



**Aged & Community
Services • Australia**



CONNECTING & INTEGRATING HEALTH & AGED CARE SERVICES

ACSA'S RESPONSE TO THE NATIONAL
HEALTH AND HOSPITALS REFORM AGENDA

DECEMBER 2009

Introduction

ACSA welcomes the proposed reform agenda outlined in the NH&HRC report *A Healthier Future for All Australians* released by the Rudd Government in July 2009.

The aged and community care sector's calls for reform, over many years, have been supported by the Productivity Commission, the recent Senate Inquiry into Residential and Community Care and other reports including Professor Hogan's 2004 *Review of Pricing Arrangements in Residential Aged Care*.

The NH&HRC agenda provides a once in a generation opportunity to get health and aged care right for our growing aged population, who are significant users of hospitals and other health services in addition to residential and community aged care. In 2004, older people made up 53 per cent of people in hospital on any one night. Older people are less likely to return to their usual residence after a stay in hospital and more likely to enter residential care.

To ensure genuine and effective health reform, it is imperative that aged care services are supported to prevent unnecessary admissions to hospital; enable the timely discharge of older people, and foster their recuperation upon returning to their homes in either residential or community settings.

The role of aged care is integral to the NH&HRC reform agenda which includes a greater emphasis on prevention and primary care, as well as greater flexibility, consumer choice and control.

The Government has recognised that further detailed work is required in relation to the aged care recommendations and has properly referred them to the Productivity Commission for review.

The aged care industry is committed to working with Government to further develop and implement changes which meet the objective of providing a healthier future for all Australians, in particular the three goals specifically outlined for aged care:

- ensuring greater choice and responsiveness for consumers;
- getting the most effective use of public monies while protecting those older people who are most in need;
- creating an environment that fosters a robust and sustainable aged care sector.

This paper outlines the industry's initial views on the reform and proposes a range of short term measures to alleviate current inequities and funding shortfalls, transition plans for necessary reforms, and long-term funding proposals for a sustainable, responsive and consumer-driven aged care system.

Aged and Community Care Industry View of Reform

The fundamental tenet of the proposed reforms in aged care is the introduction of greater consumer choice and control. In aged care, and its interface with the broader health system, it is proposed that:

- Government would fund a set number of older people who, if eligible, would choose the type of service (residential or community) they want as well as who would provide it. The supply of beds and packages would no longer be controlled by Government but by competing providers responding to consumer demand.
- Community care funding would be redesigned by introducing more flexible funding (an additional five payment levels in packaged care is suggested) and by the Commonwealth Government having full responsibility for the HACC and ACAT programs.
- Bonds and other alternative approaches to consumer payment for accommodation would be introduced along with a regular review of care funding for residential services.
- The whole system would be underpinned by an electronic client/patient record enabling seamless transitions between any services required.

Aged and community care providers are in favour of consumers having choice and operating in a more mature and open environment. Currently the industry operates within a highly Government regulated environment and society is used to Government funding certain types of services to support a range of aged care needs.

Moving from one system to the other requires a balanced and staged approach for both the consumer and the service system. This is necessary to minimise the risk of disruption to the supply of services. Moreover, international literature and experience shows that the take up of consumer directed options by older people is limited unless there is a strong service system, good information and specific supports in place.

There are a number of actions that need to occur as precursors to reform. These actions address access and sustainability issues to ensure aged care services can continue to support older people and their health care needs. Details of these are outlined in *Preparing for Reform* on pages 11-14.

Consumer Choice & Provider Competition

Access to quality aged and community care services should be an entitlement for all older Australians.

The NH&HRC report is strong on relaxing supply regulation initially to create greater competition and through that choice. The Productivity Commission Research Paper [Trends in Aged Care Services: some implications] (September 2008) considered the regulatory environment in aged care and proposed a different approach to moving to a consumer demand led market. It proposes that supply and price regulation be removed with Government being responsible for ensuring that there are enough places for people who can't afford to pay, or

“concessional” residents. Professor Hogan also considered this issue and similarly advocated¹ for a true market economy with no supply controls in place, with a safety net for those with limited market power.

