



Aged Care Association Australia

Response to the Productivity Commission draft report

Caring for Older Australians

28 March 2011

Introduction

Aged Care Association Australia (ACAA) welcomes the Productivity Commission's draft report *Caring for Older Australians*.

Overall, ACAA believes that the reforms it recommends lay the groundwork for an enhanced aged care system that will give older people more certainty, choice and control over support and care services. Appendix 1 to this submission lists all draft recommendations, with the ACAA responses in brief.

In assessing our members' views on the aged care reform package recommended by the Productivity Commission's draft report, ACAA has been greatly assisted by consultations conducted on our behalf by Hynes Lawyers and PKF Chartered Accountants and Business Advisers.

ACAA acknowledges the Commission's commitment to consultation, both with ACAA and ACAA members, and with other stakeholders, especially through the National Aged Care Alliance. ACAA shares the commitment of the Commission, and other key stakeholders, to see genuine reform of the aged care sector implemented.

The draft report provides an opportunity for Australia to create an aged care system that will meet community needs in a sustainable way. However, it is subject to the transition process not exposing the aged care industry to financial stresses or operational disadvantage through mismanagement of the deregulation and restructure strategy.

There are areas where ACAA believes some refinement is required. This submission endeavours to highlight these necessary changes.

An issue of concern has been the lack of adequate consideration of the impact on the aged care industry of bond dilution, or of the difficulties that will be inherent in migrating the industry from a bond dependency status to a cash flow status.

The recommended transition away from bond dependency for industry capital toward greater reliance on recurrent fees, and to simultaneously escalate supply without price deregulation, must be carefully considered to minimise the risk that the proposed modified market model could lead to financial failure – nationally, regionally, and in servicing specific market segments.

The Aged Care Industry Council (ACIC) has commissioned research on the impact of this part of the reform package, and to consider issues surrounding the transition from the existing to the new structures. This work also has the input of many of the significant financial stakeholder institutions to the industry.

A framework for assessing aged care

Overall, ACAA welcomes and strongly supports the aspirations and intentions underlying this framework of the draft report, and is committed to working collaboratively to help achieve them.

Paying for aged care

ACAA welcomes and supports the recommendations to separate the funding of aged care services into the four major cost components of personal care, health, everyday living expenses, and accommodation.

In general, we support the recommended principles to guide the funding of aged care, namely that:

- accommodation should be the responsibility of individuals, with a safety net for those of limited means
- 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.

ACAA welcomes the recommendation to immediately remove the distinction between residential high care and low care places. To ensure this decision is effected successfully, careful transitional planning and management will be required to maintain the sustainability of the industry through the change period.

ACAA strongly supports the first part of draft recommendation 6.4 that "The Australian Government should remove regulatory restrictions on accommodation payments, including the cap on accommodation charges in high care." We recommend that this occur in phase 1 of the transition process.

ACAA recommends:

- 1. The Productivity Commission should recommend that the current regulatory restrictions on accommodation payments be removed in phase 1 of the transition process.***

ACAA also supports the recommendation to remove the regulatory restrictions on supply of extra services in residential aged care facilities.

ACAA proposes that the current ratio between residential and community care places be abolished at the beginning of Stage 2, before any increase in the quantity of residential and community places above the pre-existing Aged Care Approvals Round baseline occurs.

ACAA recommends:

- 2. The Productivity Commission should recommend that the current ratio between residential and community care places be abolished.***

A two person room with shared ensuite is not considered as an appropriate minimum standard specification for funding supported residents in residential aged care accommodation for the following reasons:

- It sits below market expectations and will not be market sustainable.
- It is regarded by the Australian community as not providing appropriate dignity for older people at the most vulnerable part of their life – it is a legacy of an institutional era.

ACAA recommends:

- 3. The Productivity Commission should make single person rooms with shared ensuites the minimum funding level for supported residents for residential aged care accommodation.***

There needs to be an appropriate level of certainty that the proposed system will deliver a viable and robust aged care industry which is capable of providing appropriate choice and access for consumers across Australia.

Unless the recommended transition away from capital bond dependency towards greater reliance on recurrent fees, and market supply escalation, are carefully considered, there is a risk that the modified market model being proposed could lead to market failure – nationally,

regionally, and/or in servicing specific market segments.

ACAA recommends:

- 4. *In order to assist the transition for providers currently dependent on larger than average bonds (largely in areas of high housing values), we need to have the regulatory distinctions between residential high care and low care and extra service places opened up as soon as possible, so that providers can access the capital flow from bonds to help them migrate from the existing charge system to the new scheme recommended by the Productivity Commission draft report. This will require early legislation to abolish the regulatory distinctions between residential high care and low care.***

ACAA supports the proposal to 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. However, the level of drawdown should be higher than 40% to enable both a reasonable lump sum bond and ongoing daily fees to be paid. A level set at 60% would be more appropriate.

The Productivity Commission recommends the Equity Release Scheme be capped at 40% of the asset value of a property. However, on a house price of \$500,000, the 40% release scheme will cap capacity to contribute to care and accommodation at a total of \$200,000 below the current average bond level.

