



**CARING FOR OLDER AUSTRALIANS DRAFT REPORT**

**SUBMISSION RESPONSE**

*from*

**WA BAPTIST HOSPITAL & HOMES TRUST INC.**

*trading as*

**BAPTISTCARE**

**Perth, Western Australia**



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## Covering Letter

18 March 2011

Commissioner  
Mr Robert Fitzgerald AM  
“Caring for Older Australians” Productivity Commission  
Australian Government Productivity Commission  
Via email: [agedcare@pc.gov.au](mailto:agedcare@pc.gov.au)

Dear Mr Fitzgerald

Baptistcare commends the Productivity Commission on the Draft Report “*Caring for Older Australians*”. It is a visionary reform of this nation’s aged care industry and is long overdue. The scope of recommendations with further amendment provides a real catalyst for change which should result in older Australians gaining greater access to services and better choice, and providers with a more sustainable future (subject to the financial arrangements being more carefully considered and constructed).

We sincerely thank the Productivity Commission for listening to the voice of the industry and other respected stakeholders. Our hope is that this next round of feedback is equally considered in such a thoughtful manner.

There are aspects of the Draft Report that that require further information before a fully informed response can be provided. As such, we have made every effort to spell out our concerns in the following submission response. Where we agree with the recommendations we tell you so; where we have concerns we make clear the issue and suggest a solution; and where overarching principles need to be challenged we state our case.

We strongly believe that recommendations cannot be ‘cherry picked’ and implemented in isolation; it is essential that a holistic approach be adopted and the total package (with further improvement) be adopted.

I sincerely hope that our feedback will help shape the next iteration of the “*Caring for Older Australians*” final report ready for presentation to the Government by the end of June 2011. Finally, I wish to affirm Baptistcare’s support of ACSWA and ACSAs’ response as our peak body representative.

Yours faithfully

**Dr C. Lucy Morris**  
**CHIEF EXECUTIVE OFFICER**

## Context

Baptistcare is a Christian, 'not for profit' organisation that has been serving the community for nearly 40 years. We provide services predominantly to older Australians, in addition to those living with a disability and those struggling with mental health illnesses together with their families. All three client groups can access residential, home and community-based services.

Baptistcare operates in the Perth metropolitan area, in rural and regional Western Australia and often in remote locations. Approximately 65% of our activity is in regional WA. We employ over 1300 people, have access to more than 200 volunteers and are spread over 20 different service locations.

Specifically, our aged care services include:

- Residential aged care
- Community aged care
- Retirement living
- Community visitors scheme

Baptistcare is a member of ACSA/ACSWA which has also made a submission and we add our support to those areas where we have common views. However Baptistcare comments and feedback are expressed differently and in some areas differ significantly.

## Recommendations

Baptistcare has provided comments on each of the Recommendations indicating its support or otherwise and making suggestions as possible solutions or ideas for a process to move forward.

## Principles

Baptistcare would like to affirm its commitment to the underlying principles in the Draft Report and would like to take this opportunity to expand on some of them which we think are worthy of the Commission's consideration as they are critical to the way forward for the sector, its future viability and the quality of its contribution.

### • **Character and Distinctives of the Not-For-Profit (NFP) Sector**

The NFP sector is a critical part of Australia's wider civil society. Its contribution to Australian life, its wellbeing and ability to flourish, the capacity-building and relationships that arise within a democracy, its active, positive participation in, and contribution to, a capitalistic society are all acknowledged and celebrated. It is uniquely structured within the Australian culture and society and is based on human rights principles and the fundamental philosophy of improving the human condition.

The NFP sector has a significant over-representation of women in the workforce and as such, it is a very gendered environment, with the last ABS reports indicating a workforce that is 87% female. This is the norm for many service industries. It has created a character for the sector that is different to the male-gendered leadership and workforce that operates in the commercial sector that is more male than female. The NFP business processes, decision-making processes, leadership style and service delivery modus operandi are, therefore, impacted in and by, this gendered space, which contributes to some of its differences, not least its workplace terms and conditions of employment, the low wages and low value placed on both the workforce and clients, residents and participants and their families. It is critical that this is taken into account when looking at how the Government and society views the expectations of the aged care services required and delivery options.

### • **The NFP Sector**

The 'Not-for-profit' description presumes For-profit businesses are the norm and it is against this that charities and other community benefit organisations are automatically measured and

required to perform in any review and assessment of their activities. This is without reference to the size and contribution of the sector to the nation's economy and productivity

It assumes that For-profit governance and business drivers are accepted and are, therefore, unquestioned; it is the default position for all service delivery assessments and judgements. Significant energy is spent discerning the 'distinctives' for a sector that is expected to take 'personal' responsibility to demonstrate and define its differences from the For-profit sector. It is a work of constant justification for its separate existence and legislative and regulatory framework.

For faith-based organisations like Baptistcare, the continued focus on compliance and regulation without the matching focus on the other sector drivers being articulated such as those that motivate the boards, leaders, staff and service users, it means that an insufficiently nuanced process is more likely to be used in the establishment of any changes.

