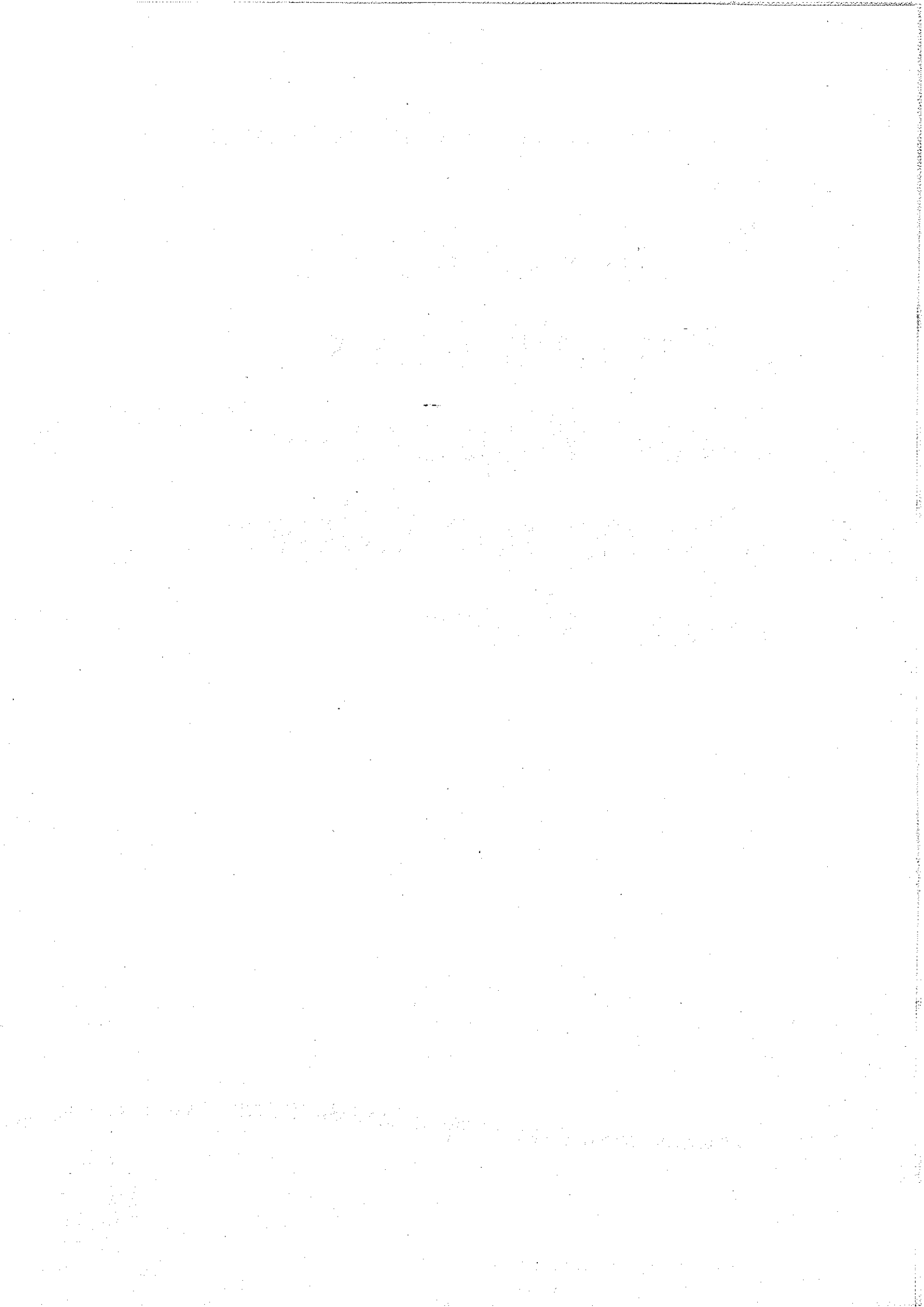


Tasmanian Government's Response
to the

**Productivity
Commission's
Draft Report –
Caring for Older
Australians**

April 2011



1. Introduction

The Tasmanian Government's initial submission to the Productivity Commission (PC) inquiry into aged care (September 2010) noted that Tasmania's population is ageing more rapidly than any other jurisdiction. Future demand for aged care services is expected to increase at a significantly faster rate than planned increases in the supply of aged care services. The future direction of the aged care sector has significant economic, fiscal and social implications for Tasmania.