Regardless of which model is ultimately adopted, price controls need to be relaxed at the same time as supply controls. Without the ability to raise adequate capital and charge a fair service price (to Government and/or consumers) providers will not be able to build/develop the additional services required for there to be a choice. Bonds and other alternative approaches to paying for accommodation should be introduced as supply is relaxed and with a safety net to protect people who can not afford to pay.

ACSA recommends that supply & price controls be relaxed at the same time to allow providers to offer additional services and provide choice for consumers. ACSA recommends a 5-10 year staged approach which would gradually broaden choice and introduce competition. Staging options include:

- *Removing artificial divisions between the numbers of high/low care places (beds and packages) required in a geographic location and enabling providers to convert services to match current and predicted client needs;*
- *Removing the regional extra service cap and allowing each organisation to provide the level of extra service it believes can be supported by its local community; and*
- *Enabling beds to be converted into other supported housing/congregate care options serviced by community packages.*

Within the next year (2010) a staged reform package, including a plan to develop industry capacity to respond to relaxed supply and pricing regulation in a competitive market, accompanied by a structural adjustment package, must be put in place to support this change.

Linking Subsidies and People

The NH&HRC report recommends redirecting Government funding from beds/places offered through the Aged Care Approvals Round (ACAR) to a set number of older people assessed as eligible for Government funded aged care services. Moving funding from beds/places (supply) to the people who need the services still provides a mechanism for Government to control demand and through that its expenditure. However, there is potential for only the number of people Government can afford to fund to be assessed as eligible under this system. ACSA believes that access to aged care services is an entitlement for all older people who need them. This proposal by the NH&HRC could make aged care a tightly rationed service and deny access to people who require support.

ACSA recommends that in the interim funding remains linked to beds/places rather than people. In the long term assessment needs to occur independently of government funding and policy decisions to ensure that all people who require care are able to access it. Separate decisions can then be made about whether the person is eligible for financial support from Government. A new assessment service will be needed to achieve this (refer page 9 for further comment on assessment).

¹ In public comments subsequent to his report.

Consolidation of Government Responsibility for Aged Care

The report advocates that the Commonwealth Government be fully responsible for aged and community care services. This requires the transfer of the HACC program's aged care components (approximately 76.7% of the program) and would allow consolidation of more than 15 separate community care programs. Government could then create one funding program, including one set of quality and accountability requirements, producing a much stronger community care system as well as an administrative saving which can be invested in better supporting older Australians.

While the interface with State disability services will need to be carefully managed, ACSA supports the Commonwealth Government taking full responsibility for aged care services.

Government and the Department of Health & Ageing must work in partnership with the aged care industry. Currently programs are micromanaged by the Department tying services in red tape which inhibits innovation and flexibility. Government needs to be clear about its expectations and implement a streamlined regulatory process and allow aged care organisations to manage and provide quality services.

There are numerous recommendations about which regulations need removal or reform including those from the Productivity Commission's *Annual Review of Regulatory Burdens on Business 2009*. ACSA's submission to this review included proposals for the reform of the building certification process, accreditation and the complaints investigation scheme as well as other areas. The submission can be viewed at <http://www.agedcare.org.au/POLICIES-&-POSITION/Submissions.htm>

ACSA recommends regulatory reform is undertaken in line with its submission to the Productivity Commissions Annual Review of Regulatory Burdens on Business 2009.

Planning for Aged Care

The report recommends replacing the current planning ratio based on the number of people aged 70 years or greater, with one based on the needs of people aged 85 or greater. There are mixed views on whether 85 years of age is the most appropriate predictor of the need for aged care services. Life expectancy is higher in wealthier populations than those who are socially and economically disadvantaged. The use of 85 years of age in the planning ratio may unintentionally skew service availability to healthier and wealthier communities further disadvantaging people from lower socio-economic areas. This must not be allowed to happen. A study should be undertaken to ensure 85 is the age base which delivers the level of services for all older people who require them.