It is within this framework that **Baptistcare would strongly disagree with the position taken by the Commission (p.119) that 'FBT concessions should be phased out slowly'**. The contribution by the NFP sector to the overall health and wellbeing of Australia's civil society cannot be underestimated. The value of its work with the marginalised and 'unvalued' members of the community (unvalued within a capitalistic, consumerist society who are perceived as non-productive e.g., children, elderly, the poor and unemployed, those with disabilities and those with illnesses or conditions that do not allow for full employment, the refugees and so on) has ensured that many of the gains over the last few decades in terms of recognition of their human rights and a re-evaluation of their social, cultural and civil contribution, has enabled many of these marginalised groups to step into Australian society more strongly and productively. Further, it is the NFP sector that predominately provides services in rural and remote regions of our country to assist those people marginalised due to distance and limited access to services. It is well evidenced that rural and remote providers face extreme challenges in maintaining viability; attracting and retaining appropriately qualified and skills staff; and accessing medical and allied health professionals. The aged care system could not survive without the NFP sector's presence in rural and remote Australia.

It is within this context that Baptistcare's commitment to the principles of accessibility, accountability, affordability, and the concepts of person-centredness and a clear understanding and delivery of consumer-directed care is seen as critical to achieving its own Vision and Mission.

The contribution of the NFP sector organisations working in human services and their contribution to the common wealth and common good of the wider society is grown as resources and capacity building is reflected back into Australian society. The surpluses generated by NFP organisations are reinvested in services rather than individuals enabling a continuous replenishment of the work and capacity of the sector. It is 'value for money' – valued differently. The FBT concession recognises this value.

Baptistcare would also challenge the Commission's position of how the aged care services market needs to operate with its own philosophical paradigm being situated within that of commercial service delivery imperatives. This is the marketplace within which services are expected to be delivered and anything outside of this, has to be adjusted to suit. It is the default position for all service delivery analysis. The Commission is very clear that it expects some providers will not survive in a more de-regulated (or re-regulated) marketplace. However, its objective is to provide sustainable services into the future, without having a view (overt) on who those providers might be.

The NFP sector comprises those agencies that offer services to people who are least able to access the full market resources, negotiate, barter or in any way fully utilise their purchasing power. Thus, it is strongly urged that the Commission continues to ensure that some of the policy settings in establishing this marketplace are adjusted to suit those who are

marginalised, less capable, and less accepted by our wider society. It is not enough to ensure dignity and respect for those able to operate in the market, our society needs to have mechanisms in place that go beyond these limits for the least able. It is not sufficient simply to see how the market settles out and leave it to the market. It is in this space that the NFP service providers generally operate and so the new market being worked out needs to be flexible enough to make it sustainable for these agencies.

- **Adding Value to the Services**

In Baptistcare's Vision, Mission and Values, its philosophy demonstrates that there is a strong focus on the need to provide 'added value' not only to our residents, clients and their families but also to the sector and the wider community. This capacity is hampered significantly by red-tape, regulation, compliance and risk-aversion; combined with an unwillingness by Governments and their Departments to work collaboratively and as a learning community within the wider civil society. The Report highlights the need to reduce red-tape. It is the sector's long experience that processes get 'onionised' or layered as well as being added to consecutively over time, to lengthen and complicate the process. This occurs as Governments seek to relocate any perceived risk, rather than minimising or eliminating through the authentic use of a continuous improvement culture. This is particularly obvious once the details emerge in any system controlled by Government. The Government's total commitment and paradigm for managing its business operations is through risk aversion. This is in itself a real risk for the sector. It will be important to have this as a specific focus of the implementation of these Recommendations.

- **Diversity**

One of the many features that the NFP sector offers to the wider civil society is the sheer diversity of small and large organisations, faith-based and secular structures, in rural, regional and city based locations, and individualised, or multi-focused, group and communities services are created and established. The Commission is urged to keep this in mind when thinking about smarter regulation and improving transparency and accountability of aged services. Some systems have practices that are inherently excluding in their processes and this must be thought through with a great deal of caution.

The details required for diverse services in rural and regional Australia and for people with other life and health issues such as mental health illnesses and life-long and acquired disabilities are also insubstantial in the Report. The care is complex, requiring intensive working with a wide range of agencies and care providers and the families often over lengthy periods of time. This needs to be recognised in the cost structures. The costs of infrastructure, operational expenses, travel, communications, staff accessibility and recruitment, and skilled support professionals are significantly higher in rural and regional Australia and particularly in WA as residents, clients and families often live in remote areas and service providers are stretched.

While the Productivity Commission is economic in perspective, it is worth noting a comment by Pope Benedict XVI who said: "Every economic decision has a moral consequence". This means that the consequences of the decisions being made by Government in response to its Recommendations will have non-financial impacts on people's lives. A purely financial perspective is unsophisticated, unrealistic and limited.

- **Innovation**

There is insufficient attention paid to the capacity of service providers to be innovative in their approach to service delivery. There appear to be few mechanisms that will enable development, research and innovation. Services for Older Australians will be characterised over the next few decades with rapidly changing expectations – this means the sector must be able to be responsive, adaptive and innovative with the support of the Government to enable this to emerge.

Baptistcare is currently working with Curtin University of Technology to undertake research on delivering diverse services within a 'person-centred philosophy and practice' and the implications this has in being a person-centred organisation. This is a two to three year project. The definition of 'person-centred' by the Commission are probably too narrow in perspective and we would urge the Commission not to be too restricted in its analysis of what person-centred means and the implications this has for the NFP sector which has long since gathered around this philosophy as one of its own characteristics. It has been Governments during the last couple of decades, that have established a market paradigm of regulation, cost control and risk aversion managed by over-compliance which has resulted in the creation of a risk averse, institutionalised methodology of care which is in stark contrast to the language of person-centred care.