The Tasmanian Government notes that the PC's draft report, *Caring for Older Australians*, makes a wide range of recommendations related to paying for aged care; care and support; catering for diversity; age-friendly housing and retirement villages; workforce issues; regulation; aged care policy research and evaluation; and the implementation of proposed reforms. While supporting the overarching intent of the reforms proposed in the draft report, there are some specific issues concerning the design and rollout of the proposals that the Tasmanian Government considers should be addressed.

The Tasmanian Government's response to the draft report is structured as follows:

- An overview of the specific demographic (an ageing and dispersed population), workforce (paid and informal carers) and sustainability factors impacting on the aged care sector in Tasmania, underpin this response.
- Specific comments in relation to those recommendations that are of particular interest to Tasmania. This submission should be read in conjunction with the Tasmanian Government's original submission (September 2010).

2 Tasmanian Context¹

2.1 Overview

- Tasmania has the **fastest ageing population** of any state or territory and has experienced substantial growth in demand for aged care services.
- Tasmania has the **highest percentage of people living outside its capital city** of any state in Australia (58 per cent).
- There are **112 aged care providers in Tasmania** providing 2 426 high care and 2 204 low care beds and 1 284 community care places.
- Unlike larger states, Tasmania's residential aged care sector is **dominated by private not-for profit operators**, comprising 87 per cent of all places.
- Current **provision of residential aged care places does not meet the demand** and providers are not able to invest in and plan sustainable services under the current funding model.
- The viability of small residential aged care facilities is of concern - just under one-half of residential aged care providers in Tasmania **operate facilities of 60 beds or less**.
- The **availability of packaged community care is inadequate** to meet demand – especially in rural areas.

¹ For more detail refer to the Tasmanian Government Submission (No. 458 September 2010) responding to the Inquiry's Issues Paper.

2.2 Demographic change

- Tasmania's population is ageing more rapidly than any other Australian jurisdiction and the median age (39.9 years) in Tasmania is the highest in the nation². The number of older people living with dementia in Tasmania is projected to increase from an estimated 6 300 people in 2009, to 26 300 people by 2050, which will place further strain on aged care service providers.
- The impact of an ageing population is a concern, not only in terms of the increased costs associated with caring for older persons, but because Tasmania's already low labour force participation rate may fall as a result, leading to a smaller pool of available workers in the aged care and health sectors.
- Comprehensive information on the anticipated impact of demographic change on Tasmania can be found in the series of issues, discussion and information papers published by the Demographic Change Advisory Council.³

2.3 Rural and remote communities

- A significant disparity exists in the viability and availability of aged care services between larger population centres and country areas. As a result, the Tasmanian Government must subsidise services in some rural and remote areas.
- The comparatively high cost of rural services is of special concern to Tasmania, because the State has the highest percentage of people living outside its capital city of any state in Australia - 58 per cent of the Tasmanians live outside of Hobart.⁴
- This dispersed population has a number of implications for access to health and aged care services:
 - The provision of many health services is more costly.
 - Rural and remote clients often have to travel to access services or wait for health professionals to provide outreach services.
 - Clients living in rural areas do not have access to the same range of basic care and specialist services as their metropolitan counterparts.
- Specific barriers identified by aged care workers in rural Tasmania include:
 - The limited choice in the services available - a lack of Community Aged Care Packages (CACPs) and Extended Aged Care at Home (EACH) packages in rural areas often results in admission to an aged care facility because it is the only care option available. Rural clients often do not have an easy point of contact that they can go to for information and assistance about available programs.

² Australian Bureau of Statistics, Population by Age and Sex, Australian States and Territories, June 2010, cat. no. 3201.0.

³ www.dcac.tas.gov.au

⁴ Australian Bureau of Statistics 2010, *Regional Population Growth, Australia, 2008-09*, cat no. 3218.0.