Consideration should also be given to including other data needed to determine the demand for services, particularly if moves are made to increase the financial contribution by consumers (through bonds and other forms of capital payment). The data could include socio-economic indicators such as the Index of Relative Socio-Economic Disadvantage –IRSED.

ACSA believes that there should be a match between the level and type of aged care services available and the needs of older people. Fixed service ratios and capping the supply of services, which take pressure off more costly parts of the health system, is not good policy.

Any changes to the ratio must deliver and distribute the level of services required to meet the needs of older people into the future regardless of where they live.

ACSA recommends Government formally review whether 85 years of age or greater is the correct basis for a future planning ratio and model its impact on the number and distribution of places. Other data required to enhance the planning process should also be considered as part of the review.

New Service Models

The planned reforms will open new opportunities for aged care services to support older people's needs and play a more active role as health services. New service models that should be considered include:

Alternative Forms of Accommodation & Housing

Demand for low care residential services has been gradually decreasing as a result of consumer choice to live at home for as long as possible and Government policies targeting subsidies to people with high care needs. Some people need more support than community care can currently offer but they do not want, or are ineligible, to enter residential care. Residential care will always be required but should be complemented by a range of other accommodation and care options. Creating other supported housing options, including individual or group-based models, should be explicitly encouraged as part of the reform process. Enabling residential beds to be converted into other supported housing options serviced by community packages would be one way of increasing choice in accommodation.

Sub-Acute, Transition and Restorative Services

The NH&HRC report recognises that as our population ages there will be an increasing need for services which assist people to maximise their independence. Access to such services should not be determined purely on where you live or whether you have experienced an acute episode. People who can benefit from such services need to be identified, referred and supported to maintain their independence.

An effective system of restorative, transition and sub-acute services would maintain the optimum level of independence for each individual, supporting them to be their best regardless of whether they live at home or in a residential care setting, reducing health care costs overall. Aged care providers with the appropriate capacity should be able to supply sub-acute, transition and/or restorative services in addition to hospitals, providing greater access to such services. This would require aged care to be enabled (through program guidelines and funding arrangements) to provide short term or episodic care rather than the more traditional long term model that dominates particularly in residential care.

Day Therapy services already provide ongoing rehabilitation in the aged care system and are one of the few services that can be accessed by older people living in their own home or in a residential setting. Day Therapy services are a central component of a good restorative system and should be recognised as such through funding that meets the real service costs as well as expansion of the system.

Consumer support

The introduction of greater consumer choice will have system costs including the need for formal support services and case management if it is to be successful. In the United Kingdom, where personal budgets are being introduced, older people have been slow to take advantage of greater choice and there is a growing number of mentoring and advice services being offered to guide and support consumers knowledge and decision making. Services to support older people through the choice process need to be funded as an essential part of the reform package.

ACSA recommends that the reform process actively encourages and funds new service models in housing, consumer support and sub-acute services in aged care.

Community Care subsidies/service levels

The current step between the low level community care offered by a CACP and a high level EACH package is too large. The NH&HRC has recognised this and recommends the introduction of more flexible funding arrangements suggesting that an additional five pay points may be required.

ACSA has developed a vision for a new generation of community care services with flexible funding based on an individual consumer's needs resulting in each person receiving a notional or indicative budget. Funding could be used for specific episodes of restorative care and/or ongoing support services and might be completely managed by a service provider or jointly by arrangement between a service provider and a consumer. Services would need to be purchased from an approved provider or from a network of approved providers. All types of services, including purchase of aids and equipment, are in scope.

Funding would support low, medium and high level needs with the provider able to increase or decrease supports in line with changing needs. Regular reviews of the consumer's needs and associated funding would occur.

System wide and infrastructure costs would be funded either through:

- preserving a proportion of an individual's budget; or
- a separate Government funding stream direct to providers.

