



Aged Care Queensland Inc.

Response to the Productivity Commission's Draft Report
Caring for Older Australians: Chapter 10

March 2011

INTRODUCTION

Aged Care Queensland Inc (ACQI) is the not for profit, peak Queensland industry body for aged care. ACQI has not for profit and for profit members who provide care and accommodation services in: residential aged care facilities, hostels, retirement villages, seniors congregate rental accommodation, serviced apartments, respite, and community based care and support services. ACQI assists members by promoting their work to the community and to Governments, and by keeping members informed of matters that are important to the planning and delivery of quality services. It also facilitates policy development and strategic development for the industry, and offers education and training specific to the aged care industry.

ACQI is affiliated with the peak national organisations: Aged and Community Services Australia (ACSA) and Aged Care Association Australia (ACAA). This allows a Queensland voice and link into Federal Government policy and program initiatives. ACQI works with other Associations (where consistent with its objectives), such as the national Retirement Villages Association, and associations involved in Health Care and Regional, Rural and Remote Services to promote effective policy developments for consumers that are served by our members.

Overall, we were pleased to review and analyse the *Caring for Older Australians* draft Report and to note the thoughtful analyses undertaken on particularly the residential aged care sector; and the strong theme in the draft Report that the consumer voice needs to be strengthened and more transparency in care pathways. Not unexpectedly, we would have wished for more time to model the likely impacts of the proposed recommendations but this will be pursued separately as part of any Government policy developments arising from the final Report.

As members of ACSA and ACAA our considerations on the draft recommendations have been included in their overall responses but we intend to submit some additional brief comments relating to Chapter 10 – *Age friendly housing and retirement villages*.

RESPONSES

- Firstly, the author(s) of Chapter 10 need to be congratulated on their work considering the *paucity of robust, peer reviewed research* undertaken on the Australian retirement village industry. Not since Prof Stimson's seminal work in 2001 has there been any comprehensive assessment of the industry, apart from the very valuable work undertaken by AHURI under the leadership of Professor Andrew Jones with Dr Anna Howe and Prof Stimson involved in the AHURI 2010 project.²

Recommendation 1:

That the final Report identify the need to fund research into the retirement village and other congregate housing models so that an accurate understanding of this sector is available to inform and guide policy makers, consumers and industry.

- Secondly, the author(s) should be commended for highlighting *the issue of affordable housing* which remains an issue for a number of older Australian, non-home owners in

major cities; or even home owners from regional and rural areas seeking to relocate to cities to be closer to their families as they age or seeking more intensive medical and support services. It should be pointed out that, in Queensland, costs to move into a retirement village can be around \$40,000, with many units under the threshold of \$131,000. Numerous villages have some concessional arrangements in place to support those of limited means with such provision managed confidentially. As well the majority of residents in retirement villages are pensioners with a smaller number (<20%) of self funded retirees.

- A critical issue is to ensure that any older Australian of low socio-economic status access housing, care and support through Government assisted safety nets so their disadvantage is diminished.
- Thirdly, the lack of choice for housing and access to appropriate levels of care for those older Australians living in ***small rural and remote communities*** poses difficulties as was recognised in the draft Report (9.7 and recommendations 9.1,9.2 & 9.3). The suggestion of looking at alliances with other entities such as hospitals, Councils, faith based groups, and perhaps local businesses and individuals rather than a traditional approved provider to develop alternatives to supported housing and nursing home provision may assist as could the notion of hub and spoke concepts; and the use of VOIP and similar technology to assist communication and information transfer. Certainly, a weighted funding and subsidy base will be required if any change is to be achieved as repeatedly the same arguments about access and equity for rural dwellers surface in any major reform considerations.

Recommendation 2:

That the final Report recommend innovative options to provide care and support to older Australians in rural and remote communities so they can remain in their communities.