- Transport is a significant issue that impacts upon all community health services provided in rural areas. Existing service providers struggle to meet the demand for non urgent medical transport.
- The need for residential respite to be more readily available and flexible in rural areas.

These factors highlight the need for flexibility in future service planning and funding for community aged care services in rural and remote areas with the capacity for services to be designed and implemented locally to meet the specific needs of communities.

2.4 Workforce

- There is evidence that the aged care workforce is ageing and struggling to sustain service demands. Industry leaders regularly refer to the aged care sector having a relatively unattractive image among nursing graduates and aged care being perceived as an undesirable work environment. Pay disparities between hospital and residential facilities are a significant aged care workforce disincentive.

2.5 Viability of residential aged care

- Tasmania's small, dispersed population offers little scope to gain economies of scale in service provision. In residential aged care, small size creates problems of financial viability. Distance adds to those challenges. Recruitment and retention of qualified staff also represents a major risk to the ongoing sustainability of rural services.
- The Tasmanian Government's previous submission indicated that some small residential aged care services and, in particular those in rural areas, are already not financially viable. This raises concerns regarding the adequacy of care being provided and the future of such services as well as limiting the potential for clients to remain in a location close to their community.
- Unlike larger states, Tasmania's residential aged care sector is dominated by private not-for profit operators, comprising 87 per cent of all residential places. Private for profit operators have only 10 per cent of places, with the Tasmanian Government needing to act as a provider of last resort for the remaining 3 per cent of places in very rural or remote areas where both the private for-profit and not-for profit sectors are unwilling to operate.
- Industry advice indicates that an absolute minimum of 60 beds are required for business viability. Against this benchmark:
 - Of a total of 38 residential aged care providers in Tasmania 42 per cent (16 out of a total of 38) operate 60 beds or less; and
 - These 16 providers manage 662, or about 15 per cent, of the beds available across the Tasmanian community.
- The 662 beds located at those smaller facilities must be regarded as at a considerable risk of not being viable in the current operating environment. Of particular concern is that many of those beds are outside population centres, further limiting local client choice should they be forced to close.
- In addition to the 662 beds identified above, there are 144 beds operated by the Tasmanian Government in communities where historically, there has been low or no interest from non-government providers.

- The Tasmanian Government provides the capital needed, together with substantial subsidies, towards the recurrent cost of making those beds available in communities where the level of Australian Government funding would otherwise make it impossible. The Tasmanian Government supplements the cost of Australian Government funded beds by up to 70 per cent in some cases.

3. Comments on *Caring for Older Australians* Draft Recommendations

The Tasmanian Government supports the overarching intent of the reforms proposed in the draft report.

On balance, the Tasmanian Government considers that the recommendations in the draft report are likely to have a positive impact on the sector, particularly through efforts to remove current constraints on the supply of services and to better address unmet demand. Reforms that improve the capacity of the aged care sector may help reduce the pressure on public hospitals, in addition to providing more appropriate and effective care for older Australians.⁵

The proposed reforms to the aged care sector are likely to have some impact on state governments, either directly (as in recommendations 8.4 and 8.5 which explicitly mention state governments) or indirectly (for example via impacts on the demand for health workforce staffing, wages, the interaction with other state services in hospitals and primary health, housing, and the funding of regional and remote based services).

It is also noted that the aged care sector has a significant interface with the disability sector and that there are other reforms that are currently underway or proposed which will have implications for the Commission's review of the aged care system - the National Health Reforms (including the restructuring of the Home and Community Care (HACC) program) and the Commission's current Disability Care and Support inquiry. The recommendations made in the *Caring for Older Australians* Draft report will need to be considered in the context of other relevant reforms. The combined effect of aged care, health and disability reforms currently being proposed may raise the total costs over and above those realised by one or other alone increasing the uncertainty about potential budget risks to the states and territories.

Further analysis will be required to fully model the overall impact of these related sets of reforms. This may not be possible until more detailed information on the scope of all the reforms is available. Comments on those recommendations in the draft report that are of particular importance to Tasmania are provided below.

⁵ Shortfalls in both residential and packaged care are placing increasing pressure on public hospitals – with prolonged hospital stay for older people costing \$31.6 million in 2008-2009 and \$25.6 million in 2009-2010 (Tasmanian Government Submission on the Issues Paper page 15).