The costs include:

- assessment (both eligibility and needs) and case management, emergency, episodic or transition services for consumers; and

- research & development, IT, training and administration for service providers.

ACSA strongly supports the need to have more flexibility in the level of care that can be provided. It is suggested that HACC, CACPs & EACH programs are merged to create one program. A range of funding levels that can be flexibly applied to meeting individual, and changing, client needs should be introduced as part of this new program.

The NH&HRC report advocates the need for a regular review of care funding for residential services. ACSA strongly supports such a review to ensure the real costs of providing care are met. However, it should not be limited to residential care funding. Regular reviews of community care funding are also required to ensure ongoing service delivery. In community care we have seen Community Aged Care Package (CACP) hours decrease from 7 hours per week to 5 hours (or less in some rural and remote areas) as a result of inadequate price indexation. This is not acceptable.

ACSA strongly supports the need for regular funding reviews in both community and residential care.

Separating Accommodation & Care

Residential aged care comprises the provision of both accommodation and care services. Generally these aspects are lumped together in considering aged care funding and revenue arrangements. The predominant view is that both aspects are a Government responsibility despite the fact that throughout life people generally pay for their own accommodation unless they are unable to afford to do so.

The aged care industry is facing real financial issues in providing quality care that meets consumer expectations and building residential care facilities. Many providers are opting not to build new aged care homes because they are unable to meet the costs.

The growing demand for aged care services, and a constrained tax base in years to come, will necessitate the Australian community having a real debate about how aged care is funded and who pays for it. Separating the concepts of accommodation and care would facilitate such a debate and open other possibilities for different types of accommodation to meet consumers' needs. It should be noted that care needs, such as those relating to dementia or higher acuity levels, can impact on the design and costs of aged care buildings. Funding for accommodation related to the care required, needs to acknowledge this to provide equity of access.

There needs to be greater alignment between residential and community care funding, based on an individual's needs, not on the setting in which the service is provided.

ACSA recommends that Government separate accommodation and care as two funding streams and encourage public debate about personal and public responsibilities for paying for these services.

Assessment

Aged Care Assessment Teams (ACATs) are the gate keepers for entry into Commonwealth funded aged care programs and assess people's eligibility to receive care services. State Governments also fund ACATs for a range of tasks including case managing the care of older people. ACAT needs to be reviewed and redefined in a reformed Commonwealth aged care program.

ACSA supports ACATs becoming the sole responsibility of the Commonwealth Government with a review of its role, operations, capability and resourcing being undertaken. The review should also consider whether the assessment role could be filled more effectively by other bodies within the service system (as is currently the case for the Veterans' Home Care Program).

Effort and resourcing has gone into developing standardised assessment frameworks for residential and community care and the NH&HRC recommends taking this further by aligning these assessments (and ultimately subsidies). ACATs do not use consistent assessment tools or tools that match with the services to which they refer. Assessment should be consistent and "fit for purpose". Assessment for community and residential care requires consideration of some core elements but also different areas of people's lives. Where people only require minimal services (e.g. Meals on Wheels or domestic assistance through the HACC Program) assessments should be kept simple. The creation of electronic records will assist in capturing information from assessments that can be reviewed and built on as a person's needs progress.

ACSA recommends that consistent tools, which recognise the inherent differences in community and residential care, be developed and that these tools are "fit for purpose".

Electronic Health Record

It is imperative that e-health records and effective connectivity between services underpins the system. E-health records should be able to be used by aged care & health services. There are different levels of IT readiness in both health and aged care. Support will be required to ensure that all organisations can use the e-health system including staff training. Aged care services will need financial assistance to meet the costs of establishing these records in line with Government initiatives in other health related sectors.

ACSA supports the development and use of e-health records and enhanced capacity across aged care and all health settings. Funding to build IT capacity is essential for aged care providers to participate in the new system.

Workforce

The NH&HRC report recognises the critical role the workforce will play in a reformed aged and health care system.

