

The National Report

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Aged & Community Services Australia



FEDERAL BUDGET EDITION

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Federal Budget 2009

This year's Budget continues to ignore the issues confronting the aged care industry and places vital services for older people at risk.

Budget blow for older Australians

ACSA CEO Greg Mundy says the Federal Budget has done nothing to address the accommodation crisis in aged care.

“It is difficult to believe that the Government has ignored a chorus of voices, including a recent Senate inquiry, and failed to correct the alarming deficit in infrastructure funding.”

“The public hospital sector has been promised a new system to deliver record funding in recognition of rising health and technology costs and more than a billion dollars to upgrade hospital infrastructure across Australia.”

“Despite the ageing of our population the nation building agenda comprising funding for roads, rail, ports, universities, hospitals and technology has not been extended to aged care.”

“The Minister for Ageing says Australians have the longest life expectancy in the English speaking world. And still the Government continues to neglect the needs of those whom the Treasurer has acknowledged as having worked hard to make Australia great.”

“This Budget may have some impressive figures but aged care has been handed a funding formula designed to weigh down the industry that is struggling to stay afloat.”

“Genuine reform of the funding system for aged care accommodation and services remains critical. It is imperative that the Government understand that future care needs will not be met without appropriate funding.”

“We welcome the increase in pension payments for older Australians. Unfortunately the extra cash will not go a long way towards providing optimum care at a place and time of their choosing.”

Consumer Groups supported ACSA’s call for major reform.

Acting CEO of the Council of the Ageing (COTA) Over 50s, Ian Yates: “The Budget has not dealt with reform on aged care in line with growing recommendations from Government’s own advisers including the Productivity Commission and the Health and Hospitals Reform Commission.”

“We will need urgent action in the coming months to make the aged care system sustainable in the next decade.”

Overview of the Budget and Aged Care

Recurrent Funding

Aged care services will continue to be indexed by the inadequate COPO methodology.

The 8.75 % growth delivered by the CAP over recent years has been incorporated in to the base aged care budget. But the much needed additional 1.75% annually will no longer be provided. The CAP payment has been replaced through provider access to a share of the pension increase. Of the \$32.49 increase per week pensioners in residential aged care will have an additional \$10.09 in their pocket, and will pay \$22.40 for aged care.

This measure commences in September 2009 with a full year effect of \$195 Million and is worth \$713.2 Million over four years. (Further details of pension changes are on page 5.)

The Aged Care Act will be amended to reduce the percentage amount of the pension to be paid to residential care providers to 84% rather than 85%.

Special transition arrangements will be put in place for a period of four years, for part pensioners and self funded retirees at a cost of \$25.2 Million. These residents will not face any fee increase while in care. New residents will initially pay the same fee as existing residents. The fees will gradually increase over the four years until they are paying 84% of the base pension. Aged care providers will be compensated by Government for any difference between the actual fee paid by new part pensioners and self funded retirees and the daily fee paid by maximum rate pensioners.

It isn’t clear on the figures available this evening as to whether this will have an overall positive or negative effect on aged care revenue. What seems clear is that either way the impact will be marginal with no action on capital or ongoing indexation.

The percentage amount of the pension able to be paid for community care services, such as CACP, EACH and EACHD, will remain unchanged at 15%. This will provide some additional funding for

services from consumers. However community care providers never received the CAP and their funding is even further behind the costs of delivery.

Minister Roxon has promised State Governments a new indexation formula for public hospitals which will better reflect rising health costs and the costs of technology but Government has clearly ignored the rising aged care costs by leaving COPO intact. This means that aged care will not be able to close the wages gap for our dedicated staff. In fact it is possible that the gap will widen with improved indexation methodology.

ACSA will undertake further analysis of the impact of these changes and provide advice as the situation becomes clearer.

Other aged care budget items

ACFI Modified to Correct 'Unintended Consequence'

New arrangements will be introduced to ensure that only residents needing a higher level of care will be appraised as such. It is believed this will bring the numbers of people assessed as high and low care in line with the situation pre ACFI. This change has been made in response to the aged care industry's concerns.

