



***Productivity Commission
Response to the
Draft Report
Caring for Older Australians***

Final Submission by Medibank Private Ltd

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Background

Medibank is Australia's largest integrated health insurance and health solutions group. Under our brands of Medibank Private and Australian Health Management (ahm), we provide private health insurance to 3.5 million Australians and 200,000 overseas visitors and students. Each year, we spend nearly \$4 billion on our members' health, giving them peace of mind through funding access to healthcare providers and key services.

In Medibank's initial submission to the Productivity Commission (PC), a vision for the future of aged care in Australia was outlined. This vision encapsulated a seamless continuum of support incorporating preventive activity, healthcare, community based services, aged care and other services which are delivered in the right setting at the right time. The achievement of this vision would deliver an improved quality of life and better health outcomes to Australians. Delivering comprehensive, coordinated services would also enable people to live in their own homes longer, reducing the requirement for residential aged care places and thereby producing significant economic benefits. These economic benefits would enhance the ability for Australia to sustainably fund high quality health and aged care supports for future generations.

Medibank highlighted in our original submission that the supports which might be required to assist people to age well and live independently longer are varied and need to be delivered in response to individuals' identified needs. Supports Medibank considered included: the provision of information to assist people to manage their own health requirements and allow individuals to identify and access programmes which enhance chronic disease management and maintain wellness; allied health services to enable rehabilitation and re-ablement; and the use of technology to ensure people's safety whilst living at home.

The four pillars of Medibank's vision designed to enhance equity, access, improve service delivery and enable people to live independently longer are:

1. supporting healthy ageing;
2. developing innovative service models which reflect individual needs and preferences; particularly in relation to systems navigation and service coordination activities;
3. consideration of new funding models to enable a response to the increasing future demand for ageing supports; and
4. the development of a sustainable workforce.

Response to the Productivity Commission Draft Report – Caring for Older Australians

Medibank congratulates the PC for developing the *Draft Report – Caring for Older Australians*. Medibank's responses to the PC recommendations are outlined in the following sections.

1. Framework for assessing aged care (Draft Recommendation 4.1)

Medibank supports the need for future policy change which promotes the independence and wellness of older Australians. In our recent submission, Medibank highlighted the need to focus on preventive and maintenance activities as they are important to ensure that the ageing population is able to sustain physical and psychological health. These preventive activities refer

not only to health-focussed activities but may also relate to healthy communities as social inclusion and support are recognised as key determinants of health¹.

Medibank outlined our concerns that the largely programmatic and often disjointed response to preventive activities may lead to the system focusing activity around those individuals with higher levels of established acute need. This response needs to change if Australia is to achieve the aim of people living independently and experiencing better health longer and thus reducing the social and economic burden of chronic disease.

It was also noted in our initial submission that, as both individuals and their carers age, they may need support to navigate the complex health and aged care system. This support may take the form of the provision of education and information, systems navigation, service coordination or case management.

Medibank believes that future development of policy in the area of aged care should consider the holistic needs of Australians including:

- proactive preventative measures to promote independence;
- assistance to navigate the service system;
- the encouragement of needs-based, person centred approaches to care delivery; and
- planning to better support informal carers.

2. Paying for aged care (Draft Recommendations 6.1- 6.11 and 7.1)

Medibank highlighted in our submission that changing demographics will create funding challenges as to how the increasing need for care and supports required by an ageing population can be met. We noted that enhanced transparency of funding options is required and outlined some of the challenges associated with current funding models including difficulties of access, disjointed service provision, limited flexibility to meet individual needs, little individual control, responses driven by crises and significant workforce issues.

In particular, Medibank noted the requirement for cultural change if Australia is to be able to fund the appropriate care and supports for ageing people over coming decades. Whilst a culture of partnership between individuals and government has long existed, particularly evident through the joint funding of aged care supports through service co-payments and contributions, further cultural change will be required to ensure that future aged care needs can be met. A focus on increased personal responsibility to fund more of the supports that people require as they age is likely to be needed.

