



Manor Court Werribee Aged Care Ltd

Response to

Productivity Commission Draft Report

Caring for Older Australians

February 2011

EXECUTIVE SUMMARY

Manor Court Werribee Aged Care Ltd is a community owned not for profit facility, operating in the Residential Care sector. Manor Court is not associated with any religious or support organisation.

We believe that the report Caring for Older Australians, has some positive recommendations, but it has failed to address some essential areas particularly relating to Residential Aged Care.

KEY AREAS THAT MANOR COURT BELIEVE HAVE BEEN MISSED IN THE REPORT

Paperwork & Legislation

The government & DH&A are in constant denial, that excessive paperwork & regulation, are a significant contributing factor to the costs of residential care, and to many of the compliance and performance issues. Until they accept this notion, and agree to fix the problem, the industry will not be able to make a quantum leap forward.

- Why do our staff need to spend 40% of their working time completing paperwork? It is under 20% in the hospital system. Why is paperwork in aged care more than double that of the hospital system?
- Our exit interviews with staff over the last 10 years highlight two main causes for the massive industry turnover.
 - Poor wages, and the burden of paperwork. Nurses & carers want to care for residents, not fill out paperwork.
- Consider the impact on the performance of an aged care facility, if we could reduce the burden of paperwork for staff by 40%. That would instantly free up 15% of staff time, that could be directed towards resident care.
 - This would result in less errors & increased compliance
 - Increased care per resident per day
 - Less criticism from families that facilities are understaffed
 - And the best thing of all, it that it won't cost the government, the provider or the resident one single cent.

Funding

Current Funding System

The current funding system is a two tier system.

- The residents pay for food accommodation & laundry via their daily care fee, and
- The government funds the nursing care of the residents via the ACFI system.

The system has failed, and more than 40% of operators for the year ending June 2009 were trading at a loss. This figure will possibly be higher for the June 2010 year. This is not sustainable.

Funding for the actual care given only provides the provider with funding for that specific care. This current funding system does not provide for;

- ~ Unplanned events
- ~ Additional regulation
- ~ Improvements to the business
- ~ Continuous improvement

Future Funding System

As most providers get 99% of their revenue from the resident contribution, and the government contribution, it is essential that funding recognises the need for all providers to remain financially viable. If the government wants the providers to remain viable in tough times, then government funding must contain an element for growth.

Training is a case in point. With staff turnover running above 40%, the need to train new staff is massive. A lot of training needs to be done in a classroom situation, but providers can't afford to pay additional wages for non compulsory training. Instead we are forced to do training 'on the job', which is less than ideal, and contributes to less than acceptable performance and non compliance.

It is incredibly disappointing to aged care providers when we see in the newspapers how universities and private schools have millions & millions of federally funded dollars invested, that was surplus to their operating requirements.

Aged care is funded so poorly, that it is unlikely that any provider has surplus funds from subsidies that they can invest for future growth or development.

Technology

We are reliably informed that the Aged Care sector has one of the lowest levels of investment in IT & technology, of any of the industry sectors in the country. Why is this the case? The answer is pretty simple.

- **The providers cannot find the capital cost for the investment**
- **The providers can't find the recurrent funding to implement systems, and train staff.**

There are significant benefits to the aged care industry, associated with the introduction of IT & technology.

- Manual paperwork processes, could be converted to automatic tasks, to reduce staff time.
- Accuracy would be improved
- Online processing of essential information.
- Electronic systems are more responsive to trends & problems
- Security

Back in 2005, the federal government gave providers a capital grant on a per resident basis, to be invested in IT technology.

This grant was widely applauded by providers, as it allowed some providers to make their first investment in IT technology. Many providers used it to buy computers and introduce e-mail, which has become such an essential tool.

Unfortunately the industry investment remains way behind all other sectors.

Future

In the last few years, we have witnessed the entry of software providers into the aged care sector. Most of these providers have concentrated on resident record systems and ACFI processing. There are a number of products, but the take up rate has been very low. Development is limited because of the very slow take up rate.

What does the industry need?

- The industry needs another one off grant to providers, to develop automation of their care systems.
- The aged care sector is a relatively small industry sector, and it can't support 5 or 6 software providers all developing different product.
- We need some sort of uniformity of software, so staff moving from one facility to another don't need substantial retraining.
- The government needs to support one software developer, and develop an industry standard product. This could be used by small providers

who don't have the resources or expertise to evaluate and implement systems.

- Small providers should be able to buy a standard, off the shelf product, that is tested, and easy to implement.
- The government needs to also look at IT integration with allied services. I understand that there is a very good trial going on in NT, with simplifying & automating the drug chart process, between the provider, doctor & pharmacy under the auspices of NEHTA.

Workforce

Manor Court would like to see Personal Care Workers (in Victoria) encompassed by the registration process.