Ending the 28-day Income Test Exemption in Residential Aged Care

The measure will save \$40 Million over four years by ending the 28 day income test exemption on aged care fees. Residents will pay income tested fees from the day of entry to care. This fee goes directly to the Government.

Prudential Administrative Fee

Government has decided not to proceed with industry cost recovery of the administrative cost of the Prudential scheme creating a saving of \$8.6 Million over four years.

Viability Supplement Increased - But Not for Community Care

\$14.8 Million over two years is being provided to increase the viability supplement paid to eligible aged care providers in regional, rural and remote areas who provide residential care, multi-purpose services and Aboriginal and Torres Strait Islander Flexible Services.

From 1 January 2010 the average daily supplement will increase from \$3.43 to \$5.12 - a 40 per cent increase over two years.

The Community Care Viability Supplement (CCVS) received no such increase despite the inadequacy of this payment. ACSA will shortly be releasing research which highlights a range of issues with the CCVS.

Assistive Technology in Community Care program ends

\$25.8 Million will be saved over four years on this program introduced in 2007 as the “aged care industry is now aware of the availability and benefits of such technology.” This means that there is no financial support to ensure the benefits of assistive technology can actually be implemented to support older people or the aged care workforce.

Palliative Care

\$14.4 Million will be provided over four years to continue palliative care arrangements started under the Australian Health Care Agreements.

Continence Support Payment

A new arrangement will make direct financial payment to people with severe and permanent incontinence to enable them to shop around for best value and most appropriate products. This replaces current arrangements which provide access to subsidised products from only one provider.

Aged Care Assessment Teams

\$76 Million will be provided to states and territories for aged care assessment teams.

Home and Community Care (HACC).

\$1.2 Billion will be provided to States and Territories for the HACC program in 2009-10. This represents a 6% real growth in funding.

Other Portfolio Activity

Veterans - Home Front, Rehabilitation Appliance Program and Veterans' Home Care Assessments

A saving of \$4.2 Million over four years will be made by streamlining eligibility assessment processes through a new centralised Veterans' Home Care (VHC) program assessment. Further details on the impact of this for VHC providers is being sought.

Disability

Key disability budget initiatives included:

- \$1.229 Billion over five years to states and territories for National Disability Specific Purpose Payments; and
- \$4 Million (over four years) in taxation changes to encourage families wishing to make financial contributions to the care and accommodation needs of a family member with severe disability by taking up Special Disability Trusts.

Health

Nurse Practitioners

\$59.7 Million has been provided over four years to expand the role of nurse practitioners, including by providing Medicare Benefits Schedule and Pharmaceutical Benefits Scheme support from November 2010. This measure will provide for the development of a long-term and sustainable model for nurse practitioners, helping to improve the flexibility and capacity of Australia's health workforce.

Nurse practitioners undertake a range of medical procedures that do not currently attract Medicare rebates. This measure will allow nurse practitioners to provide certain services subsidised by the Medicare Benefits Schedule and prescribe medications subsidised under the Pharmaceutical Benefits Scheme. Expanding the role of nurse practitioners will assist in addressing the challenges facing Australia's health workforce, particularly in regional and remote areas.

Any flow on effects to Nurse Practitioners in aged care are being explored.

Minimum Hearing Loss Threshold

A saving of \$33.9 Million will be made over four years by establishing a minimum hearing loss threshold to determine eligibility for hearing devices through the Australian Government Hearing Services program, with effect from 1 January 2010.

Eligible people whose hearing loss is below the fitting threshold, but who have a demonstrated clinical need for a hearing device, will still be able to be fitted with a free hearing device.

More Pension Details

From 20 September 2009, the Government will provide single pensioners on the full rate with an additional \$32.49 per week, bringing the value of their pension to a legislated benchmark of 27.7 per cent of Male Total Average Weekly Earnings.

Couple pensioners will receive an extra \$10.14 per week combined, through a new fortnightly Pension Supplement.

The increases will be provided through a \$30 per week increase in the single basic pension rate and a new pension supplement (consolidating existing Allowances) for both singles and couples. New and flexible payment arrangements will be available for payment of the Pensioner Supplement. The new pension package will cost \$14.2 Billion over five years.