## **Recommendations from Section 4**

### ***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*
- *provide incentives to ensure the efficient use of resources devoted to caring for older Australians and broadly equitable contributions between generations.*

Baptistcare supports this Recommendation 4.1 and believes that viability/sustainability for aged care should be added to the aims.

## **Recommendations from Section 6**

### ***Recommendation 6.1***

*The Australian Government should adopt separate policy settings (including for subsidies and co-contributions), for the major cost components of aged care, namely care (personal and health), everyday living expenses and accommodation.*

Baptistcare supports this Recommendation

### ***Recommendation 6.2***

*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.*

Baptistcare supports the principles contained in Recommendation 6.2. However, the practical implementation of the Principle needs careful consideration as it has the potential to change the current revenue streams significantly; and, it needs to occur in a way that maintains current revenue levels for providers while the recommended financial models are established. For

accommodation payments this is especially critical given the Commission is recommending the removal of retention amounts and limiting accommodation payments by requiring such payments to reflect the cost of supply for the accommodation.

The Productivity Commission is also requested to define 'Everyday living expenses' and to facilitate further discussion on this issue.

### **Recommendation 6.3**

*The Australian Government should remove regulatory restrictions on the number of community care packages and residential bed licences over a five-year period. It should also remove the distinction between residential high care and low care places.*

Baptistcare supports this Recommendation and sees the removal of regulatory restrictions on the number of community care packages and residential bed licences as a positive step.

The removal of regulatory restrictions for community care should include HACC, CACPs, EACH and EACHD packages. This is a key factor for achieving an integrated model of aged care. It will improve consumer choice and competition in the sector. It would also facilitate a smooth transition through the range of services for consumers as their care needs increase.

The removal of the low/high care distinction has the potential to improve care and administrative processes for residential care. The removal of the low/high distinction should also apply to HACC, CACP and EACH i.e., community care so that similar benefits can be realised in the community setting.

Baptistcare notes that that removal of the high/low care differential will require changes to the prescribed benefits contained in the current legislation. Consultation with the industry is critical to redefining the prescribed benefits effectively.

Baptistcare does have a concern regarding the removal of the high/low differential as it may result in an averaging of funding which may favour low care when we anticipate this will diminish in residential aged care.

### **Recommendation 6.4**

*The Australian Government should remove regulatory restrictions on accommodation payments, including the cap on accommodation charges in high care. It should also abolish the charging of retention amounts on accommodation bonds. The Government should require that those entering residential care have the option of paying for their accommodation costs either as:*

- *a periodic payment for the duration of their stay*
- *a lump sum (an accommodation bond held for the duration of their stay).*
- *or some combination of the above.*

*To ensure that accommodation payments reflect the cost of supply, and are equally attractive to care recipients and providers, the Australian Government should require that providers offer an accommodation bond that is equivalent to, but no more than, the relevant periodic accommodation charge. Accommodation charges and their bond equivalents should be published by the residential aged care facility.*

Baptistcare appreciates the intent of Recommendation 6.4. However, we cannot support the Recommendation without more detail concerning its implementation. There are major concerns that this Recommendation could seriously affect a provider's ability to access sufficient capital that enables them to construct new facilities and both maintain and refurbish existing facilities.

The Commission's Draft Report has a strong emphasis on consumer choice and competition. However, from a provider perspective, the normal market forces are artificially limited as providers



lose the opportunity to negotiate accommodation payments freely with consumers, especially non-pensioners.

Recommendation 6.4 significantly reduces the revenue stream from accommodation bonds and charges, with no alternative funding sources identified in the Report's Recommendations (other than for supported residents). The Recommendation appears to have the intention of restricting a provider's ability to access funds through accommodation bonds, or it has overlooked the impact on providers, as the Recommendation seems to seek to prevent non-pensioners from becoming eligible for the pension.

The loss of retention payments is of particular concern if replacement funding is not made available. It seems inconsistent to recommend the removal of regulatory restrictions on accommodation payments and then reintroduce regulation by requiring providers to offer specific options for payment, and more critically, require accommodation payments to reflect the cost of supplying the accommodation.

Recommendation 6.4 provides no incentive for providers to develop new and more cost effective construction techniques as they are required to reflect the cost of supply in the accommodation charges.

Also, the Recommendations does not recognise the value that consumers or their family place on the accommodation, which can include factors independent of construction costs. This value is usually created by the provider through the decisions it makes and its management ability, i.e., the provider chooses a location for its service, it establishes its own reputation and can present a value proposition to family members.

Please Note: If accommodation payments are required to reflect the "cost of supply", such payments need to include the cost of the land, or preferably the value of the land.

Offering a genuine and equitable choice between the various accommodation payment options will need to be understood simply and easily by consumers and their families. It will likely make it administratively more difficult and complex for providers. More detail is needed on how an equivalent accommodation payment will be calculated, regardless of whether a consumer chooses the lump sum or periodic payment option or a combination of both.

The Draft Implementation Plan proposed by the Commission's report has Recommendation 6.4 occurring in Stage 1 with no replacement accommodation funding identified other than for supported residents. This significantly reduces accommodation revenue.

Baptistcare strongly recommends that Recommendation 6.4 not be implemented until alternative accommodation revenue streams have been identified and that these be implemented concurrently with Recommendation 6.4.

