

**THE
GREENS.**

AGED CARE FOR THE FUTURE

The Greens plan for aged care reform



SENATOR RACHEL SIEWERT
AUSTRALIAN GREENS SENATOR FOR WESTERN AUSTRALIA

Why prioritise Aged Care reform?

There is a serious crisis in aged care services in Australia. We have a growing demand for services that isn't being met¹. The existing system is dysfunctional, and ill-prepared to meet the needs of the future. Both the current federal government and opposition do not seem to understand the drivers of the crisis and therefore the extent of the need for reform.

Few existing providers can afford to build new residential services in many areas of need, commonwealth funding for new beds is not being taken up or is being handed back in many places. The current funding model does not adequately cover the cost of providing care, with only 40% of West Australian aged care providers currently operating in the black.²

We are expecting a serious increase in demand for aged care services in coming years which the existing system planning mechanisms and complicated funding processes (which are not meeting existing demand) can't effectively respond to or cope with. When the demographic bump of baby boomers starts needing aged care services we will be unable to meet both the scale of care and their high expectations of independence, choice and care quality. Health system reforms which aim to take pressure off hospitals by reducing the number of beds occupied by elderly people waiting for places in residential or community care will also increase the demand for services.

The Productivity Commission³ suggests a fourfold increase in demand for aged care services over the next decade. The 2010 Intergenerational Report suggests the proportion of government spending on health aged care and age-related pensions will increase from a quarter in 2010 to almost a half of all government expenditure by 2050. Meanwhile, the 'dependency ratio' of 5 working-aged people to every Australian aged over 65 years today will fall to 2.7 working-aged people by 2050.

There is a pressing need for comprehensive structural reform – simply tinkering around the edges of the existing system or doing more of the same isn't going to get us to where we need to be. The risk is that we will be continually playing catch-up with the demand for priority services at the high end of the system and failing to adequately invest in more cost-effective preventive options to maintain the health, mobility and quality of life of ageing Australians.

Aged Care reform is only one part of the puzzle in preparing to meet the challenges and opportunities of our changing demographics. It fits together with policies to support positive ageing; workplace and social security reforms to introduce more flexibility for an ageing workforce; healthcare reforms that focus on prevention and primary care to keep people healthy, active and mobile for longer; and initiatives to tackle the emerging crisis in dementia care.

As a community-based party with a focus on delivering longer-term policy outcomes, The Greens are keen to play a role in putting these issues onto the political agenda. We are committed to working in close consultation with consumer advocates, service providers and care-givers to develop comprehensive and innovative policy solutions to build a better future.

¹ Productivity Commission 2008 <http://www.pc.gov.au/research/commissionresearch/aged-care-trends>

² Financial Benchmark Survey of Residential Aged Care, Stewart Brown Business Solutions, 2009

³ Department of Treasury, Intergenerational Report 2010, <http://www.treasury.gov.au/igr/igr2010/>

The Greens plan for immediate action on Aged Care

There is an urgent need to act to sustain existing aged care services and look after the needs of older Australians while we undertake the process of pursuing a more comprehensive longer-term reform agenda.

1. Increased funding and realistic indexation for aged care

Immediately increase the current federal funding rate for aged care places and address inadequate indexation of residential care and community care - by putting back in place the annual conditional adjustment payment (CAP) of 1.75% on top on the ongoing Commonwealth own purpose outlay (COPO) indexation (which was a mere 1.7% in 2009/10).

For residential care⁴ this would require an immediate additional outlay of \$127m in 2010/11 to provide a more realistic measure of the true cost of providing care. It is effectively equivalent to the level of indexation indicated by the Pensioner and Beneficiary Living Cost Index (PBLCI) and better reflects the fact that approximately 75% of residential aged care costs are wages.

We consider this an interim solution to prevent aged care facilities from closing, taking into account recent data⁵ indicating 60% of West Australian aged care providers are operating in the red and either drawing down their operating capital or being cross-subsidised by other charitable operations. In the longer term we are advocating independent benchmarking of the true cost of providing care as the basis for a sustainable aged care funding instrument.

Cost: \$127m in 2010/11

2. Increased funding and focus on community care

Integrate all existing community care packages (HACC, CACPs, EACH and EACHD) into a single federally-funded program. Increase the funding for existing packages by 20% to undo the erosion of care⁶ and increase the number of care packages by 10% to close the gap for those currently wanting but unable to access community care.

Putting more resources into community care to help ageing Australians maintain their health, mobility and quality of life and to remain in their homes and communities for longer is a sensible way to deliver better outcomes while reducing the demand for more expensive residential care.

Currently it is estimated there are up to 3000 elderly people in hospital at any time because they are unable to access appropriate home or residential care, at an estimated cost of \$800M/year. Around 18% of those needing care currently have their needs unmet or only partially met⁷.

Cost: \$390m pa⁸

Savings: \$6-800m+ pa⁹

⁴ Note that increased costs for community care (both indexation and additional services) are included below.

⁵ Financial Benchmark Survey of Residential Aged Care, Stewart Brown Business Solutions, 2009

⁶ That is, back up from an average of 5 hours to 7 hours per week to return to 2005 levels.