All Carer Payment recipients will receive a new \$600 a year Carer Supplement on top of an increase in their pension.

Recipients of a Carer Allowance will also receive an additional \$600 a year for each eligible person in their care.

These payments will commence by 30 June 2009 and will cost \$1.8 Billion over five years.

Pension eligibility changes

The qualifying age for the Age Pension for men and women and the Commonwealth Seniors Health Card will be progressively increased to 67 years between 2017 and 2023, dovetailing with current plans to raise the female Age Pension age from 63.5 years today to 65 years of age by July 2013.

The rate at which the pension is withdrawn with private income will be increased to 50 cents in the dollar, but a more generous work bonus will be introduced for the first \$500 of fortnightly employment income, providing extra assistance to those who work.

All existing pensioners will have their payments maintained in real terms, and all singles and couples will receive an increase of at least \$10.14 per week.

The Government will lower the cap on concessional super contributions and the matching rate of the superannuation co-contribution will be reduced 'temporarily'.

Assistance for Self Funded Retirees

\$27 Million will be provided over two years to extend draw down relief for self funded retirees, and for increased access to new Seniors Pensioners Supplement. The Government will not proceed with planned changes to include gross tax-free superannuation income in income test for Commonwealth Seniors Health Card which was due to come into effect on 1 July 2009.

National Reciprocal Transport Concessions for Senior Card Holders

\$12 Million will be provided for Senior Card Holders to access public transport concessions when they travel outside their home state.

Other Responses to Budget

- **Aged Care Association of Australia:** *Aged Care Reform Still on the Backburner.* "The budget though welcome in these very difficult times, is unlikely to solve the underlying capital needs of the industry."
- **Anglicare:** *A hard budget for the hardest hit* - There has been little or no provision to fund the recommendations from the report of the recent inquiry into better support for carers. An annual payment of \$600 is less than two dollars a day."
- **Catholic Health Australia:** *.09 Health Budget: Gotta do the sums.* Older Australians and residents of aged care facilities ...could feel the effects of a failure to invest in a funding model that will ensure the viability of aged care into the future.
- **National Rural Health Alliance:** *Rural health investments tackle the challenge.* "Rural health programs, mainly for general practice, have received a welcome boost in the budget.

Now Resuming Normal Transmission.... Other News of Interest to the Aged and Community Care Sector...

Making Choices - Future Dementia Care: Projections, Problems and Preferences

This Access Economics report was commissioned by Alzheimer's Australia. It shows that the current workforce of paid and unpaid carers of people with dementia will need to increase by 76% within two decades to meet the anticipated rapid rise in demand for dementia care services. For the first time, the report also draws together surveys of carer preferences and suggests new strategies and recommendations to address the looming challenges identified in the supply of dementia care services in this country.

On the basis of current policy settings, the analysis done by Access Economics suggests that the major workforce supply constraints are in relation to unpaid carers (94,000 full time equivalent unpaid carers) and paid staff in high-care residential aged care facilities (59,000 full time equivalent staff). Overall, Access Economics projects a workforce shortage of both paid and unpaid carers of 153,000 in 2029, relative to 2008 – 76% of the 2008 workforce and 36% of demand in 2029.

In terms of residential care, privacy, dignity and an understanding of the impact of dementia on a person also rated highly among carers surveyed. A private room and bathroom were most highly valued, with over 50% higher demand than an option without these facilities. Also rated highly were skilled residential aged care workers specialised in providing dementia care.

In the community, the highest rated options, in order of popularity were a service option which included home support services such as shopping, transport and cleaning; and daily respite care services for extended periods. If available, a community centre that offered counselling, recreational activities, education and information services during the working week and on weekends was also valued highly as was a case worker who could develop an individual care program and organise community care services.

The full report can be found at: www.alzheimers.org.au

Home and Community Care Program Minimum Data Set 2007-08

The Department has released this compilation of statistics describing HACC services provided in 2007-08.

As at 30 June 2008, there were approximately 3,300 active agencies registered in the HACC MDS Agency Register. During 2007-08, an average of 91% of registered agencies reported data for each quarter.

The number of individual clients reported as receiving HACC services rose by about 30,000 to 831,500 in 2007-08, or 3.9% of the total Australian population.

