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Helping
South Australians

ACSA COMMUNITY CARE CONFERENCE

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“The Business of Community Care in an Age of Consumer Choice”

A brief exploration of the drivers, characteristics and implications of increased consumer choice in community care

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What do we mean by consumer choice?

"The capacity for the consumer of aged support services to have the prerogative and means to specify, or directly purchase, the support and care services they need, according to their individual preference"

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This may translate to a spectrum of preferences:

- Cash – consumer “**control**”
- Budget holding (by provider or other) – consumer **“direction”**
- Traditional program funding – consumer **“engagement**”

The language is evolving!

Resourcing the consumer, not the provider, will reframe the aged care business environment!

The challenges of increasing consumer choice will include:

- Organisational Culture
- Staff outlook
- Information dissemination
- Client safety and quality
- Business planning and viability

The current system has many strengths, but…

- Historical policy-driven imbalance between consumers and provider sector
- Imperfect allocation and distribution of care funding, frequently resulting in…
- An absence of real choice for the consumer at the point of need
- Arbitrary assumptions about the cost of care
- Distortions in use of current funding streams to achieve desired outcomes
- Some absurdities in consumer pathways and services access
- Inappropriate “silos” – notably aged care and disability

What if we funded the person, rather than the program…?

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These considerations well recognized by:

- Hogan Review – which suggested residential/home choice
- Productivity Commission Reports
- Senate Inquiry into Aged Care
- National Health and Hospitals Reform Commission

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So what might this journey towards consumer choice mean for stakeholders?

And can we learn from overseas experience – specifically from Japan, UK, Germany and Austria?

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CONSUMER OUTCOMES

- Internationally, many older people are cautious about managing their care arrangements - so "having the choice about how much choice you want to exercise" is fundamental.

- Evidence in Japan that a competitive market for services limits service availability outside major population centres – our capacity for "pooling" packages aids access and flexible responses

- SO…

- Strategies to ensure service diversity and geographic accessibility are an unavoidable pre-requisite for true consumer choice.

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CONSUMER OUTCOMES (continued)…

- Access to good information for consumers and their advisors is a universal challenge everywhere

- A competitive market is seen as a driver of **quality** but all four countries are struggling with effective, non-intrusive ways of measuring quality in home care

- In the UK and Germany, ageing needs and disability needs are frequently met by the same providers, significantly improving the potential for continuity of care for those with lifelong disabilities

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CONSUMER OUTCOMES (continued)…

- The “single eligibility test/single funding stream” mechanisms in Germany and Japan do support genuine choice between institutional and home care, and

- in Germany, more people in the highest needs category are cared for at home than in residential care

- BUT…

- Japan appears to be experiencing a perverse outcome as under-expenditure (ie savings) in home care is encouraging municipal governments to restrict residential care capacity

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PROVIDER CONSIDERATIONS

Viability

- Individualised arrangements have to be ‘managed’ financially, so a significant back room cost - which will increase if there is frequent variation in client needs
- Fragmented purchasing will drive up costs (UK struggling with move away from “block purchase” pricing)
- Less business certainty may drive up costs
- How to manage distance?

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PROVIDER CONSIDERATIONS (continued)…

Investment

- Investment in community services infrastructure – offices, vehicles, IT – will be approached cautiously in a competitive environment
- Investment in staff may be at risk if business stability is uncertain (eg UK, Austria)

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PROVIDER CONSIDERATIONS (continued)...

Investment (continued)

- Voucher-driven choice between residential and home care may be seen to threaten existing capital investment in residential facilities, and…
- Current return on investment (ROI) in residential services is currently so low that providers may be even more reluctant to invest capital in a more market-driven environment – accelerating growth in home care and reducing choice
- BUT…
- Perceived threats to investment and business stability may be mitigated by a staged introduction, perhaps initially using growth funding

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PROVIDER CONSIDERATIONS (continued)…

Workforce

- Attitudinal challenges – the right of the consumer to choose
- Staff motivation, understanding and skills
- Leadership
  - Research/consultation/modelling
  - Conviction
  - Advocacy
  - Change management
  - Managed risk

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