers are better positioned to offer comment here.

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

The Government needs to review its policy in relation to **full cost recovery** being charged by HACC services and National Respite for Carer Services to carers of CACPs/EACH/EACHD recipients.

HACC clients are able to access far more hours of service on a low fee as opposed to a lower number of hours per week they can access on a Commonwealth package of care; as such we are seeing a trend of clients wanting to remain on HACC to high care levels and not transition onto a packaged care program.

**e. whether the current planning ratio between community, high- and low-care places is appropriate;**

The annual Aged Care Approvals Round is inefficient and ineffective. The number of allocations fluctuates widely from year to year whereas the steady growth of the aged population requires similarly steady increases in allocations.

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In most regions around Australia the number of packaged care places does not match need.

The Government needs to work in partnership with industry to achieve an improved distribution of packaged care places to better meet the needs of the overall community to ensure that unmet demand for frail aged care in the community is targeted **toward regions with large community care waiting lists** either through new allocation of places or **movement of existing places across regions**.

There are strong grounds for adjusting the population-based planning ratios to take account of changes that have occurred and likely future trends, including:

- Increases in life expectancy and improved health of older people since age 70 was introduced as the basis for planning in the mid 1980s;
- Trends in the prevalence and severity of disability in older age groups, including specifically the prevalence of dementia;
- Availability of the results of the **2006 Census** and new population projections;
- The changing balance between high and low care, including recognition of the expansion of community care;
- Changing patterns of use with ageing-in-place

The review of the planning ratios need to consider the need for culturally appropriate care for older Australians of Indigenous and culturally and linguistically diverse (CALD) backgrounds.

**f. the impact of current and future residential places allocation and funding on the number and provision of community care places.**

The Government's definition of 'aged care places' includes **both** residential aged care beds and Community Aged Care Packages.

Older Australians prefer to receive care in their own homes with the help of community support. However, sponsoring community aged care support does not reduce the obligation to provide sufficient aged care beds to meet demand.

The current ACAR allocation of residential aged care bed licences and Aged Care Packages requires that aged care beds **become operational within two years**. However, many are not and this has produced charge that these are 'phantom beds'.

These delays in bringing allocated beds on-line are a major factor in the current shortage of aged care beds.

The result of this shortage is:

- low overall vacancy rates in the aged care sector
- diminished choice for consumers who often must place relatives in care which is unsuitable or distant from family and friends.
- an increase in demand for community based packaged care.

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The allocation of community places is not adequately taking into account this shift in pressure onto the community. A pressure arising from allocated but not yet operational residential places. A review of the aged care planning ratios must necessarily take this into account.

Sincerely,

Nicholas Woodlock  
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