59% of clients lived in major cities and nearly 40% in regional areas. 77% of HACC clients were aged 65 and over and two-thirds were female. Almost one in five clients were over 80 years and 28% were born outside Australia.

Around 15% were provided with client care coordination and 7% of clients were provided with case management. Just under a third of clients were provided with domestic assistance accounting for 8 million hours of assistance, 18% with transport (4.9 million single trips), 13% were provided with meals at home (11 million meals), and 6% with meals provided at a centre (1.4 million meals). Nursing care at home was provided to 20% of clients accounting for 2.5 million hours of care. Allied health care was provided to around a quarter of all clients (1.1 million hours).

A large proportion of all clients (44%) received only one type of assistance, showing little deviation from recent years. The proportions of clients who received two, three, and four or more types of assistance were 24%, 13% and 19% respectively.

The full report is available at:

[http://www.healthyactive.gov.au/internet/main/publishing.nsf/Content/52E2F7318A640A1DCA2575A9001BC248/\\$File/Intro.pdf](http://www.healthyactive.gov.au/internet/main/publishing.nsf/Content/52E2F7318A640A1DCA2575A9001BC248/$File/Intro.pdf)

Caring For Oral Health in Residential Care

The Australian Institute of Health and Welfare released this report on 13 May. It shows that as the Australian population ages and more older Australians retain their natural teeth, more people living in residential aged care are developing complex oral disease and dental problems. This report shows that carers play a crucial role in helping maintain the oral health of older adults in residential aged care, including the identification and referral needed for dental care, by investigating 21 aged care facilities in three states.

Three aspects of best practice were pursued: assisting the development of policies and procedures; training carers to use an oral health assessment called the Oral Health Assessment Tool (OHAT) and then evaluating the reliability and validity of carers' use of the OHAT; and applying an evidence-based oral health protocol for carers of dependent older adults.

The OHAT was evaluated as being a reliable and valid screening tool for use among residents, including those with cognitive impairments.

The full report is available at:

http://www.arcpoh.adelaide.edu.au/publications/report/statistics/htm_09/Residential_care_DSR_48.html

KPMG - ACFI Advisory Services

KPMG Advisory Services will be contacting all residential aged care facilities this week via the Department's fax stream to offer their free financial, planning and advisory services funded by the Government to assist them in managing the change to the Aged Care Funding Instrument (ACFI).

Providers with only a small number of services, with a high percentage of low care residents and those that are in regional and remote locations will receive priority service.

KPMG is able to provide the following types of services:

- Financial modelling of the likely financial impact of the transition to ACFI for the next five years.

- Estimates of the optimal ACFI mix for a facility including the required resident mix to achieve a given level of profitability.
- Strategic planning and related budget forecasting (for example, the impact of increasing occupancy, expanding the facility or merging two facilities into one).
- Business analysis and operational reviews including benchmarking and analysis of in-house vs. outsourced service provision (for example, laundry, cleaning and kitchen services).
- Analysis and recommendations on human resource management and workforce planning with the aim of realising savings on employee costs or improving care management of residents.

KPMG's services focus on specialist business advisory services. KPMG's team comprises accountant, financial business analysts and specialists with clinical backgrounds and each member of the team has significant experience advising in the aged care sector.

KPMG does not duplicate accounting or auditing services that aged care providers already obtain from their own accountant.

To confirm eligibility, get more information about ACFI Advisory Services or to download an application form, please go to www.acfi.kpmg.com.au. Alternatively, KPMG can supply a hard copy of the form by mail or fax following a request on our Hotline 1800 633 719 or email ACFI@kpmg.com.au.

Survey of Independent Living Units

Do you provide housing for people on low incomes or with few assets? ACSA is circulating a survey on the provision of Independent Living Units that attract Commonwealth Rental Assistance, i.e. where the ingoing contribution is less than \$124,500.

These housing units, sometimes known as rentals, are generally located in retirement villages but others may be found dotted throughout the community.