Further, Baptistcare strongly recommends that the current system of calculating accommodation bonds and associated conditions (e.g., asset exemption) is retained.

### **Recommendation 6.5**

*To ensure sufficient provision of the approved basic standard of residential aged care accommodation for those with limited financial means, providers should continue to be obliged to make available a proportion of their accommodation to supported residents. The Australian Government should set the level of the obligation on a regional basis. This would not apply to existing providers who are currently not obliged to make accommodation available to supported residents.*

*Over the first five years, the obligation would be tradable between providers in the same region. After five years, the Australian Government should consider the introduction of a competitive tendering arrangement to cover the ongoing provision of accommodation to supported residents.*

Baptistcare supports Recommendation 6.5. Baptistcare is especially concerned that people with limited means are able to access residential aged care. Baptistcare is aware of reports that Commission has changed its view on the approved basic standard of residential care being a two-bed room with a shared ensuite. We strongly support this change and commend the Commission in recognising the issues associated with this and changing its position on this matter.

Setting the supported residents obligation on a regional basis is positive as it recognises the circumstances affecting regional locations. However, the funding provided for supported residents should also be calculated to reflect the normal higher costs associated with regional localities on a region by region basis. Should a supported resident relocate to a different region or move from the city to a regional location, then their funding should be adjusted accordingly.

Baptistcare supports the ability to trade supported resident obligations. However, it has some concerns about the implementation of this Recommendation. The implementation should ensure that people with limited financial means do not lose access to residential care that is within reasonable distance from their family and friends. Consultation with providers and consumer representative/advocates should occur regarding the implementation details and the agreed “trade” conditions to ensure that the person of limited means and the provider who is accommodating them, are not disadvantaged. The commodification of people of limited financial and market access is an interesting and risky concept that should be treated with caution.

## **Recommendation 6.6**

*The Australian Government should establish an Australian Pensioners Bond scheme to allow age pensioners to purchase a bond from the Government on the sale of their primary residence.*

- The bond would be exempt from the age pension assets test and income tests and would be indexed by the consumer price index to maintain its real value. All bonds would be free of entry, exit and management fees.*
- Age pensioners could flexibly draw upon their bond to fund living expenses and aged care costs.*

Recommendation 6.6 is not supported by Baptistcare. This Recommendation reduces the revenue a provider receives through accommodation related payments and if lost on a permanent basis, this will need to be replaced to a reasonable level from alternative sources.

This Recommendation, in conjunction with Recommendation 6.4, appears to have the objective of ensuring pensioners are not disadvantaged while also preventing non pensioners from qualifying for the pension should they put all their assets into their accommodation bond. The Recommendation has, as a consequence, unintentionally disadvantaged providers and could also make it more attractive for pensioners to place the funds from the sale of their house into the Pensioner Bond scheme rather than making a Lump Sum accommodation payment to the provider. It also gives the Australian Government access to additional funds at the expense of providers and their capacity to provide quality choices of accommodation.

The objective of stopping affluent residents qualifying for the pension can be achieved while still allowing providers to hold and make use of a larger bonds from pensioners. The provider could still hold the pensioner’s larger bond and allow, or be required to allow, the resident to draw down on their larger bond for living and aged care expenses. Similarly the real value could be maintained for the bond amount higher than the standard bond, by the provider indexing it to CPI.

The Recommendation has the potential to discourage providers further from building new facilities as the cost of funds for building would increase significantly with any reduced Lump Sum accommodation Payments. Banking institutions would have limited capacity to lend to providers as

providers would no longer have access to capital to repay the borrowings used in the construction of new facilities.

The Recommendation makes no reference to transition. How will existing providers with significant bond holdings fund the repayment of the bonds? The Government would be aware from the CAP annual reporting of the Balance Sheets of providers, which in the main, show less cash reserves than the total bond holdings. The repayment of bonds have generally funded new facilities which rely on turnover of bond paying residents. Profitability is not at such levels within the industry that it enables providers to build cash reserves to payout the bond holders.

Baptistcare strongly recommends that Recommendation 6.6 not be implemented until alternative accommodation revenue streams have been identified and that these be implemented concurrently with Recommendation 6.6.

Further, Baptistcare strongly recommends that the current system of accommodation bonds and associated conditions (e.g., asset exemption) for calculating these payments remain in effect for pensioners but be extended to include those previous exemptions that applied to High care.

Baptistcare also recommends that non-pensioners are given the option of placing the full proceeds of their family home into their accommodation bond and have the ability to draw down on the bond to cover living and aged care expenses.

### **Recommendation 6.7**

*The Australian Government's contribution for the approved basic standard of residential care accommodation for supported residents should reflect the average cost of providing such accommodation and should be set:*

- *on the basis of a two-bed room with shared bathroom*
- *on a regional basis where there are significant regional cost variations.*

Baptistcare does not support the use of a two-bed room with a shared bathroom as the basic standard accommodation used by the Australian Government when determining the contribution for supported residents. However, Baptistcare is aware of reports that the Commission has changed its view on the approved basic standard of residential care being a two-bed room with a shared ensuite. We strongly support the proposition that a single room with its own bathroom should be the standard residential accommodation and commend the Commission in recognising the associated issues and changing its position on this matter.

Baptistcare supports setting the cost of providing the standard residential care accommodation on a regional basis.