- Create a nurse registration category – Nurse Aged Care
- Create a minimum standard of training and achievement of qualification.
- Create compulsory training and personal development as a condition of continued registration with AHPRA.

Catering for Diversity

For the last 20 years, the Not for Profit sector, comprising religious, charitable & community based organisations, has dominated the residential aged care sector. As they are not 'profit driven' and not required to pay dividends to shareholders, it follows that a higher portion of expenditure will be dedicated to resident care.

Only 5 years ago, the Not for Profit sector was responsible for 60% of all residential aged care beds in Australia. This figure has dropped to well under 50% and continues to fall.

If a Not for Profit has to leave the industry because they are not viable, then it follows that for a For Profit business can only be viable if they seriously reduce the level of service to the residents.

The report makes no mention of continuing support for the Not for Profit Residential Care sector. Residents requiring residential care must continue to have a choice of the type of operator to provide their care.

COMMENTS ON THE DRAFT REPORT CARING FOR OLDER AUSTRALIANS

CARE AND SUPPORT

Draft Recommendation 8.1 : Single Gateway into the Aged Care System

- We strongly support the creation of a single entry point into the aged care system.
- The ACAT System needs review or abolition.

The current system does not work;

- There is no single entry point.
- ACAT Assessment's are a farce. ACAT's are prepared to 'get people out of the hospital system', not to get them into residential care.
- Hospital social work teams are not informed, and do not understand the system.

PAYING FOR AGED CARE

From my experience in the industry, I have extremely strong doubts that a multi tier system where resident's at all different income/asset levels will pay different amounts, to receive exactly the same service, will work.

It will be open to abuse just like the current system, and those with the capacity to pay will be the ones who find ways to reduce their contribution.

The current system of Daily Care Fees, Income Tested Fees & Accommodation Payments, already reflects a user pay system. Unfortunately the Centrelink Asset Assessment system, and the ACAT system (high or low) are flawed, and many residents are not paying what they should. For example:

- ACAT Assessors will allocate the Low or High category, based on what the family want. If the family don't want to pay an accommodation bond, ACAT assessors will make the ACAT high.
- The Centrelink Asset Assessments regularly fail to pick up all of a resident's assets. I had a resident prior to Christmas who provided an asset assessment with their house valued at \$160,000. They proudly told me recently that it sold for \$300,000. This will continue to happen, and these people will never pay their fair share.

Recommendation 6.1 & 6.2 – Segregating the major cost components

Separating the major cost components sounds good, but how practical is it going to be.

- We are going to create a class system within our facilities, where people pay different amounts, for the same level of care.
- The current system is very complex, and is not well understood by families and residents. This system will make it even more complex.
- The current system of determining the resident's capacity to pay is totally flawed and does not provide an equitable outcome. This needs to be addressed.

Recommendation 6.3 – Removal of restrictions on bed licenses

We strongly disagree with the recommendation to remove the requirement to obtain bed licenses, before you can build & operate new beds.

- This will create an oversupply of beds, which will send operators to the wall. Most facilities need 95% occupancy or greater to make a small profit.
- Older facilities will no longer be able to compete for business with brand new facilities.
- Nobody will meet demand for beds in low socio economic areas with high levels of fully supported residents.
- There will be a great deal of trauma for families & residents, when facilities go broke, and residents have to be relocated.
- The reason that people are not building beds is that it is not financially viable. It is not because they can't get bed licenses.
- There is already plenty of variety of care options for residents and families. The DH&A have caused the scarcity of beds in some areas by;
 - Not understanding the requirements for beds in local regions.
 - Restricting the issue of beds
 - Not providing a sufficient return on investment, for operators to consider investment.

Note

Even though we support the DH&A controlling the allocation of bed licenses, the current allocation system requires a major revamp. Currently:

- If you commence the building, you jump the queue and get the licences.
- The application procedure is incredibly complex.
- There is no priority for existing providers with a history of quality.
- The system of using local council data of residents over 70 years to determine bed requirements is flawed. In our area the percentage of

residents over 70 years is low, but 50% of our new residents come from outside our municipality, (to be closer to sons & daughters) which does not show in the demand data.

Recommendation 6.3 – Removal of the distinction between low & high places

We strongly support the removal of the distinction between low & high care residents.

Recommendation 6.4 – Restrictions on Accommodation Payments

Accommodation Bonds

Manor Court strongly supports a cap on accommodation bonds. The current system with no cap is being abused, with residents in privileged areas where no competition occurs, being asked to pay bonds of \$1m and greater. We believe that a cap of \$600,000 increased by CPI each year would be fair to all parties.

Accommodation Charges

Manor Court does not support the provider setting the accommodation charge. We believe that the DH&A should set the fee, that there is a minimum, and that the fee increases pro rata to assessed assets, cutting out at an asset level of \$600,000.