- Fourthly, the model of ***de-coupling housing with services*** so that older Australians can access support and care services according to their needs at a specific time, regardless of their type of housing is supported. Because of Australia's social, health and economic infrastructure, the majority of older Australians, will experience an independent and consumer managed lifestyle well into their 80s and, even then, less than one-third of the over 85 year cohort will require nursing home placement, although it is recognised that actual numbers requiring a place will be much higher than currently.
 - Care and support needs of those over 80 years are quite diverse and there is a requirement to customise them which can be more readily achieved in a homelike environment rather than in a care facility. Care and support in a home environment can be cost effectively met in congregated housing settings with their economies of scale. An additional supply of community based care and support services, as suggested in the draft Report, will be important if needs are going to be met in these settings.

- Fifthly, it must be recognised that older Australians living in retirement villages now, and in the future, occupy **a niche market** with a national market penetration rate of around 5.4 percent (Jones Lang LaSalle 2010), albeit with some state differences. In the future actual *numbers* of older Australians in them will be significant because of the higher proportion of older Australians in their mid to late 70s moving to them because of the inappropriateness of their current housing and/or concerns about their health, and access to support as they age.
 - Even now the 'push' factor to feel safe drives older women to move into retirement villages and with female longer life expectancy, the majority of occupants will continue to be overwhelmingly female. As a consequence, more care and services will be demanded either in house or from community based providers due to higher levels of disability experienced by older Australian females.

- Sixthly, the reality is that a **retirement village is one preferred model** of housing choice for older Australians, along with manufactured home estates, pensioner rental market villages, and Serviced Apartments/Assisted Living/Services Integrated Housing facilities. Care and support services (from basic HACC services to the provision of CACPs and EACHs, 24 hour nursing care and palliative care) are available to residents in them and, as models of congregate housing, other benefits also flow as noted in the draft Report (Chapter 10, page 302).
 - Not mentioned in the draft Report was the linking of serviced apartments/assisted living units as part of a retirement village and GST exempt status. In 2004/5 the ATO sought advice from the Federal Health Department to assess whether services provided in serviced apartments/assisted living units in the for profit retirement village sector should be exempt from GST for care and support services provided.
 - Based on the criteria that services provided fall under the Quality of Care Principles contained in the 1997 Aged Care Act, GST exemption was granted for services provided. These were: pre assessment by an attending medical practitioner that support and care monitoring was required, 24 hour care monitoring, all meals, weekly heavy linen supply, weekly cleaning, an initial six-monthly, and now an annual, formal medical assessment, accommodation provided along common corridors, and subject to ATO Audits/Reviews.
 - In effect, the criteria equated to services provided in the then 'low care'/hostel setting in residential aged care facilities, with the exception of the lack of a need to undergo an ACAT Assessment for entry. Instead it was, and remains, a formal GP Assessment based on defined criteria.
 - In many instances, retirement villages with assisted living/serviced apartments are the 'new' low care facilities and will provide an increasing important role in the provision of aged care services going forward. CACPs and EACH and EACH D services are provided in them either from in house resources (as an approved

provider) or through brokerage arrangements or community care providers, along with other community based care and support services.

- Many retirement villages also offer additional fee-for-service care services such as: assistance with medications, dressing and showering, assistance with aids, wound dressings, chronic health disease monitoring as well as First Aid services. GP and separate Registered Nurse clinics are common as are Allied Health Professional clinics such as Physiotherapy, Podiatry Services and Pharmacies (in larger villages). Some retirement villages have 24 hour Registered Nurse coverage, some have daily RN coverage and some do not have any care cover at all, except through a 24 hour on or off site emergency call system. Palliative Care, 24 hour care provision, in home carers, respite care (also post hospitalisation short term respite), and hospital in the home models are all available in some villages; while it is common that residents in early stages of dementia can continue to live safely and contently in retirement villages.