### **Recommendation 6.8**

*The Australian Government should remove the regulatory restrictions on supplying additional services in all residential aged care facilities, discontinue the issuing of extra service bed licences and remove the distinction between ordinary and extra service bed licences.*

Baptistcare is fully supportive of Recommendation 6.8 as long as providers have the capacity to negotiate the accommodation payments that are above the minimum standard

### **Recommendation 6.9**

*The Australian Government should:*

- *prescribe the scale of care recipients' co-contributions for approved care services which would be applied through the proposed Australian Seniors Gateway Agency (draft recommendation 8.1)*

- *set a comprehensive means test for care recipients' co-contributions for approved care services. This test should apply the age pension income test and the non-home owner asset test (including any housing assets, such as the primary residence, accommodation bonds and the proposed Australian Pensioners Bond). The comprehensive aged care means test would apply where the approved care services have a combined value of around \$100 or more on average per week (the 'comprehensive aged care means test threshold') and all home modification services*
- *adopt for approved care services below the comprehensive aged care means test threshold, a test for determining care recipients' co-contributions for such services which relies simply on pensioner status.*

*To facilitate greater consistency in co-contributions across community and residential care, comprehensive aged care means testing to determine care recipient contributions to care costs in both settings should be undertaken through the proposed Australian Seniors Gateway Agency (draft recommendation 8.1) by Centrelink.*

*Care recipients' co-contributions should be regularly reviewed by the Australian Government based on transparent recommendations from the proposed Australian Aged Care Regulation Commission (draft recommendation 12.1).*

Baptistcare is fully supportive of Recommendation 6.9. It does have some concerns about the implications of the older Australians caring for older children living with disabilities and the impact of the inclusion of the family home in assessing assets. There is insufficient detail about this issue of care provision and the implications of Older Australians living with a disability and this does need to be resolved through consultation with the disability services sector.

#### **Recommendation 6.10**

*The Australian Government should set a lifetime stop-loss limit comprising the care recipients' co-contributions towards the cost of government-subsidised aged care services (excluding accommodation and everyday living expenses). Once the limit has been reached, no further care recipients' co-contributions would be required for those services.*

*With a stop-loss limit in place, the Australian Government should exclude aged care costs from the net medical expenses tax offset.*

Baptistcare Supports Recommendation 6.10 under a stop-loss taxpayer model where the Government covers any costs incurred above the nominated cap.

#### **Recommendation 6.11**

*The proposed Australian Aged Care Regulation Commission (draft recommendation 12.1) should make transparent recommendations to the Australian Government on the scheduled set of prices for care services and the required level of indexation, the lifetime stop-loss limit, and the price for the approved basic standard of residential care accommodation. The Commission should monitor and report on the cost of care, basic accommodation and the stop-loss limit.*

Baptistcare Support Recommendation 6.11. However, we make the following comments and suggestions:

The cost of providing care and accommodation can vary greatly in and between rural areas. In setting the prices for care and accommodation in rural/regional areas, any increased costs should be included in the provision. This is necessary in order not only to ensure aged care services are accessible for people in rural/regional areas but also to ensure acceptable levels of care are maintained.

Residents with limited financial means should have right of access to aged care services and when setting the prices for care and/or accommodation, this right of access should be considered and importantly, a means for the Government to subsidise any shortfall should be established.

Provider and other industry stakeholders should be consulted with regard to reviewing the prices set for care and accommodation. However, Baptistcare would like to propose that industry representatives sit on the Commission as a way to work this issue through for the future.

The process used by the AACRC in setting care and accommodation prices should be reviewed regularly, preferably annually for the first five years to ensure its effectiveness and that consumers are not being disadvantaged.

## **Recommendation from Section 7**

### **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.*

Baptistcare has some reservations regarding Recommendation 7.1

This Recommendation has some merit if it is intended to apply to couples where only one needs to go into residential aged care and they are joint tenants of a property however care should be taken in the implementation to ensure anomalies that occur in the current system are removed. Where one of a couple enters residential care the person entering care should have their share of the house included in their asset assessment for accommodation payments. Should the partner who has remained at home pass away then there should be a reassessment of the assets for the person in care using the full proceeds from the sale of the house.

Under the current system should only one of a couple enter care while the other remains in the family home, the home as the main asset is exempt from the asset assessment. While this can be reasonably equitable for providers given the current interest rate regime that applies to unpaid bonds, anomalies can arise where the house can end up exempt from the asset assessment for both of the couple. This would be more equitable if when the house is sold the asset assessment is redone including the proceeds of the sale for the party already in care.

Previous comments made for Recommendation 6.9 in relation to the issues of elderly parents caring for disabled adult children will also make this a complicated Recommendation and it requires more discussion and research as this is not simply an issue for Older Australians in isolation.

## **Recommendations from Section 8**

### **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.*

Baptistcare supports Recommendation 8.1, and sees it as providing some excellent improvements. However, more implementation detail is required before it can be accepted.

If ACFI, the current assessment tool continues to be used, a GP's diagnosis should be included as this will improve the process efficiency for the assessments.

Once a consumer has had their initial assessment and entered a programme they should, without the need to be reassessed by the Gateway, be able to proceed through all levels of care, from HACC/CACP through to the highest care level in a residential facility. This will streamline the process, making it more efficient for both the consumer and the provider. The provider would conduct their own assessment, as they do now, and be subject to a validation process to ensure the integrity of the system.