A framework for assessing aged care

Draft Recommendation 4.1

To guide future policy change, the aged care system should aim to:

- *promote independence and wellness of older Australians and their continuing contribution to society*
- *ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change*
- *be consumer-directed, allowing older Australians to have choice and control over their lives*
- *treat older Australians receiving care and support with dignity and respect*
- *be easy to navigate — Australians need to know what care and support is available and how to access those services*
- *assist informal carers to perform their caring role*
- *be affordable for those requiring care and for society more generally.*

The development of a system that provides easy access to information and services that accommodates the cultural diversity of the Indigenous and culturally and linguistically diverse communities, and respects and supports older people in achieving independence for as long as they wish and the manner in which they wish it, is supported.

Community feedback has often pointed to the complexities associated with navigating the aged care system to receive relevant and adequate information and support services for both the older person seeking care and their family.

Consideration of caring for people with disability as they age needs to be considered generally, but more specifically now in light of the Productivity Commission's Draft Report from the Inquiry into Disability Care and Support.

Reform implementation

Draft Recommendation 14.1

In implementing reform, the Australian Government should:

- *announce a timetable for changes and how they are expected to affect the sector*
- *consult with providers, consumers, carers and government agencies on issues expected to arise from the implementation of the new system*
- *embed feedback processes and enable fine-tuning of the new system*
- *grandfather current users of care services, including those in residential aged care facilities, and relevant financial arrangements of some of the providers of aged care services*
- *sequence reforms carefully to facilitate adjustment to the new system*
- *establish an Aged Care Implementation Taskforce to oversee the implementation of the reforms and to liaise with stakeholders.*

The Tasmanian Government agrees in-principle with recommendation 14.1; noting that implementation of aspects of the national health reforms relating to aged care are underway. The roll-out of these reform proposals involves continuing intergovernmental negotiation and intensive consultation with providers, consumers and carers. This will need to be considered as part of implementation of the PC's proposals, particularly the timetable for the introduction of the new system.

The relationship between the PC's proposed reforms and the National Health Reform process is not explored in any detail in the draft report.

Under the national health reforms, the Commonwealth is to take over full funding, policy and delivery responsibility for HACC and related services for the 65 year and over age groups while states take over full funding responsibility for under 65 year olds in residential care and maintain responsibility for under 65 year olds in community care.

The HACC reform will support the development of a nationally consistent aged care experience via central entry points (one-stop shops). It will offer a platform to deliver services that provide a continuity of care for care recipients, their families and carers. The Australian Government will combine basic community care, maintenance and support services currently delivered through the HACC program for older Australians with existing community care and residential care programs to create a national aged care system. The new 'front end' will need to align with the proposed Medicare Locals and Local Hospital Networks.⁶

The impact on the administration and delivery of HACC and community care packages cannot be fully assessed until further information is provided detailing the Australian Government's direction in the operational management of these programs.

While opportunities clearly exist to further integrate HACC into the broader community care system, this must be carefully managed to avoid disintegration at the local level.

A single access point and assessment are required to simplify entry into aged care services. Tasmania has already expanded to a statewide single entry point for HACC services. This single access point is providing significant benefits for clients and referral agents as well as improving information about how clients move around and within systems.

The details concerning timing and transitional arrangements should depend on the extent and complexity of the changes. A conservative rather than ambitious timeframe is recommended as a general principle.

The 'grandfathering' of current users is supported, in particular those older Australians already accessing aged care services. Given that many older Australians plan carefully for their retirement and aged care provisions, it would be recommended that a delay in implementation be considered to allow time for older Australians to review their financial arrangements in a new system.

⁶ Improving Information, Intake and Assessment for the Aged Care System - Developing a new 'front end' for aged care to support the delivery of Australia's aged care system now, and into the future (March 2011).