A risk for the retirement village sector if the contributions made by it in supporting older Australians to exercise choice and discretion in where and how they are accommodated, receive care and support services, promote active ageing and work with community care agencies to maximise resident well being, are not recognised by the Federal Government (who is responsible for policy for older Australians). The numbers are not insignificant when it is recalled that there are currently 160,000 persons living in retirement villages around Australia which is around the same number residing in residential aged care facilities.

Recommendation 3:

That the final Report acknowledge that retirement villages already provide a variety of care and support services to older Australians which allow them to remain living independently and with choice, reduces the necessity to move to a residential aged care facility, or at least delays the need to move into one, and increasingly will be the location for more intensive and comprehensive community care services if available.

- The advantages of retirement villages as a care and support hub is that there are economies of scale for services provided and so efficiencies can be achieved and costs for Government reduced.
- In addition, with the reduced take up of a number of residential aged care places in recent Approval rounds, unless reverted will cause a demand-supply imbalance in the future which will mean that older Australians will be faced with staying in their own home inappropriately or seeking services in assisted living/serviced apartments in retirement villages.
- Notwithstanding that a small number of retirement village operators postulate that they are not in the 'care business' rather in the 'lifestyle business', their market is and will be older Australians who are going to age in place. There is no

evidence that older Australians move to a retirement village just for 'a lifestyle' as pictured in glossy marketing material. The evidence is that they move because of 'push and pull' factors relating to health care concerns, issues with their present housing, safety concerns, family issues and social amenity (Stimson 2002; Grant Thornton 2011). They move as a final destination, not one stop in housing pathway choices, particularly as obligations for Exit Fees mean that they need to stay to maximise the value of their investment in the village unit.

- Seventhly, the concept of a '**Pensioner Bond**' pool as a mechanism to fund care and accommodation is supported in principle for a number of reasons:
 - as a transition arrangement to reorient older Australians to contribute to their care and accommodation by drawing down their assets
 - to minimise the reluctance of pensioners to disturb their pension entitlements by selling the family home
 - the reassurance provided by the retention of close to the real value of the contribution made by indexing it to CPI or some other index, bearing in mind that health care inflation is usually well above the national CPI
 - the reassurance to families that the withdrawals are a choice in seeking care
 - the expanding of the private rental market retirement villages to retirees who take the option of selling their own home, purchasing an Australian Pensioners Bond and drawing down on that for their rental housing costs in a retirement village/assisted living facility and for care. The Bond should not only be linked to care in a residential aged care facility but be available to pay for accommodation, care and support to meet needs as determined by consumers
 - offering a range of rental retirement village products apart from the current low cost pensioner retirement village model for non home owners would provide a superior model as there would be no Exit Fees/Deferred Management Fees which cause consumers concern. The USA and Canadian System operate a range of rental retirement village products very successfully so there is not any reason why it could not be introduced here as a housing option
 - with this approach, the current difficulty where a retirement village resident who has to relocate to residential aged care is subject to fees with high interest charges until their unit is sold – sometimes up to 3 years in Queensland, would be able to simply leave the retirement village and immediately allocate their monies to meet the nursing home fees without interest.

Recommendation 4:

That the concept of a Pensioners' Bond be available to fund housing and care for older Australians and not restricted to be used to pay only for residential aged care provision.

- Eighthly, the notion of *harmonisation of state/territory based legislation* is supported while noting that for both the not for profit and for profit retirement village operators must be able to develop and operate villages' profitably to return dividends to their shareholders and their organisations. Therefore the harmonisation of legislation should be consumer oriented but not be so onerous as to prevent new developments

proceeding because of business uncertainty. Nor should there be inconsistency across state/territory borders in planning, land use provision and similar for elder housing.

- Ninthly, ACQI's original Submission argued strongly for ***the accreditation regime*** to be promoted in the industry. Advice is that nationally the take up of the national ARVA Accreditation system is not quite half of the industry –with some state variations (ACQI has achieved >50 percent in Queensland). Compared with hospital accreditation – which is a voluntary industry system also but run at arms length from the hospitals sector, and residential aged care accreditation system which is a mandated one and adversarial, this penetration rate is low considering that consumers in retirement villages are older, more vulnerable (as are hospital patients) and sometimes very frail.