### **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.*

Baptistcare supports Recommendation 8.2 which has the potential to make the process more efficient and place more control in the hands of consumers. This is consistent with Baptistcare's person-centred focus.

Inefficiencies associated with different Governments being involved in the process need to be removed, either by one Government taking responsibility for the full range of aged care services, or a more efficient joint administration established.

### **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.*

Baptistcare supports Recommendation 8.3 but believes it should address more than just palliative and end of life care.

Aged Care facilities are not hospitals and Baptistcare has a strong focus, as do many providers, on ensuring the facility is as much like a home as possible, and not institutionalised as a hospital. Notwithstanding this, there are a number of special care activities that typically occur in a hospital

and providing funding palliative and end-of-life care through the Independent Hospital Pricing Authority recognises this, in part. While this funding is a step in the right direction, it is also appropriate that other special care activities that also typically occur and which belong in a hospital, should be recognised in the same way and funded through the Independent Hospital Pricing Authority. These other special care activities include enteral feeding and O2 supplements and have the same costs in an aged care facility as in a hospital...

Baptistcare recommends that the funding through the Independent Hospital Pricing Authority be provided for all care activities performed in an aged care facility that are more aligned to hospital care and not just for palliative and end of life care.

#### **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.*

Baptistcare supports Recommendation 8.4 but believes rural areas and minority groups should be given special consideration for block funding programmes.

#### **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.*

Baptistcare supports Recommendation 8.5. Baptistcare has first hand experience of a similar model to that described in Recommendation 8.5. We work with the Shire of Brookton managing their aged care facility, Kalkarni and their Nursing Post. Co-located in the same complex, is a medical centre that brings to the community, doctors, dentists and various allied health services. These services are also provided from the medical centre part of the complex into the aged care facility. This arrangement replaced the town's hospital which also had some aged care beds. It is providing an excellent service to the town and district and utilises the funding it receives very effectively. The Shire of Brookton and Baptistcare see this combined model that brings the range of health care disciplines together, as highly suitable for rural communities. Should the Commission require further information regarding this, Baptistcare would be pleased to assist, as would the Shire of Brookton.

### **Recommendations from Section 9**

#### **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.*

Baptistcare supports Recommendation 9.1.

With respect the Commission's enquiry about the Department of Veterans Affairs (DVA) assessment process merging into the new Gateway, there is some logic in the proposition, and it has the potential to improve the efficiency of the overall service and support the integration objectives of the Commission's Draft Report. However, there are also some complexities such as the DVA assessment process which require a more extensive suite of data to be collected so that the DVA clients have access to a greater range of funded services. Issues could also arise with the next generation of DVA veterans being much younger than the WW2 veterans.

Notwithstanding this, there could be benefits with integrating the DVA service for older Australians possibly by applying an outsourcing arrangement from DVA to the Department of Health and Ageing (DoHA). This could overcome the differences and complexities if DVA was to agree to the Gateway applying its assessments and service providers delivering services through the new age care reforms.

### **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.*

Baptistcare supports Recommendation 9.2. However, it believes that consideration should be given to broadening its scope.

The provision of interpreter services should include the cost of an allowance for staff that are able to speak the language of clients from a non-English speaking background.

### **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.*

Baptistcare supports Recommendation 9.3.

## **Recommendations from Section 10**

### **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*

Baptistcare supports Recommendation 10.1.

### **Recommendation 10.2**

*For older people with functional limitations who want to adapt their housing, the Australian Government should develop building design standards for residential housing that meet their access needs. Those standards should be informed by an evidence base of the dimensions and capabilities of people aged 65 and older and of the dimensions and capabilities of contemporary disability aids.*



Baptistcare supports Recommendation 10.2.

Consideration should be given to providing subsidies or funding to encourage the introduction of technology that makes monitoring health safety and wellbeing for consumers. This could make the provision of care and support easier for providers and families.

### **Recommendation 10.3**

*The Council of Australian Governments should develop a strategic policy framework for ensuring that sufficient housing is available that would cost effectively meet the demands of an ageing population*

Baptistcare supports Recommendation 10.3.

### **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.*

Baptistcare supports Recommendation 10.4.

### **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.*

Baptistcare supports Recommendation 10.5.

## **Recommendations from Section 11**

### **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.*

Baptistcare supports Recommendation 11.1 and sees it as an excellent innovation.

Assessments may be problematic for rural and remote consumers and their informal carers, and it may be appropriate to assess them in their home to get a more complete view of their circumstances. Remote consumers may also have a need for some specific solutions as the support may or may not be readily available. Rural and remote providers could be in an excellent position to perform the assessments on behalf of the Gateway as they may well be visiting the consumers and informal carers more regularly.

### **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.*

Baptistcare strongly supports Recommendation 11.2.

However it is imperative that subsidies and funding be sufficient to cover the increased wages. The principle of competitive wages needs to apply to all the roles involved in delivery aged care services, not only for nurses. If this is not done, it will negatively affect staff.

Consideration should also be given to the dynamics of the state-based economies and care prices recommended that reflect the higher wages of some states. The WA economy is being significantly impacted by the mining sector's demand for labour and the level of wages currently being paid.