As such, Medibank supports the recommendations outlined in the Draft Report, particularly in relation to the notion that individuals should bear responsibility for accommodation and every day living expenses (with a safety-net for those of limited means) and individuals should contribute towards the cost of required personal care services according to their capacity to pay.

¹ Wilkinson, R & Marmot, M (Eds). 2003, *Social Determinants of Health: The Solid Facts. 2nd Edition*, [Online] Available at: <http://www.euro.who.int/document/e81384.pdf>.

Medibank is also supportive of the recommendation that the Australian Government establish a government-backed Aged Care Equity Release scheme which would enable individuals to draw down on the equity in their home to contribute to the costs of their aged care so that people are able to access funds on better terms than those that are currently available in the market.

Like the Productivity Commission, Medibank holds the view that a long-term compulsory insurance scheme targeted at funding the costs associated with aged care will not offer a significant improvement on the current funding model. Medibank would welcome the opportunity to discuss the perceived opportunities and risks of a long-term compulsory insurance scheme further with the Productivity Commission.

3. Care and support (*Draft Recommendation 8.1*)

Medibank supports Draft Recommendation 8.1 which proposes the establishment of an Australian Seniors Gateway Agency which will be responsible for providing information, assessment, care coordination and carer referral services.

As highlighted in Medibank's submission, when people can access high quality information they are likely to make better choices about the services they require. The provision of high quality information is therefore likely to lead to more efficient use of resources, less service duplication and an enhanced experience by the person accessing aged care supports.

The recommendation that the Australian Government replace the current system of discrete care packages with a single integrated and flexible system of funding of care provision based on a standardised assessment protocol would be positive as these changes could address equity of access to service provision.

Medibank supports the development of an integrated agency such as the proposed Australian Seniors Gateway Agency in order to reduce consumer confusion, increase efficiency and equity. However, it is important that industry is engaged in the development and introduction of such an agency. Medibank and many other organisations possess expertise in service purchasing as well as high quality information sharing with consumers. Medibank also has access to data which may support the successful development of an Australian Seniors Gateway Agency as described in the Draft Report.

4. Age-friendly housing and retirement villages (*Draft Recommendations 10.1- 10.5*)

Whilst Medibank's submission did not address issues of age-friendly housing and access to home modifications to support independent living, Medibank supports the recommendation that the Council of Australian Governments develop a strategic policy framework to ensure sufficient appropriate housing is available for an ageing population.

5. Delivering care to the aged – workforce issues (*Draft Recommendations 11.1-11. 5*)

Medibank continues to be concerned by the current capacity of aged care services which is constrained by workforce issues. Medibank's initial submission raised workforce related issues including the challenges in attracting and retaining high quality staff to support people as they age in both community and residential aged care settings.

Medibank highlighted the 2005 National Aged Care Workforce Strategy² which was developed which the aim of providing a coordinated national response to issues surrounding population ageing and serve as a framework to support the development of economic and social policies. Our submission noted that the existing workforce challenges will be exacerbated over time as the demand for employees to work in aged care parallels the growth in the ageing population. The workforce demands are three-fold with an increasing proportion of the population requiring workers to support them as they age; a reducing capacity of informal carers to provide support to family and friends as informal carers age; and fewer people in the workforce due to demographic change.

Whilst Medibank applauds the Draft Report's recommendation to support skills development and education opportunities, the recommendations around workforce issues need to be strengthened to support the implementation of the National Aged Care Workforce Strategy. This will ensure that the attention is given to ensure that the workforce is suitably trained, supported and remunerated whilst simultaneously the industry is promoted to encourage further participation by prospective employees.