⁷ Survey of Disability Ageing and Carers, ABS 2004.

⁸ Equivalent to a 20% increase in HACC and a 10% increase in packaged care.

⁹ Given the cost of a high-care residential bed is around 20-25% of that of a hospital bed there is a significant opportunity to reduce costs by delivering access to more appropriate care. If these patients were accommodated

3. Better wages and conditions for all aged care staff.

At a minimum, the Greens believe an additional \$100m per annum (on top of a properly indexed increase in residential care funding) is needed immediately to help close the gap in pay and conditions for aged care workers.

The aged care system must support an appropriately skilled and remunerated workforce. There is currently a significant skills shortage in aged care, which is exacerbated by a serious disparity in rates of pay for the approximately 193,000 carers and aged care nurses within the sector. Registered nurses are paid up to \$300 per week more to provide the same level of skilled care in hospital acute care services. As a result there are major challenges in attracting and retaining skilled staff. Over time there has also been a shift towards higher dependency levels of people in residential and community care, which demand increased staffing and skill levels to maintain care quality (which have not been reflected in the funding instrument). It is simply not possible to deliver quality care unless the level of skilled care is defined, costed and fully funded.

The Greens support the implementation of a transparent funding mechanism, accompanied by sufficient dedicated funding to achieve and maintain comparable wages and working conditions with the acute health care sector for all staff working in residential and community aged care.

\$100m pa

4. A single national funder for all aged care services

The Commonwealth takes full responsibility for funding all aged care services, including residential aged care, community care and transitional care. This national aged care framework would also include national carer respite centres; day care day therapy; Commonwealth information centres; and provision of community care for elderly people living with a disability.

Under the current system there is cost-shifting between the federal aged care funding and state government health care funding, as programs and services are provided by different levels of government, each requiring different assessment processes. A single funding model creates the opportunity to recoup and redirect the funding through better investment in aged and transitional care and non-acute services for older people.

5. Benchmark the true costs of providing care

We currently do not have a clear enough picture of the true costs of aged care to allow us to undertake the systemic reform necessary to meet the challenges of the future. We need benchmark the true costs of care – including the provision of residential high and low care; the cost of hospital care for those waiting for an aged care placement or home care support; the full cost of delivering community care (including the level of unmet need and the requirements to support family and informal carers); the costs of transitional and restorative care; and including the costs of care provided to elderly Australians who are also living with a disability.

The Greens are advocating as an interim measure a once-off project be undertaken by an appropriate independent body to estimate the current costs of providing care and to scope out the requirements and data needed for an ongoing mechanism to benchmark the true costs of care. In the longer term we believe that if an independent pricing authority is established as part of the national health reform process it should also be resources and directed to benchmark the true costs of providing aged care.

in residential high care instead the saving would be around \$600m p/a and much higher still if a number are appropriately supported by community care and restorative care programs.

6. Greater support for informal and family care and for care volunteers

Improving recognition and support for informal and family carers can significantly improve health and well-being outcomes for elderly Australians and their families and reduce the cost of residential aged care. The Greens believe that this is best done through a combination of improved carer payments and entitlements together with an outreach and support program – that gives informal carers greater access to information and advice, offers respite and referral services, and provides access to care training for those delivering increasing levels of care.

There is also a pressing need for greater recognition and support of the role of volunteers in providing aged care as part of a strategy to address the impacts of declining trends in volunteerism on dependent services.

The Greens believe there is also an opportunity to improve the health and well-being of older Australians who are moving out of hospital (and reduce the costs incurred by re-admission) by increasing investment in transitional and restorative care and improving their integration with residential and community care services. There is a need in the longer term to improve the interaction between primary, hospital, aged and community care services to ensure smooth transitions and provide a continuum of care.

Cost: \$30m pa¹⁰

7. A significant investment in dementia research and care

Implement a comprehensive dementia strategy - including substantial boost to dementia research with a focus on reducing the prevalence and incidence of dementia, identifying those at risk, understanding lifestyle factors and developing interventions to delay its onset and progress. Also including a dementia care workforce strategy, extending existing behaviour management advisory services and existing support programs and a national knowledge network.

This initiative would double the current investment in the Dementia Initiative as a first step to tackling the dementia epidemic¹¹.

Cost: \$20m pa¹²

8. A public awareness campaign on positive ageing with specific strategies to promote preventive health messages on lifestyle factors that maintain health, mobility and quality of life and reduce the incidence of dementia¹³.

9. Specific strategies to address the mental health needs of older Australians and to address the support and service barriers faced by older Australians who are homeless.

10. Implement best practice guidelines for diversity in aged care by adopting the GRAI best practice guidelines for accommodating older **GLBTI** people and development of similar guidelines for **Indigenous** and **CALD** people in residential care.

¹⁰ "Don't Wait: Our Future is Now." Carer's Australia Budget Submission 2010, Appendix 1.

¹¹ The Greens will release a more comprehensive *Dementia Strategy* in coming weeks.

¹² "Dementia: Facing the Epidemic" Alzheimer's Australia 2009. See *The Greens Dementia Strategy* for details.