Options for Payment of Accommodation Costs

We support the option for the resident to pay the accommodation charge as a bond, a charge, or a combination of both.

Recommendation 6.5 – Supported Residents

Manor Court strongly believes that all providers should be required to maintain a minimum number of fully supported residents.

Providers in privileged areas who have low levels of supported residents are extremely profitable, while providers in low socio economic areas can't make a profit or make ends meet.

There also needs to be a better funding system than the 40% incentive cap that currently exists. Manor Court would support the abolition of the 40% incentive, and have it replaced by an incremental system where the more residents you take over the regional cap, the greater the level of supported resident funding.

AGED CARE WORKFORCE

Recommendation 11.2 – Competitive Wage Rates

Manor Court strongly supports the need to increase pay rates for nursing & other aged care staff. The current system is not working, and good quality staff use aged care as a training ground, to get experience, before moving to the hospital sector. Poor wages significantly contributes too many of the problems in residential care;

- Inexperienced staff make a higher number of mistakes.
- The average age of aged care workers, has dropped dramatically, and is dominated by workers under 30 years. Many mature staff have been lost to the aged care system permanently. Our residents need to associate with older staff as well.
- Most staff work at more than one facility, so they can get additional hours and dollars.
- The industry is dominated by part time & casual workers, who supplement poor wages by casual rates.
- High turnover of staff in excess of 40% per year adds an incredible cost to providers, in orientating & training new staff.

We will gladly increase wage rates to aged care staff, as long as it is fully funded by the DH&A.

We must provide the incentive for staff to undertake a career in aged care, and this will never happen while we have such a large discrepancy between aged care & hospital wage rates.

Recommendation 11.3 – Skills Development

Manor Court strongly supports additional skill development, but Recommendation 11.2 – Competitive Wage Rates must come first. No amount of training will keep nurses in the aged care system, when wages are 30 – 40% behind the hospital sector.

Recommendation 11.5 – Volunteers

Manor Court supports any initiatives that will encourage volunteers into residential aged care. We have to simplify the processes, as volunteers are not interested in completing the mountains of paperwork in aged care.

AGED CARE REGULATION

Recommendation 12.1 – Establishment of AACRC

Manor Court does not support the establishment of an AACRC.

This is just moving the chairs and changing the titles.

Without any shadow of doubt, aged care is the most highly regulated industry in Australia. We need less regulation, not more, as it is over regulation that is driving quality people out of the aged care system.

We need to look closely at our existing structure and;

- Get rid of duplication
- Remove superfluous regulation – the industry is mature enough to regulate itself with minor matters
- Reduce paperwork, particularly on the nursing side. Staff spends 40% of their day completing paperwork. If we could reduce this by one third, that would give staff nearly 15% more time on every shift to spend on resident care. This would result in a significant increase in resident satisfaction, and a big drop in resident & family complaints.
- Reduce the burden of the accreditation process. Have more regular spot visits, and dispense with the three year accreditation process which is incredibly time consuming.
- Simplify the ACFI process

Recommendation 12.4 – Increased Penalties for Non Compliance

Manor Court does not support the establishment of the AACRC (see 12.1 above)

Neither does Manor Court support increased penalties for non-compliance.

This is a classic case of putting the horse before the cart. Before we start thinking of increased penalties, we should be asking our self ‘why is non-compliance on the increase’ Most of the main reasons are addressed in the Caring for the Aged Draft Report;

- We are so poorly funded that we can’t afford to put on enough staff. I don’t think there would be a provider in the country who wouldn’t add staff if they were funded.
- Regulation is incredibly complex
- The industry has a 40% staff turnover. How can you reduce mistakes with a turnover like that?

- We can't attract experienced staff, because the wage rates are so poor. Better quality staff would make less mistakes.
- The volume of paperwork in aged care is out of control. It is impossible for staff to get the paperwork 100% correct. You only need one error to be non-compliant
- The accreditation system is incredibly subjective, and open to interpretation by assessors. One assessor can find your process compliant, and another assessor finds the exact same system non-compliant

Recommendation 12.7 – Disclosure

Manor Court supports the disclosure of the financial performance of the business to the residents & families.

The DH&A has been receiving audited accounts from aged care facilities for the last 2 or 3 years. Providers have never been given the analysis of the results. We would like to see that information aggregated, and broken into segments & states, so that we can see the profitability of the rest of the residential care sector. Once received providers could send it to families and residents to highlight just how bad the sector is performing. This will assist to put pressure on governments to properly fund aged care.

Recommendation 12.8 – Missing Residents

Manor Court supports this recommendation, but we are not sure why it has even been included in the report. This is a minor legislation change that would assist providers, but it is certainly no aged care reform.

Recommendation 12.9 – Duplication of Legislation

Manor Court strongly supports any measures between state & federal legislation that would reduce duplication & inconsistencies.