Medibank endorses the recommendation that a standardised assessment of the capacity for informal carers to provide ongoing support be implemented. This assessment should be designed with the aim of improving entitlements to services and assisted referrals for carer education and training, planned and emergency respite, counselling and peer group support and advocacy support. It should be noted, however, that many community agencies currently provide excellent services in these areas. Opportunities exist to strengthen and coordinate existing community agencies in continuing to provide this service in cooperation with the proposed Australian Seniors Gateway Agency. The use of enhanced information technology and data sharing will make an integrated approach more easily achievable whilst improved data capture will better inform service design and ultimately improve service provision to support informal carers and leverage the skills and expertise of existing agencies.

6. Regulation – the future direction (*Draft Recommendations 12.1-12.9*)

Medibank supports the recommendations relating to the establishment of an Australian Aged Care Regulation Commission (AARC). Consumers would benefit from a centralised agency which integrates a quality and safety monitoring function together with complaints handling. Publishing data on the operation of the aged care industry would assist in increasing transparency and drive improvements in standards of care delivery.

7. Aged care policy research and evaluation (*Draft Recommendation 13.1*)

As stated above, Medibank supports the establishment of an Australian Aged Care Regulation Commission with responsibility for collecting and analysing data. The Agency will have an important role in ensuring transparency, promoting equity in the delivery of aged care services and driving quality improvements. Collected data will be useful in service development activities and research to enhance service delivery.

² National Aged Care Workforce Strategy. March 2005. Commonwealth of Australia
[http://www.health.gov.au/internet/main/publishing.nsf/Content/90A1E255138D80CACA256FE3001715E3/\\$File/nacws.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/90A1E255138D80CACA256FE3001715E3/$File/nacws.pdf)

8. Reform implementation (Draft Recommendation 14.1)

Reform of aged care to enhance access, equity and quality of service delivery and address workforce issues is of critical importance given the well documented shifting demographics in Australian society. The Productivity Commission has correctly highlighted that ‘Australia’s aged care system is characterised by extensive, complex and interacting government involvement in both the funding of services and the regulation of their delivery’³. As such, Medibank supports the Productivity Commission’s recommendations that the Australian Government announce timelines to implement changes and consider further the implications for the proposed changes.

It is critical that the recommendation that the Government establish an implementation framework, including a publicly released timetable for changes, be established. However this recommendation should be broadened to include consultation with other industry providers who have expertise in areas such as information provision to consumers and sophisticated purchasing methodologies. Additional consultation with stakeholders is required to strengthen recommendations made in the Draft Report.

To ensure that the agreed recommendations are implemented, there is value in the proposal that an Aged Care Implementation Taskforce be established. However, the composition of the Taskforce would benefit from the inclusion of a wider range of stakeholders in addition to the senior departmental officials proposed. Benefit would be generated from consumer and industry participation to ensure that changes meet the needs of the end user and all relevant expertise is leveraged in developing the new aged care system. Medibank would welcome the opportunity to help inform implementation activities or participate in activities associated with the proposed implementation of aged care reforms.

Conclusion

Medibank supports many of the recommendations proposed, however, further consideration needs to be given to the function of the proposed Australian Seniors Gateway Agency. The Agency may have a role in: helping decrease consumer confusion about service access; the provision of quality information; and the implementation of standardised assessment protocols which offer opportunities for equity and efficiency enhancements. However, further consideration needs to be given to how existing industry expertise can be leveraged to benefit this Agency and its aims. The role of community based organisations providing informal carer support and coordination activities also needs to be further considered to ensure that the changes benefit the users of aged care services.

Implementation activities are broadly addressed in the Draft Report and will require further work. Involvement of industry and consumers in informing and participating in the development of proposed changes would be valuable in informing and enhancing desired outcomes.

³ Productivity Commission – Caring for Older Australians Draft Report 2011

Medibank commends the Government and the Productivity Commission for considering the challenges associated with restructuring Australia's aged care system and developing the comprehensive Draft Report – Caring for Older Australians.

We look forward to the opportunity to contribute to further initiatives which aim to enhance the care provided to older Australians.