Draft recommendation 6.2⁷

The Australian Government should adopt the following principles to guide the funding of aged care:

- *accommodation and everyday living expenses should be the responsibility of individuals, with a safety net for those of limited means*
- *health services should attract a universal subsidy, consistent with Australia's public health care funding policies*
- *individuals should contribute to the cost of their personal care according to their capacity to pay, but should not be exposed to catastrophic costs of care.*

This recommendation is supported in-principle. The diversity of needs and the longevity of individuals vary. The capacity to meet aged care related costs will vary markedly. For many older people, while they are not dependant on welfare, they are not wealthy, and financially are only marginally better off than a person on an aged pension. The system should consider the risk associated with personal finances being consumed many years before the death of the older person leaving them to struggle financially or reducing them to dependence on the welfare system.

The 'safety net' needs to ensure that those older people living independently of the welfare system can continue to do so for the longer term. Simply means testing individuals based on their current capacity places financial independence into the future at risk for many individuals.

A clearer determination of who would be responsible for funding an individual's aged care, how much of that person's 'wealth' is considered adequate, and how much would need to be contributed towards aged care services is required to provide more certainty for those entering the system.

Options for broadening the funding base

Draft recommendation 7.1

The Australian Government should 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 and support.

As noted above, the diversity of needs and the longevity of individuals will vary as will their capacity to meet aged care related costs. In developing an aged care equity release scheme, consideration should be given to the risk of exhausting assets leading to financial hardship or reliance on the income support system. Information about how the scheme will operate will also be critical - older people often claim it can be difficult to access and navigate information relevant to home equity schemes.

⁷ This recommendation is also listed as Recommendation I.2 at page XLV of the Draft Report.

Care and support

Draft recommendation 8.1

The Australian Government should establish an Australian Seniors Gateway Agency to provide information, assessment, care coordination and carer referral services. The Gateway would deliver services via a regional structure.

- *A platform within the Gateway would provide information on healthy ageing, social inclusion and participation, age-friendly accommodation, and also information on the availability, quality and costs of care services from approved providers, and how to access those services.*
- *Assessments of the needs of older people would be undertaken for their potential entitlement to approved care services, with the level of assessment resourcing varying according to anticipated need.*
- *An aged care needs assessment instrument would be used to conduct assessments and an individual's entitlement to basic support, personal care and specialised care, and carer support. Assessments of financial capacity to make care co-contributions toward the cost of the services would also be arranged.*
- *Initial care coordination services would be provided, where appropriate, as part of the Gateway. If required, case management would be provided in the community or in residential aged care facilities by an individual's provider of choice.*

The Gateway would be established as a separate agency under the Financial Management and Accountability Act 1997.

This recommendation is supported. Community care is a priority for the older Tasmanians who wish to remain in their own homes for as long as possible. As noted above, older people and their carers often report difficulty in navigating a fragmented aged care system in order to receive all of the information and services required.

Draft recommendation 8.2

The Australian Government should replace the current system of discrete care packages with a single integrated, and flexible, system of care provision. This would deliver care services currently provided under Home and Community Care, Commonwealth funded care packages and the care component of residential aged care services.

The Australian Government should approve a range of care services to individuals on an entitlement basis, based on assessed need. Individuals should be given an option to choose an approved provider or providers.

The Australian Government would set the scheduled price of each service.

To support these revised arrangements, Australian governments should fund an expanded system of aged care consumer advocacy services.

This recommendation is supported. The current community aged care system should be replaced with a more integrated system designed to provide ease of access for older people rather than fragmented services delivered within historical program boundaries and administrative restrictions.

Draft recommendation 8.3

The Australian Government should ensure that, through the Independent Hospital Pricing Authority, residential and community care providers receive appropriate case mix payments for delivering palliative and end-of-life care.

This recommendation is supported. Advice from Tasmania's Aged Care and Rehabilitation Clinical and Palliative Care Networks warns that health and hospital services across Tasmania are increasingly having to cope with a serious gap in appropriate end-of-life and palliative care in residential aged care facilities, particularly for people in the end stages of dementia.

Draft Recommendation 8.4

The Australian, state and territory governments should only continue to directly block fund programs where there is a demonstrated need to do so based on a detailed consideration of scale economies, generic service need and community involvement.

This recommendation is supported in-principle. As noted above, the proposed reforms to the sector are likely to have direct and significant impacts on state and territory governments that at this stage cannot be assessed without further information.