### **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.*

Baptistcare strongly supports Recommendation 11.3 as an excellent reform. However, we ask that the Commission consider the following suggestions as a means to further improve skill levels and staff availability:

- Greater transition support arrangements for overseas trained clinical and allied health staff could be provided so they can develop recognised qualifications in Australia.
- Increase opportunities for RN's and EN's to undertake post graduate clinical courses (with emphasis on mental health) not just Nurse practitioner training.
- Free up requirements for overseas trained staff (eg those on 457 VISA's) – especially in rural areas.
- Assistance for rural and remote staff to access undergraduate courses.
- Management Development courses for Managers in developing diverse teams.
- Establishment of multi-cultural training centres to assist with training in relation to CALD employees.

### **Recommendation 11.4**

*The Australian Government, in conjunction with universities and providers, should fund the expansion of 'teaching aged care services' to promote the sector among medical, nursing and allied health students.*

Baptistcare strongly supports Recommendation 11.4 as an excellent reform.

### **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.*

Baptistcare strongly supports Recommendation 11.5 as an excellent reform.

## **Recommendations from Section 12**

### **Recommendation 12.1.**

*The Australian Government should establish a new regulatory agency — the Australian Aged Care Regulation Commission (AACRC) — under the Financial Management and Accountability Act 1997. This would involve:*

- *the Department of Health and Ageing ceasing its regulatory activities (except for regulation policy development — including quality standards — and advice)*
- *establishing the Aged Care Standards and Accreditation Agency as a statutory office within the AACRC*
- *establishing a statutory office for complaints handling and reviews within the AACRC.*

*The AACRC would have three full time, statutorily appointed Commissioners:*

- *a Chairperson*
- *a Commissioner for Standards and Accreditation*
- *a Commissioner for Complaints and Reviews.*

*The Chairperson would have responsibility for pricing and all other regulatory matters.*

*Key functions of AACRC would include:*

- *responsibility for compliance checking and the enforcement of regulations covering the quality of community and residential aged care*
- *approving community and residential aged care providers for the provision of government subsidised aged care services*
- *administering prudential regulation and all other aged care regulation, such as quotas for supported residential care*
- *monitoring and assessing costs and transparently recommending a scheduled set of prices, subsidies and a rate of indexation for subsidised aged care services*
- *assisting and educating providers with compliance and continuous improvement*
- *handling consumer and provider complaints and reviews*
- *providing information to stakeholders, including disseminating and collecting data and information.*

Baptistcare supports Recommendation 12.1. However, there are a number of concerns regarding its implementation, especially the Accreditation aspects.

The accreditation system for aged care, especially for residential aged care, needs a complete overhaul resulting in significant simplification and a different approach to risk aversion in its risk management. There must be effective but less onerous compliance systems. The current residential system frustrates staff, ties up resources unnecessarily and increases costs significantly. The introduction of an integrated model of aged care and bringing regulatory and accreditation for all areas into the one organisation provides the opportunity to develop an integrated quality framework that removes the limitations of the current residential aged care accreditation system. The current residential system is too rigid and is rules-driven and risk averse. The opportunity should be taken to replace it with an integrated quality framework that is person-centred rather than “rules” centred. It would be crippling for HACC and other community aged care services if, either intentionally or unintentionally, the current residential quality system and culture was migrated into them. Every effort needs to be taken to avoid this.

The Commission is asked to consider deregulating the accreditation by opening up accreditation to private independent regulatory organisations, which are themselves regulated and accredited by the AACRC. This will help change the police (or policing) and risk management culture to one of support and assistance.

### **Recommendation 12.2**

*The Australian Aged Care Regulation Commission's (AACRC) Commissioner for Complaints and Review should determine complaints by consumers and providers in the first instance. Complaints handling and reviews should be structured into the three areas: assessment, early resolution and conciliation; investigations and referral; and communication, stakeholder management and outreach. The Australian Government should abolish the Office of the Aged Care Commissioner. All appeals in respect of decisions of the AACRC and the Australian Seniors Gateway Agency (draft recommendation 8.1) should be heard by the Administrative Appeals Tribunal (AAT). Consideration should be given to the establishment of an Aged Care Division within the AAT.*

Baptistcare supports Recommendation 12.2.

Access to the Administrative Appeals Tribunal (AAT) is a good improvement and an Aged Care Division in the AAT would help with understanding of industry specific issues and improve turn around times.

### **Recommendation 12.3**

*The Council of Australian Governments should agree to publish the results of quality assessments using the Community Care Common Standards, consistent with the current publication of quality of care assessments of residential aged care.*

Baptistcare supports Recommendation 12.3.

### **Recommendation 12.4**

*The Australian Government should provide a broad range of enforcement tools to the Australian Aged Care Regulation Commission to ensure that penalties are proportional to the severity of non-compliance.*

Baptistcare supports Recommendation 12.4. However, we note that the current approach is too rigid and “rules” driven by perceptions that are not proportional to the severity at times. The new system needs to be more person-centred rather than “rules” centred.

### **Recommendation 12.5**

*In the period prior to the implementation of the Commission's new integrated model of aged care, all governments should agree to reforms to aged care services delivered under the Home and Community Care (HACC) program that allows for the Australian Government to be the principal funder and regulator. However, in the event that they do not agree, the Victorian and Western Australian governments should agree to harmonise (from 1 July 2012) the range of enforcement tools in HACC delivered aged care services.*

Baptistcare supports Recommendation 12.5. However, we have some concerns regarding implementation and provide the following comments and suggestions:

Baptistcare strongly supports the need for and the benefits of an integrated model of aged care which includes HACC. This should remove the inefficiencies and duplication in some services. It should also help consumers to make a decision on the care services that most suits their level of need. With the inclusion of HACC in the integrated model of aged care, the allocation of HACC services should be deregulated in the same manner as community packages and residential bed licences. Deregulating the allocation of HACC services will improve consumer choice and

competition in the sector. It would also facilitate a smooth transition through the range of services for consumers as their care needs increase.