ILUs were built primarily by not-for-profit providers from the 1950s to the mid 1980s with funding from the Commonwealth. Some have been renovated and 'made new' on a regular basis across that time span; others have fallen below current community housing standards. According to AHURI research in 2002, there are over 34,000 such units Australia-wide, comprising around 27% of all aged care housing, a not inconsiderable proportion.

The aim of the survey is to find whether the industry has lost any of these ILUs since the 2002 survey, whether providers have upgraded them or plan to, how much this would cost, and who calls them home.

ACSA will use this information for lobbying and to prepare a submission to Government on the action required to maintain this valuable stock of housing for older people.

Our survey is reached by clicking on the following weblink:

https://www.surveymonkey.com/s.aspx?sm=oaKqwBWWhtIBLoKgjkxBdw_3d_3d

Please fill it in and press 'DONE' to return it to us, by the **22 May**. If you have any queries please contact Lesley Dredge on 03 9686 3460 or email: ldredge@agedcare.org.au.

Electronic Health Records

The National Health and Hospitals Reform Commission (NHHRC) on 30 April released a supplementary paper to its Interim Report, outlining the Commission's support for person-controlled electronic health records for every Australian.

The Commission has made seven recommendations to make person-controlled electronic health records a reality. These include:

- By 2012, every Australian should be able to have a personal electronic health record that will at all times be owned and controlled by that person;
- The Commonwealth Government must legislate to ensure the privacy of a person's electronic health data, while enabling secure access to the data by the person's authorised health providers;
- The Commonwealth Government must introduce unique personal identifiers for health care by 1 July 2010;
- The Commonwealth Government must develop and implement an appropriate national social marketing strategy to inform consumers and health professionals about the significant benefits and safeguards of the proposed e-health approach; and
- The Commonwealth Government must mandate that the payment of public and private benefits for all health and aged care services be dependent upon the provision of data to patients, their authorised carers, and their authorised health providers, in a format that can be integrated into a personal electronic health record.

The NHHRC supplementary paper, Person-controlled Electronic Health Records, is available on the NHHRC website at www.nhhrc.org.au under Interim Report of the NHHRC.

National Registration and Accreditation Scheme for the Health Professions

The Ministerial Council on 8 May reached a national consensus on how the new National Registration and Accreditation Scheme for the Health Professions will work.

Ministers have made decisions on a number of issues including independent accreditation functions, changes to registers, general and specialist registers, extension of scheme to other professions, support for continuing professional development, handling of complaints, privacy and area of need arrangements. These decisions will be included in the exposure draft of the Health Practitioner Regulation National Law Bill 2009, which will be released by the Ministerial Council later in 2009 for a further round of public consultations.

National Hand Hygiene Initiative

A new hand hygiene initiative was launched on 5 May in a bid to reduce the antibiotic-resistant 'superbug' patient infections in all health care facilities.

It follows on from groundbreaking Australian research that shows using alcohol-based hand rub is the single most effective treatment in controlling /Staphylococcus aureus/ blood stream infections

(SAB), including the Methicillin-resistant /Staphylococcus aureus/ (MRSA) or 'golden staph' infections.

The program also aims to monitor hand hygiene practices and compliance among healthcare workers. Australia's National Hand Hygiene Initiative is being implemented by Hand Hygiene Australia.

Whilst the initial focus of the program is on acute-care hospitals, Hand Hygiene Australia resources will be available for all public and private healthcare facilities.

The program will have clear national guidelines for hand hygiene. It also includes an online education program to inform all healthcare workers about infection control and hand hygiene.

House of Representatives Carers Report

The Standing Committee on Family, Housing, Community and Youth has released its *Who Cares...?* Report, as mentioned in the last National Report. The wide-ranging report has 50 recommendations covering better support for carers.

Copies of the report available at the Committee's webpage:

<http://www.aph.gov.au/house/committee/>

IAHSA Call for Submissions Extended for International Design Program

To encourage more submissions from Europe, Asia, Africa, Australia / New Zealand and provide a balance and comparison to the US submissions IAHSA has extended the deadline for submissions until **20 May 2009**.

The link below to the conference Web site gives all of the necessary details and if someone has any questions please direct them to Emi Kiyota at ekiyota@aahsa.org.

<http://www.iahsa.net/LONDON/internalpage.aspx?id=5544>

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