

# *The National Report*

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Aged & Community Services Australia**



## *Special Edition*

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*No doubt by now you will be aware of the Prime Ministers aged care announcement. In this special edition of the National Report we outline the details of the announcement, as they are currently known. We have been as clear as the information available allows but there are still significant unanswered questions. ACSA will be seeking answers to these in the coming days. This is the first step in a longer term reform process and much more needs to be done. At the end of this report we outline the work of the Campaign for the Care of Older Australians which focuses on getting fundamental reform of aged care services.*

Clearly this package is a sweetener in the lead up to the COAG meeting next Monday (19/4). We, along with State Governments, have been seeking greater detail about aged care and health reform.

While today's focus on aged care issues and additional resources are welcome this package does not address the fundamental issues of grossly inadequate and poorly indexed funding and capital arrangements plaguing our industry. This can only be seen as a first step in a longer term reform process. Government will no doubt point to the soon to be announced Productivity Commission Review as the logical place for the more fundamental reforms to be considered. ACSA supports this review but will be expecting real change and action as a result.

Short term action is still needed to ensure that aged care services are available for older people when the Commission Reports. ACSA is arguing for the Conditional Adjustment Payment (CAP) to be reintroduced and extended to community care. This is purely a mechanism for adequate indexation on service delivery, matching the funding to the real costs of delivering the care required.

Reforming aged care services should not be made a political football and be dependent on state governments agreeing to a raft of other health reforms. Reform of aged care should proceed because it is important to ensure that older people have choice of, and access to, sustainable aged care services.

## The Aged Care Announcement

The package totals \$739 million over 4 years. Government is stating that this will support, or provide, an additional 5,000 places.

*Commonwealth accepting responsibility for all aged care – including the Home & Community Care Program – from July 2012. An additional \$34 million will also be provided for HACC transition.*

This is the biggest policy reform item in the package. It presents the best opportunity to streamline community based services, funding, regulation and accountability requirements. With the introduction of this reform Government aims to enable seamless transition for people between the different levels of care. While the announcement does not specifically state whether the Commonwealth will assume responsibility for ACATs, this reform is also designed to enable more simplified and integrated assessment across all forms of care.

The issue of disaggregating services for younger people with disabilities will need to be carefully worked through and ACSA will seek further detail about how this will be done.

The level of indexation provided through HACC has been supplemented by some State Governments and it is critical that this is not lost in the transfer. The issue of local government's additional funding for HACC services in Victoria will also need to be addressed. It will also be extremely important that contracting arrangements with providers, currently running on a triennial basis, are not adversely affected by the 2012 start date.

*\$32 million to establish one stop shops throughout Australia to help older people and families access information and assessment for aged care services.*

Consumer groups have been calling for Government to fix the “front end” of services for consumers and the one step shops appear to be in response to this call. The one stop shop will also provide links to assessment services (including through the Commonwealth purchasing more complex assessment directly from ACATs) and assist people access the services they need.

It is unclear how they will articulate with the current access points trial in each state and the existing CareLink centres. Any increased role for the ACATs will need to be adequately resourced to avoid creating bottlenecks in the system.

*\$300 million to provide more zero real interest rate loans (ZRILs) to support the development of 2500 extra aged care places.*

The issues with zero real interest loans centre on the fact that many providers can't actually afford to build the beds or repay the loan as a result of the current capital arrangements. This package does address one issue that has affected providers in the past which is that the previous short term nature of the ZRILs meant that they fall due before bank financing – making banks reluctant to lend to providers using ZRILs. The repayment period has now been extended from 12 to 22 years.

In addition the loans can now be made available for places that have already been allocated but are not yet operational.

The loans will be made available in two rounds of \$150 million in conjunction with the 2010-11 and 2011-12 ACAR.

### **More land and fast development for residential aged care facilities.**

This measure flags that the Commonwealth Government will work with state governments to release more land for aged care and speed up planning approvals. Given this is based on

Governments working together and will have to be agreed by the states it is not clear at this stage what will actually be achieved.

### **\$120 million capital funding for Multi-Purpose Services**

The funding is for sub acute beds (or bed equivalents) and Government has estimated it will provide an additional 286 beds. In addition Government will make it easier to establish MPSs in larger communities. Generally industry has supported an expansion of the MPS program to meet the needs of rural and remote areas.

### **\$280 million for long stay older patients.**

This is funding to state governments to meet the costs of caring for long stay older patients who can't be discharged because there is no bed or package available. The amount provided to the states will be equivalent to the average aged care subsidy. It is unclear exactly how this initiative will work in relation to hospital funding already provided.

### **\$96 million for GPs to attend older people in residential care services.**

The Commonwealth has estimated this will provide an additional 105,000 visits over the four years. The payments to GPs who provide at least 140 attendances per year will be doubled from \$1,500 - \$3,000.