Baptistcare appreciates the need for a regulator to have appropriate powers as part of a suite of tools and techniques to ensure compliance and we propose that a more positive culture should be cultivated and tools to this end are as worthy of mentioning and including in legislation as “enforcement” tools. As the final report will become the foundation for the integrated model of aged care, it is in a position to influence profoundly the development of the culture. Baptistcare proposes that a stronger reference to the development of a more positive and person-centred culture including its application for the AACRC, and give such cultural expectations the same status in legislation as “enforcement” tools.

### **Recommendation 12.6**

*The Australian Government should introduce a streamlined reporting mechanism for all aged care service providers (across both community and residential aged care) based on the model used to develop Standard Business Reporting (SBR).*

*The Australian Aged Care Regulation Commission (AACRC) should explore the case for embracing technological advances in receiving and transmitting information from and to providers in line with SBR. This could be facilitated by imposing a requirement that all providers submit key reports electronically to AACRC.*

Baptistcare supports Recommendation 12.6.

In Baptistcare’s case we have multiple sites which are all linked to our central office which is the key conduit for the delivery of residential aged care information to the Government. The Dept of Health and Ageing (DH&A) utilises Medicare as its record keeper. The software we employ readily enables Baptistcare to provide the information for compliance and making claims via Medicare.

We have issues with stability of the Medicare system from time to time. We have issues with the DH&A doing an annual survey of all our reporting. An improvement would be for the Department to send us a status report according to their records which we could confirm. We believe the Department should amend the reporting requirements for Annual Accounts as required under the CAP funding demands. The segment reporting should be broadened to provide more detail so that the annual accounts can provide better information to the government re the health of the industry.

### **Recommendation 12.7**

*The Australian Government should amend the residential aged care prudential standards to allow residential aged care providers to disclose (to care recipients or prospective care recipients) on request, rather than automatically:*

- *a statement about whether the provider complied with the prudential standards in the financial year*
- *an audit opinion on whether the provider has complied with the prudential standards in the relevant financial year*
- *the provider’s most recent audited accounts.*

Baptistcare supports Recommendation 12.7. However Baptistcare would also support the requirement for providers to provide an annual compliance with prudential standards statement with and audited opinion to the same affect. This would help maintain confidence in the sector and allow non-compliant and financially at risk providers to be identified. The need to request a copy of the provider’s most recent audited accounts is fully supported as a good initiative.

### **Recommendation 12.8**

*The Australian Government should amend the missing resident reporting requirements in the Accountability Principles 1998 to allow a longer period for providers to report missing residents to the Department of Health and Ageing, while continuing to promptly report missing residents to police services.*

Baptistcare supports Recommendation 12.8 as a good recognition of the practicalities associated with a resident going missing.

### **Recommendation 12.9**

*The Council of Australian Governments should identify and remove, as far as possible, onerous duplicate and inconsistent regulations, including in relation to infectious disease outbreaks, occupational health and safety, food safety, nursing scope of practice, power of attorney, guardianship and advanced care plans.*

Baptistcare supports Recommendation 12.9.

The removal of duplicate and inconsistent regulations in the areas highlighted is excellent. However, duplication occurs in other regulatory areas, including building certification. It is requested that all duplication and double regulation be identified and removed including where the Accreditation Agency reviews such things as building certification. A Certificate of Compliance from the appropriate regulatory body/ies should be all that is required and the AACRC/ACSAA should not do their own, additional audit.

## **Recommendations from Section 13**

### **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.*

Baptistcare supports Recommendation 13.1 and requests that this be implemented with the impact on providers minimised through efficient processes and the use of technology.

Baptistcare also requests that the time and cost associated with gathering and reporting of information be recognised with funds provided.

## **Recommendations from Section 14**

### **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.*

Baptistcare supports Recommendation 14.1, although it has some reservations and concerns. We strongly agree with the need for consultation seeing this as imperative to the successful implementation of the reforms.

Baptistcare is concerned that the Draft Implementation Plan has major changes that will reduce the accommodation funding stream with no new sources of funding available to replace it.

Baptistcare recommends that comprehensive financial modelling be completed and made available as the first step in the Implementation Plan before proceeding with any recommendations that impact financially on consumers or providers.

### **Conclusion**

In summary, Baptistcare supports the Recommendations contained in the Draft Report “*Caring for Older Australians*” January 2011 subject to the feedback provided in this Submission Response being seriously and thoughtfully considered.

We respectfully remind the Productivity Commission of the unique character and distinctives of the NFP sector and stress the importance of maintaining FBT concessions. The NFP sector reinvests every dollar earned back into the organisation, back into service provisions, back into serving those marginalised and disadvantaged, and back into rural and remote Australia – there is no personal financial gain; no investors seeking a healthy ROI. We are driven by Mission and contribution to our civil society.

Baptistcare will be present at the Productivity Commission’s hearing in Perth on Friday, 1 April and would also welcome the opportunity to discuss in more detail any aspect of our Submission Response.