Draft Recommendation 8.5

The Australian, state and territory governments should, subject to further evaluation, promote the expanded use of in-reach services to residential aged care facilities and the development of regionally or locally-based visiting multidisciplinary health care teams.

This recommendation is supported in-principle. The proposed reforms to the sector are likely to have direct and significant impacts on the state and territory governments which, at this stage, cannot be assessed without further information.

Catering for diversity — caring for special needs groups

Draft Recommendation 9.1

The proposed Australian Seniors Gateway Agency (draft recommendation 8.1) should cater for diversity by:

- *ensuring all older people have access to information and assessment services*
- *providing interpreter services to convey information to older people and their carers, to enable them to make informed choices*
- *ensuring that diagnostic tools are culturally appropriate for the assessment of care needs.*

This recommendation is supported. The provision of information that is understood by all members of the community and that will inform practices and reduce the risk of social exclusion is essential.

Draft Recommendation 9.2

The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), in transparently recommending the scheduled set of prices for care services, should take into account costs associated with catering for diversity, including:

- *providing ongoing and comprehensive interpreter services (either within facilities or through telephone translators) for clients from non-English speaking backgrounds*
- *ensuring staff can undertake professional development activities which increase their cultural awareness.*

The term 'People from culturally and linguistically diverse background' includes members of the gay, lesbian, bi-sexual, transgender, and inter-sex (GLBTI) communities. While there is some reference to dealing with this population group, GLBTI communities are quite different and their diversity differs from that of people from culturally and linguistically diverse backgrounds. Therefore they may need a separate focus.

Recommendation 9.2 does not capture the stated need for education and awareness-raising in the aged care sector for the issues faced by ageing members of the GLBTI communities. The word 'culture' as framed in the recommendation is more readily identified with that applying to people from culturally and linguistically diverse communities and does not guarantee consideration of the GLBTI communities.

Draft Recommendation 9.3

The Australian Government should ensure that remote and Indigenous aged care services be actively supported before remedial intervention is required. This support would include but not be limited to:

- *the construction, replacement and maintenance of appropriate building stock*
- *meeting quality standards for service delivery*
- *clinical and managerial staff development, including locally delivered programs and enhanced use of technology assisted training*
- *funding models that are aimed at ensuring service sustainability and that recognise the need for the building of local capacity to staff and manage such services over time.*

This recommendation is supported in-principle. It is noted that the report and the recommendation regarding Indigenous aged care services and support is very focused on the remote Indigenous population. It is unclear if this recommendation is targeting community controlled Aboriginal health services without consideration of older Aborigines from urban and regional communities.

Age-friendly housing and retirement villages

Draft Recommendation 10.1

The Australian, state and territory governments should develop a coordinated and integrated national policy approach to the provision of home maintenance and modification services, with a nominated lead agency in each jurisdiction.

To support this national approach, all governments should develop benchmarks for the levels of services to be provided, terms of eligibility and co-contributions, and the development of professional and technical expertise.

This recommendation is supported in-principle. The proposed national approach is likely to have an impact on the state and territory governments which at this stage cannot be assessed without further information.

Draft Recommendation 10.4

The regulation of retirement villages and other retirement specific living options should remain the responsibility of state and territory governments, and should not be aligned with the regulation of aged care.

This recommendation is supported.

Draft Recommendation 10.5

State and territory governments should pursue nationally consistent retirement village legislation under the aegis of the Council of Australian Governments. Changes to state and territory government legislation under this process should:

- *be informed by research jointly commissioned by the industry and government*
- *have regard to the industry's accreditation process.*

This recommendation is not supported at this time. Further information would be required on the benefits of harmonisation in order for the Tasmanian Government to support harmonisation.

The Draft Report presents both the consumer/resident perspective and the provider/operator perspective. While both parties have views on the shortcomings of the current legislative framework it is not clear how harmonisation could meet the objectives of both parties.

It is considered that the case for national harmonisation, at this stage, is not compelling. The provision of adequate protection for the interests of aged consumers would need to be carefully considered against industry's call for 'certainty and transparency'; and greater consistency given the growing presence of larger corporations and the emergence of a national market'.