The industry is experiencing increasing difficulties in attracting and retaining all types of staff required to deliver critical services. The recent report - *Who Cares for Older Australians? A Picture of the Residential and Community Based Aged Care Workforce, 2007* - from the

National Institute of Labour Studies (NILS) contains data which indicates that a quarter of personal carers and community care workers (the largest group of employees) and one in five nurses have to be replaced each year.

The ability to attract and retain staff is affected by ongoing workforce shortages (particularly in nursing) and by lower rates of pay in aged care. This occurs as a direct result of the current Government funding model which does not recognise or support the need to pay competitive wages, or the real costs of delivering quality services. More generous funding increases made available to the public and private hospital systems have supported higher wage outcomes in these sectors and made it more difficult for aged care providers to compete.

The current service models, particularly in residential aged care, have been in place for many years. Residential care is heavily premised on the availability of nurses at a time of international shortage. The current model requires nurses to undertake many and varied roles, including management and keeping pace with the excessive government paperwork regime and don't always make the best use of their clinical skills.

New models which utilise nurses, and all staff, skills more effectively are required. One such model is the Teaching Nursing Home which links aged care homes and staff into clinical training programs for student nurses to increase their skills and encourage and support them in a career in aged care. A scoping study and national pilot trial should occur over a two year period commencing in 2010. It is believed that this will enhance recruitment and retention strategies overall as well as building staff capacity to meet the increasingly complex needs of residents. Other models – including those which support arrangements between aged care, primary health care providers and geriatricians to provide visiting sessions and on-call medical care to residents of aged care homes - should also be identified and trialled.

In community care, Government program constructs and industrial demarcation create rigidities that work against flexible service delivery. Redesigning and reducing the number of current program and funding arrangements would enable new models, which make better use of existing resources, to be developed.

In addition to these measures, the employment of overseas care workers on visas, particularly in rural and remote regions, should be made easier to allow providers to operate effectively if and when there are staff shortages which impact on the ability to deliver services.

A key issue in both residential and community care is the over-regulation of nursing work, particularly in relation to medication administration and management. COAG has committed to the creation of an efficient national regulatory regime for nursing and this should be executed quickly to get the best workforce outcomes possible to support the introduction of the NH&HRC reforms.

ACSA recommends that a new indexation methodology be developed that enables all aged care providers to pay competitive wages. (Refer page 12 & 13 for further details).

ACSA recommends undertaking a scoping study and national pilot trial of Teaching Nursing Homes and other innovative models.

ACSA recommends the adoption of more flexible work practices to utilise skills of all staff more effectively.

Special Needs Groups

The Aged Care Act identifies a number of special needs groups:

- homeless people;
- Aborigines and Torres Strait Islanders;
- people from a culturally and linguistically diverse backgrounds;
- veterans;
- people who live in rural and remote areas; and
- people who are financially or socially disadvantaged.²

Special consideration and assistance is given to these groups to ensure equity of access to aged care services.

ACSA recommends that implementation of the NH&HRC reforms take the specific needs of these groups into account to ensure better outcomes.

Preparing for Reform

ACSA's support for the reform agenda is based on the belief that much more can be achieved to successfully support older people **but** only with a fully functioning and sustainable aged care service system. Aged care can maximise older people's well being and reduce the load on more intensive and expensive health interventions including hospital treatment. This is evidenced by the number of people who:

- remain in hospital solely because an aged care service is not available; or
- frequently present at hospitals due to there not being enough support available at home.

Current program and financial arrangements mean that there are not enough aged care services of the type or level required to meet the demand.

The industry is responding to the ongoing inadequacy of funding in the only ways it can:

➤ **Reducing the hours of care provided**

In residential care both staff and residents complain about the lack of time they spend together.³ Community Aged Care packages (CACCP) used to provide 7 hours or more of support each week but now deliver only 5 hours⁴.

² The Prime Minister has also recently highlighted "care leavers" as a new special needs group for aged care.