Importantly, except in Queensland which has contracted out the execution of the Accreditation program to Quality In Practice (QIP) with ACSA and ACAA soon to follow, it remains an in house industry system and therefore subject to the vagrancies of that approach, including balancing competitive tensions with its members. ACSA and ACAA have signed up to a national approach using the ARVA national standards but managed through QIP* – which is also responsible for accreditation of GP services, dental practices, physiotherapy services and other health agencies.

Any Accreditation regime must address:

- Quality and safety issues
- Continuous quality improvement
- External recognition of the organisation/industry
- Improve public confidence
- Demonstrate through objective independent research that it is effective and value for money.

Although there is not any desire to have a mandated system, certainly it is recommended that the final Report consider strengthening statements on retirement village accreditation and note the requirement to achieve a higher penetration rate nationally. Especially to improve public confidence.

- If league tables are provided to the general public on schools, could it not be expected that similar tables could be provided on retirement villages at a state/territory level to demonstrate the quality of the facility. Currently there are not any objective guidelines for consumers to separate out villages except on price, location and amenity.
- Having community care providers undergo Accreditation will provide a quality of oversight of nursing and support services provided to residents in a retirement village but it cannot provide reassurance that the environment of a retirement village is such that housing and support is safe and quality oriented. Nor does it provide reassurance if in house resources are the mechanism for service provision. Only have a village accredited by an independent and professional accreditation agency will do so.

Recommendation 5:

That the final Report strengthen the need for all Retirement Villages to be accredited to improve public confidence and ensure the industry operates with attention to quality and safety benchmarks that can be independently and objectively assessed.

- Finally, *some additional points*.
 - State responsibility for Retirement Villages policy:

The benefits of having the retirement village and other congregate housing models for older Australians as a state/territory responsibility is acknowledged. However the Federal Government does have the policy responsibility and the majority of funding for programs for older Australians including aged care services, GP services, regional, rural and remote initiatives, community care services, HACC funding, national housing initiatives and income support. To exclude their consideration of policy attention for those living in retirement villages leaves a gap that may diminish the impact of good policy and lead to distortion and inequities in programs.

Recommendation 6:

That acknowledgement be made, in the final Report, of the integral part of the aged care continuum of care and support services retirement villages provide as part as part of the mosaic of consumer oriented housing, support and care for older Australians; and the necessity for this sector to be included in Government strategic policy initiatives.

- Long term Care Insurance:

The international experience is mixed on the success of these programs but just as the majority of Australians, including a large number of pensioners hold private health insurance, it may be worthwhile to recommend this option in the final Report.

- Workforce Issues:

Working in retirement village settings or other congregate housing devoted to older Australians requires a set of skills for all workers. Communication Skills, cultural awareness understanding, and other social skills are important in meeting consumer expectations. Just as in the general care setting, the retirement village industry has difficulty in attracting and retaining skilled staff, in part because of the Award structures, and because of the aging of the workforce. Addressing the dilemmas in the aged care workforce will ripple through to also benefit the retirement village sector.

APPENDIX

- *International Retirement Community Accreditation Scheme (IRCAS)
- References:
 1. Stimson RJ. *The Retirement Village Industry in Australia Evolution, Prospects Challenges* University of Queensland Press 2002
 2. Jones A et al., *Housing Support and Care for Older Australians: the role of service integrated housing* AHURI #130. 2010
 3. Jones et al., *Rental Housing for lower income older Australians* AHURI #096. 2008
 4. Jones et al., *Enhancing the effectiveness of Australian Social Housing Integration Initiatives* AHURI #112. 2009
 5. Jones LaSalle *Market Bulletin* October 2010
 6. Cam Ansell, Grant Thornton. *Retirement Living Industry trends & Prospects* January 2011
 7. Stimson RJ. *Discussion on Assisted Living* 2011