Delivering care to the aged — workforce issues

Draft Recommendation 11.1

The proposed Australian Seniors Gateway Agency (draft recommendation 8.1), when assessing the care needs of older people, should also assess the capacity of informal carers to provide ongoing support. Where appropriate, this may lead to approving entitlements to services and/or assisted referral for:

- *carer education and training*
- *planned and emergency respite*
- *carer counselling and peer group support*
- *advocacy services.*

Carer Support Centres should be developed from the existing National Carelink and Respite Centres to provide a broad range of carer support services.

This recommendation is supported. System reform is urgently required to enable much easier access to a greater pool and range of flexible respite care options.

Many carers are placing themselves at risk, both physically and emotionally, in meeting the care needs of their loved ones. It is agreed that assessing the capacity of informal carers to provide ongoing support is necessary.

Ensuring informal carers receive the support and assistance they need in providing care, may assist in extending the length of time a person dependant on care is able to remain in their local community.

Informal carers are a critical part of the system and providing care to an ageing family member, or being an older carer, can be highly stressful and emotional. Carers experience anxiety about their family member's future, grief over the changes that are occurring to that person, stress over the lack of support services and information, and pressure about their own capacity to balance their caring role with that of spouse, parent, employer or employee.

Some carers are required to make decisions about complex issues on behalf of the person they care for – such as financial arrangements, accommodation, medical interventions – and that can result in conflict of interest. Carers require information and skills development to enable them to make the informed decisions on behalf of the person they are caring for.

Draft Recommendation 11.2

The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), when assessing and recommending scheduled care prices, should take into account the need to pay competitive wages to nursing and other care staff delivering aged care services.

This recommendation is supported. The need to pay competitive wages for nursing and other care staff must be taken into account in developing systems to assess and recommend scheduled care prices in the future.

It will be critically important that care pricing and sustainable funding for the aged care sector are considered alongside workforce issues, particularly considering Tasmania's ageing population. The Tasmanian Government's previous submission noted that there are significant concerns about the sustainability of the aged care workforce and pay disparities between hospital and residential facilities are a significant workforce disincentive.

Draft Recommendation 11.3

The Australian Government should promote skill development through an expansion of courses to provide aged care workers at all levels with the skills they need, including:

- *advanced clinical courses for nurses to become nurse practitioners*
- *management courses for health and care workers entering management roles.*

This recommendation is supported.

As noted above (paragraph 2.2), Tasmania is facing a four-fold increase in the number of people living with dementia over the next 40 years. At present there is very little validated research concerning management of dementia and care for people suffering from the condition. This produces a number of undesirable outcomes, including reluctance by some medical practitioners to make a diagnosis of dementia due to a belief that, in the absence of a cure, there is little benefit, and potentially much distress, for the patient and their family in being given such a diagnosis.

Draft Recommendation 11.5

The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1), in assessing and recommending scheduled care prices, should take into account the costs associated with:

- *volunteer administration and regulatory costs*
- *appropriate training and support for volunteers*
- *reimbursement of out-of-pocket expenses for those volunteers who are at risk of not participating because of these expenses.*

This recommendation is supported. The changing face of volunteerism into the future with demographic change will result in greater expectations of volunteers and expenses incurred by relevant organisations.

Aged care policy research and evaluation

Draft Recommendation 13.1

To encourage transparency and independence in aged care policy research and evaluation, the proposed Australian Aged Care Regulation Commission (draft recommendation 12.1) should perform the role of a national 'clearinghouse' for aged care data. This will involve:

- *being the central repository for aged care data and coordinating its collection from various agencies and departments*
- *making these data sets publicly available in a timely manner for research, evaluation and analysis, subject to conditions that manage confidentiality risks and other concerns about potential data misuse.*

To maximise the usefulness of aged care data sets, reform in the collection and reporting of data should be implemented through:

- *adopting common definitions, measures and collection protocols*
- *linking databases and investing in de-identification of new data sets*
- *developing, where practicable, outcomes based data standards as a better measure of service effectiveness.*

Research findings on aged care and trial and pilot program evaluations, including those undertaken by the Department of Health and Ageing, should be made public and released in a timely manner.

The concept is supported. However further consideration would be needed in relation to which would be the most appropriate institution to perform this role.