¹³ The Greens will also release a more comprehensive strategy on positive ageing (which includes a workforce strategy for older workers) shortly.

The Greens plan for fundamental aged care reform

The latest data confirms what we already know – that we are facing a massive increase in the demand and the cost of aged care services in the next 40 years. The Caring Places report by Access Economics (released 6th August 2010) indicates that the growth in demand for aged care services is likely to be even higher and more costly than expected.

It indicates that the current policy planning settings are underestimating the projected demand for care by in the order of 279,000 places by 2050¹⁴.

While the current policy settings have the demand for aged care services growing by 436% over the next 40 years from \$11.1b pa to \$59.6b pa in 2050, Access Economics suggest this growth might well be in the order of 749% – leading to an annual aged care budget in 2050 of \$94.2b.

The Greens believe we need to be proactive – to minimise these future costs and deliver better outcomes and quality of life for ageing Australians.

We need fundamental reform of our aged care system to future-proof it. We need a greater focus on prevention and early intervention to keep people healthy and active, and a greater focus on community care services to allow them to stay in their homes and communities longer. We need an increased investment into research into lifestyle factors that prevent or delay dementia and frailty.

The current policy planning settings fix the ratio of residential and community care places. A shift to a greater focus on community care now would mean we could provide services to more people with fewer resources, and help reduce the demand for residential care. Cutting corners to keep the costs of aged care down in the shorter term is a false economy. The existing level of unmet need for community care simply leads to much higher residential care costs a few years down the track.

The Greens have a comprehensive plan for aged care reform:

- Prioritise **ageing in place** by focusing on preventative and primary health care and community care services to maintain independence and quality of life of older Australians – thus reducing longer term costs to the health and aged care systems.
- Provide a **continuum of care** across services and move away from current concepts of high and low care to better address actual levels of need.
- Developing a **consumer-directed funding model** for care that provides greater choice while ensuring basic service infrastructure is sustained, minimum standards of quality care are maintained, and equity is assured.
- Introduce progressive assessment through **an individual care entitlement** to care funding based on assessed need that can be used across a range of care options and is not limited by service availability.
- Direct and resource the **Independent Pricing Authority** (such as that established under the national health reforms¹⁵) to benchmark the real cost of providing residential, transitional and community aged care (with particular attention to regional variations, meeting needs of communities or people with special needs, and impact of access to informal/family carers) as a basis for a sustainable new funding mechanism.

¹⁴ This is as a result of not factoring in the rise in dementia from 1.2% today to 2.8% of the population in 2050, not taking into account the increased proportion of people aged over 85, and not addressing the 18% of people whose needs for aged care services are either unmet or only partially met.

¹⁵ In the event this proposed authority is not established, such as under a Coalition Government, this role would be undertaken instead by our proposed Independent National Age Care Authority (as below).

- A comprehensive **workforce strategy** that includes better pay and more flexible working conditions, initiatives to tackle skills shortages, life long learning, teaching facilities, nurse practitioners, and professional care planning and assessment.
- **Regulatory reform** to deliver a more effective accreditation model with less duplication and red tape.
- A more **flexible and sustainable funding model** that decouples the costs of accommodation and provision of care, guarantees access to quality care for all, while enabling those with the capacity to contribute to do so.
- Improve the **aged care / health care interface** to better integrate services and pathways, to deliver funding parity across different settings so that people get optimal care wherever they receive it (in residential care, their own home, or in the health system) to ultimately deliver a seamless continuum of care across health, aged care and community services.
- Establish a **Minister for Older Australians** as a senior (cabinet) position, an **Office of Older Australians** responsible for integration of services and systems across the Health, Aged Care and Community Services portfolios, and the office of **Age Discrimination Commissioner** within the Human Rights Commission.
- Use smart information systems to deliver a **single portal** and one-stop-shop for accessing information and advice on care services for consumers, care providers, researchers and advocates - aggregated up into national data set.
- Introduce **E-care systems** to provide electronic medication management, remote health monitoring and support services.
- A comprehensive approach to **adaptable and affordable housing, transport and urban design** and community infrastructure to maintain and enhance participation and to better support ageing in place.
- Establishing an **Independent National Age Care Authority** responsible for accreditation and assessment of service providers, providing an independent complaints mechanism, advising consumers on standards and complaints and overseeing a national strategy on elder abuse.
- Establishing a national care and ageing **research, development and communication** program to instigate research into the health and well-being of older Australians – with a particular focus on research and education about health and lifestyle factors that contribute to maintaining health, mobility and quality of life and on developing innovative models of care.
- Establish a national network of **teaching nursing homes** which are integrated into both the national workforce and research strategies to provide the skilled care staff of the future.

Senator Rachel Siewert

Australian Greens Senator for Western Australia

p: 08 9228 3277

www.rachelsiewert.org.au

senator.siewert@aph.gov.au

1/151 Brisbane St Northbridge 6000 WA

THE GREENS.



AUTHORISED AND PRINTED BY
SENATOR RACHEL SIEWERT
1/151 BRISBANE ST NORTHBRIDGE 6000 WA