



AGED CARE INDUSTRY COUNCIL

Peak Council of Australia's Aged Care Providers



CAP REVIEW GUIDANCE FOR MEMBERS

This document is designed to provide information on the industry response to the CAP review. It outlines the key messages that will be used in arguing industry's case to maintain the CAP in the short term and ensure Government action on viability issues in the longer term. It provides an outline of the issues and messages you may want to include in your own submission. ACIC (ACSA and ACAA) urges you to make your own submission to strengthen industry's impact on the review process and on Government action on this issue.

Background

- The CAP review will be conducted, over a short time period (July – October), by the departments of Health and Ageing, Prime Minister and Cabinet, Treasury, Finance and Deregulation and Veterans' Affairs.
- The review has two principal Terms of Reference essentially:
 - Has the CAP been successful in improving efficiency?
 - Is it still needed?
- ACSA and ACAA are discussing the development of a joint submission on this issue as it is one on which it will be important to have an industry position. If there is not a joint submission positions will be co-ordinated and consistent.

Individual Provider Submissions

- It will be important for individual service providers to make submissions.
- Your individual organisation submission can reinforce the key industry messages but more importantly outline the real impact at the local and human level.
- Your submission should relate the issues to your local story. It is always effective to provide real life examples of the impact on care for residents and on your staff.

Industry Key Messages

Overall Position

- The CAP must be maintained, and indexed, beyond 2008/09. It must also be extended to cover community care programs.
- The long term viability of aged care must be addressed given Australia's changing demographics and the Governments health reform agenda.

Industry/Provider View of the CAP

- The CAP was only ever designed as a temporary patch and creates a holding position.
- The CAP is only available to residential care. Community care costs are rising too and the CAP needs to be made available for these services.
- The CAP does not address all recurrent (or capital) funding/costs issues. 40% of providers nationally operate in deficit. The top 25% financial performers are not typical of industry (includes extra services and shared rooms)

Consequences of Not Addressing Viability Issues

- Reduced standard of service to clients – fewer hours of care per day/week*
- Underpaid workforce, reduced ability to pay competitive wages and recruit/retain staff. Workforce conditions (e.g. casualisation). Impact on working families.*
- Organisations operating in deficit*
- Compromised viability affects access
- Specific rural (and poorer suburb) issues*
- Risk of compromising health and hospital reform strategy, social inclusion if aged care is a weak link.

* *These issues lend themselves to localising the impact on your residents and staff.*

Efficiencies

- The stated policy intent of the CAP was to maintain viability while efficiency oriented reforms (providing training to staff and recording it on the annual training declaration, reporting financial outcomes for the residential care ‘segment’ of an organisation’s operations via audited General Purpose Financial Statements and participating in periodic workforce surveys) were put in place.
- It is likely that the review will consider whether efficiencies have been achieved and if it were to continue what other efficiencies could be possible. Industry needs to consider what sustainable future efficiencies may be able to be offered. Examples could include:
 - IT investment
 - Nurse Practitioners, greater workforce flexibility
 - Award modernisation
 - Reforming the aged care regulatory framework
 - National Resident Agreement (industry initiative)
 - Working with Vulnerable Persons Police Check (industry initiative)

Your views on sustainable efficiencies that industry could offer are sought.

Government Action Required

1. Immediate

- Maintain the CAP, and continue to index it, beyond 2008/09 pending longer term resolution of issues.
- Extend to community care programs.

2. Longer Term Options

Possibilities include:

- Index aged care by health sector wage cost index (addresses wages competitiveness)
- Introduce aged and community care specific index
- Allow greater scope for user pays (capital and recurrent – with strong safety net)
- Investigate the potential Long term care insurance, as component?

The final submission may include a preference for a particular long term solution.

Next Steps

- Joint submission discussions will continue between ACSA and ACAA.
- We will provide a copy of the final submission ASAP for your use.
- A proforma covering letter for your own submission will be developed which you may choose to use.

We would welcome your suggestions on content of the submission generally and on efficiencies specifically. Please send any comments as soon as you can to psparrow@agedcare.org.au