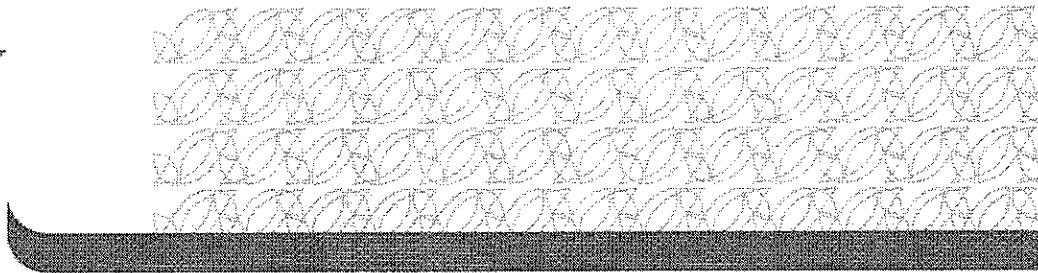




Bringing care to life



21 March 2011

Caring for Older Australians  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY 2601

Dear Commissioners

***Re: Response to the Draft Report 'Caring for Older Australians'***

Baptcare welcomes the Draft Report and commends the Commission on the positive changes recommended to the current aged care system. We do, however, have serious concerns about the effect a movement to a deregulated, market-driven environment may have on certain, already-disadvantaged members of our community. Our concern is that, if the recommendations from the Commission were accepted as they stand, an unintended consequence would be to embed people in continuing locational disadvantage at a time in their lives when they require the most care and support.

**Supported Residents**

The major issue over which we disagree with the Commission is the proposal to benchmark the Australian Government's contribution for the approved basic standard of residential care accommodation for supported residents on the basis of a two-bed room with shared bathroom. We believe that the current level of payment for supported residents is not sufficient and should be increased in the future to reflect the community standard of a single bedded ensuite room

We believe that funding support on the basis of two bed, shared bathroom supported accommodation will result in a two-tier system with those who cannot afford high levels of accommodation being placed in rooms that stigmatise those in lower socio-economic groups. Further, such rooms may in fact compromise care outcomes where the nature of their co-morbidities requires single-room-ensuited accommodation for proper care management.

A one bed room with ensuite is the current community standard and funding to this standard will ensure that the market is responding to what people want. Under the current suggested arrangements, we see a future where supported resident places may become ghettoised in sub-standard accommodation by this level of payment support.

**Clarity around maximum care payments in community aged care**

We agree that sometimes it is difficult to persuade people to move from their home into residential care, even when their circumstances appear to demand that they do so. We agree that in the situation where people have chosen to stay at home (given there is a RAC place available), but their acuity level has risen above that of the maximum subsidy for community care, the individual will be responsible for privately providing the balance of costs for continuous care and support. This will ensure there is clarity for both providers and clients about what will be provided in the home. In regional areas, should there be a case where there is no place available in a local RAC facility, the Government should be responsible for the balance of care costs.

**Gateway**

Under the Gateway proposal, there will be a requirement for continuing client education around the services they should expect and the assessment of the quality of providers. The Gateway concept raises issues about how the new clients will be directed to providers. On what basis will the Gateway staff recommend providers or give information to prospective new clients? For example, will there be a quality component or a regional/zone component? This is unclear and will require work to ensure the process through which providers access new clients is transparent. We would not like to see a situation where a large part of our operating budget needs to be spent on marketing costs when it could otherwise be used for delivering care. Government support to develop a system of information provision to potential clients/residents will be a useful tool as part of the Gateway's operations.

**Assessments**

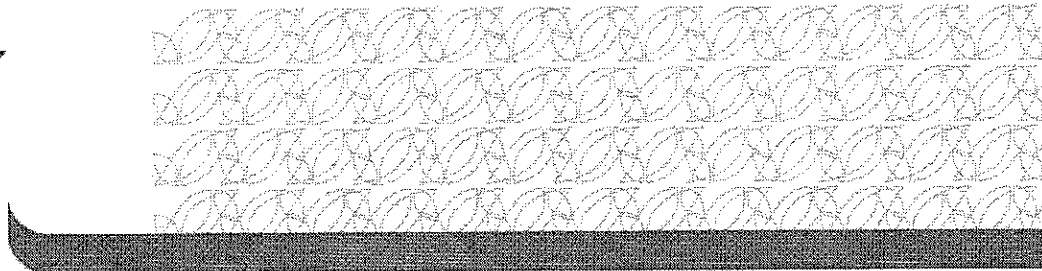
There are already problems with the way assessments are currently effected, which have been highlighted in the Report; and this will certainly need to be corrected before a Gateway is put in place. Many of our residents come into our facilities with an assessment that is obviously less than what they actually need. In the future a system, such as that in Residential Aged Care, where the provider has a 28 day period to assess a potential client and ensure that their entitlements match the level of care required will assist in ensuring that older Australians receive the care they require.

**Risk premium in accommodation bonds**

A risk premium for RAC residents who are charged a bond, instead of an accommodation charge, will be required to ensure the bond covers the cost of accommodation. The two risks that would need to be priced into the risk premium would be the cost of uncertainty associated with the resident's length of stay and fluctuations in interest rates over that period.



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### **Workforce**

There is a lack of focus on workforce in the draft report notwithstanding the Commission's commitment to be more forthcoming on this issue in the final Report. Workforce and its future challenges will continue to be a major issue for providers and we are keen to see what changes the PC recommends to enhance the level of wages and attractiveness of the sector. Please see our original submission for suggestions as to how this might be achieved.

### **FBT Concessions for not for profits (NFPs)**

The Commission should consider that many NFPs are diversified service providers and that the aged care division may represent one part of their role in the community. The suggested trading system around supported resident places suggests that a robust and vigorous NFP sector is considered a major plank of the new aged care system and as such should be supported to continue to focus on those most disadvantaged in our community. We do not support the phasing out of FBT concessions to NFPs.

### **Transition**

The current industry players will need Federal Government support to assist the change to deregulation. For not-for-profits, this will include information technology support for the shift to a Gateway system. There will also be the need for a phased in transition to a market-based system due to the need for marketing and brand development on the part of NFP providers who historically do not spend resources in these areas. The need for market positioning and brand recognition on the part of all aged care providers will play a pivotal role in a consumer driven sector, much more so than it does today.

Yours faithfully

Jeff Davey  
*Chief Executive*