In addition, Government announced today the creation of primary health care organisations (PHCOs) that will have a flexible funding pool to fill gaps in these services – such as allied health – for people missing out. The PHCO nationwide network will also work with the local Hospital Network to assist with patients transition out of hospital and into aged care.

### **\$10 million for the Community Care Viability Supplement**

This funding will continue and increase the viability supplement for rural, regional and remote community care services. The supplement was originally established as a \$19.4 million program in 2006. At the time ACSA argued that at least three times that was needed just to achieve equity with the viability supplement for residential aged care. The supplement has only been indexed annually since its inception. This increase will provide some welcome assistance to providers struggling with increasing costs, including food and transport, associated with location.

### **Consumer Directed Care Packages**

1,200 packages (1,000 community care packages and 200 respite packages) in which consumers will have greater control and choice about the services they receive and the way they are delivered. Many community care organisations are trialling consumer directed care service

delivery and these packages will add to the industry knowledge and experience on this model of delivery. ACSA will shortly release Consumer Directed Care Principles which seek to support both service providers and consumers.

### **\$3 million on the CIS and Mediation**

This initiative will provide funds to improve the CIS complaints handling as well as providing access to mediation and conciliation services. This initiative is based on the as yet unreleased independent review of the CIS which found that the scheme needed to be strengthened. Funding for the CIS will reduce caseloads to improve timeliness and thoroughness of the investigations.

Of significant note is that Government has flagged it will work with the Ageing Consultative Committee (on which Greg Mundy represents ACSA) to develop and implement other improvements to the scheme, including broadening the range of options for resolution through mediation and conciliation. Industry has been calling for mediation and conciliation to be reintroduced to the CIS for some time.

### **\$22 million on Prudential Arrangements**

This initiative is aimed at safeguarding residents finances which are held as bonds. Legislation to strengthen the current arrangements will state the permitted uses of bonds (currently they can be used for any purpose consistent with the purposes of the Aged Care Act), improve reporting requirements, introduce criminal penalties for the misuse of funds and put in a place a regime consistent with these changes. ACSA has already commenced discussions with the Office of Prudential Regulation to ensure that whatever these changes are they do not result in increased and unnecessary regulation.

### **Productivity Commission Terms of Reference**

Today the Government has said that the Terms of Reference for this long awaited review will be released at COAG on Monday 19<sup>th</sup> April after consultation with the states and territories.

## **Next Steps - The Grand Plan**

It's clear that there is still much to be done for aged care reform to meet the needs of consumers and address the issues industry faces.

In the days and weeks to come ACSA, along with the 10 faith based and peak bodies that form the Campaign for the Care of Older Australians (CCOA), will release *The Grand Plan* for aged care. This is the campaign's central policy plank and is the vehicle for achieving further reform.

The key messages of *The Grand Plan* are choice, access and sustainability. It specifically calls on Government to take the following actions:

- An independent *cost of care* study to determine pricing and indexation structures that work.
- In the interim, funding for both residential and community care should be increased by restoring and extending the CAP (or a similar mechanism) which is indexed until the long term reforms are finalised and implemented.

- An integrated package of flexible funding options for aged care accommodation. Government needs to create a process to ensure that the capital costs of providing high quality residential care services can be met. Features should include:
  - Flexible payment options for accommodation, which could be at no cost to Government, including refundable accommodation deposits for high care;
  - Removal of the distinction between high and low care, which could be at no cost to Government;
  - An increase in the daily accommodation charge for people who can afford to pay to match the housing which could be at no cost to Government;
  - Linking government payments (the accommodation subsidy) for concessional residents to the real costs of providing accommodation.
- The creation of one community care program to provide a range of flexible funding levels to meet individual, and changing, client needs. (This one received a big kick along today but needs to be kept in the documentation until such time as it is a done deal!)
- Workforce issues must be addressed. The NHHRC report recognised the critical role of the workforce in a reformed health and aged care system and outlined proposals to create a modern, learning and supported workforce. The industry is experiencing increasing difficulties in attracting and retaining all types of staff, particularly nurses and care workers, required to deliver critical services. (There was nothing in today's announcement for the aged care workforce but there was funding for the medical workforce in the primary health care announcement. This is clearly a huge omission that ACSA will work to have addressed - for example through the Productivity Commission Inquiry).

CCOA has already been quite active (and successful on community care) in advocating on industry's behalf.

Your support on *The Grand Plan* in weeks to come will be critical to achieving the outcomes we want for recurrent funding, capital revenue and workforce issues. You will receive the policy document soon, along with a plan for engaging the broader community and politicians. Please make sure you get involved and reinforce the need for choice, access and sustainability.

*ACSA will be working to clarify the details of this package over the coming days. We will provide updated information as it comes to hand.*

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