³ ACSA market research & NILS Census.

⁴ Report on Government Service Provision 2009.

- **Not accepting certain kinds of residents**
The introduction of the Aged Care Funding Instrument (ACFI) has significantly reduced the amount of funding paid to support some people with low care needs. Aged care providers are increasingly being forced to deny these people access to residential care to ensure that their services remain financially viable for all other older people who require them.
- **Declining to apply for more aged care beds.**
During the last round of applications for bed licences, nearly 2000 residential care places were not taken up. In addition, 786 bed licences were handed back because providers could simply not afford to build facilities to accommodate the beds.

Without action these trends will continue and older people's access to these essential services will be ever more limited and will result in ongoing blockages in the health system overall.

Implementing significant fundamental reform when the system is groaning under the weight of grossly inadequate income (Government and consumer) as well as increased demand and expectation, will threaten the very existence of aged care services and the success of the reform agenda.

The first step in the process must be to create a sustainable industry robust enough to successfully execute the far reaching reform program.

These steps include developing:

1. An indexation formula which meets the real costs of providing quality care.

The current indexation methodology for residential and packaged care is the Commonwealth Own Purpose Outlay (COPO) formula⁵. COPO delivers an annual average increase of only 2% and sometimes less, while aged care providers are typically experiencing annual increases of approx 5-6%⁶. These increases are due to the rising cost of wages (which represent approximately 75% of a provider's expenditure); insurance premiums; compliance with workers' compensation regulations and Government administrative requirements; fees and other costs associated with accreditation for residential care; and accountability costs for community care.

The Federal Government's new industrial relations system will significantly increase costs to service providers in all states (up to 11% in South Australia) and will place even greater pressures on services. Providers will be forced to further reduce services to frail older people to absorb these costs.

⁵ COPO comprises 25% CPI and 75% Labour Costs (calculated as the dollar value of the Safety Net Adjustment divided by Average Weekly Earnings). This gives a lower % increase to providers than the minimum wage increases.

⁶ See for example data collected by Stewart Brown and Co which shows that cost increases for all levels of residential care outstripped revenue in 2008/09.

While it has been claimed that COPO is a “whole of Government” approach, the Veterans’ Home Care Program (comparable to the Home and Community Care Program) uses a different indexation method. Clearly other indices can be applied where it is relevant to the sector and services being funded. Aged and community care is just such a case.

ACSA recommends that a new indexation methodology be developed and applied to all aged care services. The methodology should include linking the assessment of aged care wage rates to those in the broader health system.

2. A Sustainable Capital Raising System to Build Quality Facilities.

The capital cost of aged care homes is financed through a combination of government funding and user contributions. Older people without sufficient assets, as assessed by a Government test, do not have to pay a contribution towards the cost of their accommodation. Government pays \$26.88 per day for those persons without sufficient means. Independent analysis shows that the cost to build high care beds is at least 50% more than that.⁷ Some 72% of new residents in aged care homes require high level care. These clients pay much less than the real cost of the accommodation provided.

ACSA recommends that Government create a sustainable capital raising system to ensure the ongoing provision of residential care services. Features of such a system include:

- *Uncapping the daily accommodation charge for those with high incomes and increasing it for those on a medium income so it is equivalent to the average building costs of residential care in the relevant region⁸;*
- *Introducing the option of bonds for high care; and*
- *Linking government payments (the accommodation subsidy) for concessional residents to the average cost of building residential aged care⁹.*

These measures must be introduced as an integrated package to achieve any real reform.

A national roundtable must be held during 2010 for key politicians, aged care providers, consumer representatives, senior Government officials and financial experts to agree on solutions to this long standing issue.

3. An effective community care service system.

In 2007, the Australian Institute of Health and Welfare (AIHW) reported that 1,004,400 Australians aged 65 years and over need some form of assistance to help them stay in their own homes. More than 330,000 of these people indicated their care needs were being met

⁷ It has been estimated that a break even cost per bed day is \$40.32 not including the cost of the land, care provided or any return on investment. *Economic evaluation of capital financing of high care, March 2009.* Report by Access Economics Pty Limited for Anglicare Australia, Baptist Care Australia, Catholic Health Australia, Churches of Christ Living Care, Lutheran Aged Care Australia, Sir Moses Montefiore Jewish Home, National Presbyterian Aged Care Network, UnitingCare Australia.

⁸ Building costs include land, construction, fit out and financing costs which can be obtained from a variety of independent sources including Rawlinsons Survey of building costs and a variety of valuation reports.

⁹ As above

only partially, and over 50,000 indicated that their needs were *not being met at all*.¹⁰ In attempts to meet this demand, community care services are being rationed and spread thinly with approximately a quarter of a million older people receiving an average of just 31 hours domestic assistance per year (or 35.7 minutes per week) and 80,028 very frail clients receiving an average of 54 hours of personal care (showering and shaving) per year (or 62 minutes per week).¹¹ Declining hours in packaged care have already been described on page 11.

There needs to be more community care available as well as greater flexibility for services to meet the increasing needs of clients.

ACSA recommends providing increased funding for community care services to enable a more appropriate level of care to be offered to existing clients. ACSA recommends a 20% (or \$220.78m) increase to the Home & Community Care (HACC) Program and 10% (or \$58.89m) increase for Community Aged Care Packages (CACP), Extended Aged Care at Home packages (EACH) and Extended Aged Care at Home Dementia (EACHD) packages in 2009-10. Annual funding should be increased by a minimum of 8% to ensure continuing real growth.

These three actions will create a sustainable base on which to introduce broader health reform.

Implementing Successful Reform

ACSA wants to work with Government to successfully reform aged care services. While the Productivity Commission review is occurring, and subsequently as Government moves towards implementing reforms, a partnership with the aged and community care sector is essential. The development of the health reforms and the more specific aged care agenda requires input from the industry including practical on the ground advice if it is to be realistic and successful for all stakeholders – Government, older people and the aged care industry.

An implementation committee needs to be established immediately to provide this input. Membership of the committee should comprise relevant arms of Government, including the central agencies, consumer and industry representation.

A Staged Approach

In staging the introduction of the reform agenda there are a number of actions that stand out as needing to happen while further detailed work occurs in some areas. The 2010-11 Federal Budget provides an ideal opportunity to take these first steps.

¹⁰ AIHW *Older Australians at a Glance* (November 2007): 102-104.

¹¹ HACC MDS Statistical Bulletin 2006-07: 13-14

http://www.health.gov.au/internet/main/publishing.nsf/Content/hacc-pub_mds_sb_2006-07.htm-hacc-pub_mds_sb_2006-07-3.htm

From an aged care perspective these steps include:

- Establishing a Government/industry committee to discuss the NH&HRC recommendations and work with the Productivity Commission review (refer above for details);
- Developing a staged reform package, including a plan to develop industry capacity to respond to relaxed supply and pricing regulation in a competitive market, accompanied by a structural adjustment package. (Refer page 3 & 4 for further details).
- Commitment to, and development of, a real indexation method for all aged and community care services (refer page 12 & 13 for details);
- Designing and introducing a new sustainable capital raising system (refer page 13 for details);
- Creating a more effective community care service system (refer page 13 & 14 for details);
- Reviewing the most appropriate basis for planning aged care services, including what information is required to enhance the planning process (refer pg 5 & 6 for details);
- Undertaking pilots of new service models including teaching nursing homes (refer pg 9 & 10 for details); and
- Providing IT capacity funding for aged and community care providers (refer page 9 for details).

Conclusion

ACSA commends the Government for putting reform of the health and aged care systems on the national agenda. It is a key element of Australia's preparation to meet the needs of an ageing population. ACSA looks forward to working in partnership and co-operation with Government to deliver a *healthier future for all older Australians*.