ACAA recommends:

- 5. *ACAA recommends that the 40% cap for the Equity Release Scheme be lifted to 60%.***

The Aged Care Industry Council (ACIC) has commissioned independent research including consultation with financial institutions to undertake financial modelling of the longer term impacts of the proposed changes to properly and robustly test the 'market based model' proposed in the Commission's draft recommendations. This will have a particular focus on the treatment of accommodation charges, in particular to seek mechanisms to make the payment of a lump sum accommodation payment more attractive than is currently proposed in the draft report. This is a vital aspect of any transition from the existing structure to the proposed new structure, where it is vital to maintain the industry's viability.

We need to consider, and hopefully agree, what is a reasonable base rate of profitability for the aged care sector to remain sustainable.

ACAA, in conjunction with ACIC and some other stakeholders, has also commissioned Grant Thornton Chartered Accountants and Business Advisory to undertake independent research into the Australian Cost of Residential Care.

While the proposed Australian Pensioner Bond Scheme is accepted in principle, the issues related to lump sum payments must be considered and resolved as a priority. The Australian Pensioners Bond Scheme is but one choice for consumers, and has not yet been risk evaluated.

The Australian Pensioner Bond Scheme must be more closely examined for the assumptions which have been made about relative protection of both consumers' and providers' interests in comparison to a provider lump sum.

This also requires further examination of other accommodation payment options including lease licence (which could be transferred from Independent Living Units to residential aged care facilities), insurance-backed bonds, or loan-offset deposits with a lending institution (e.g. mortgage saver interest offset accounts) to enable a greater range of accommodation payment choices to the consumer and provider which offer security and which enable providers flexible

business models to foster market-responsive innovation.

An overall increase in accommodation costs being reflected back onto consumers may result in delayed entry into residential care. As a consequence residential care may be accelerated more quickly towards a concentration of the hard to manage dementia, palliative, and high acuity frail aged and special health needs care. The type of market adjustment required could have unintended adverse impacts.

It is estimated that currently, on entry to low care, up to 40 percent of residents are supported and up to 60 percent pay bonds.

In the future, if the Productivity Commission's draft report recommendations are adopted, perhaps only 20 percent would be supported, and up to 60 percent would significantly shift to daily charges. The remaining 20 percent, that is self funded retirees, may retain some incentive to pay a bond.

This will place immediate and unfair stress on providers who have recently built a facility under the current arrangements, and with legitimate expectations of bond volumes and amounts. They may be unable to meet their bank covenants for debt obligations.

The index to be used to convert the proposed daily (periodic) accommodation charge to a one-off lump sum has not been specified, nor has the mechanism for its determination or periodic adjustment. This must be further evaluated and set.

ACAA would also recommend consideration of the use of the Australian Pensioner Bond Scheme as a cheap capital funding source to enable providers to migrate to the new scheme, which will be more dependent on cash flow.

ACAA recommends:

- 6. *The Productivity Commission should recommend options for the index to be used to convert a daily (periodic) accommodation charge to a one-off lump sum. The mechanism for its determination or periodic adjustment must be determined in consultation with provider organisations. A suitable index will form part of the Aged Care Industry Council-commissioned research into the longer terms impacts of the proposed changes.***
- 7. *Providers should be allowed access to capital funding from the Australian Pensioner Bond Scheme at the interest rate set for consumers and also the Zero Real Interest Loan Scheme.***
- 8. *Consideration should be given to the use of the Australian Pensioner Bond Scheme as a cheap capital funding source to enable providers to migrate to the new scheme, which will be more dependent on cash flow.***

The proposed changes in the responsibilities of the Commonwealth will not be simply limited to a package of one-off changes in funding, planning and regulation as proposed by the Productivity Commission.

There is a real risk that the financial responsibility of the Commonwealth for aged care will shrink over time and pass to the consumer unless there is some structural way of 'locking in' the proportionate contribution of the Commonwealth. For example, there are a number of examples where the Commonwealth has failed to provide full and proper annual indexation increases to offset rising costs. This has the real effect of shifting the proportionate responsibility away from the Commonwealth.

Capital grants should continue to be available for certain accommodation types (e.g. high level frailty, dementia, rural and remote, and special needs such as homeless, mental health, CALD, Indigenous).

These are some examples of particular market areas which are financially unsustainable and cannot easily be operated successfully from a consumer choice, user pay or competition perspective. Without these grants, care services will suffer or be curtailed in certain locations and type.

The recommendation to continue funding supported residents at the current rate until the proposed Australian Aged Care Regulation Commission (AACRC) determines a new rate has the potential to create a perverse incentive to care for supported recipients. The delay in implementing the proposed funding pending the establishment of the AACRC is likely to cause financial difficulties. AACA would recommend that the process for increasing the Commonwealth contributions for supported residents commence in stage 1 of the implementation process.

ACAA recommends:

- 9. *The Productivity Commission should recommend that the establishment of the proposed Australian Aged Care Regulation Commission should be a high priority. This Commission will 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.***
- 10. *The process for increasing the Commonwealth contributions for supported residents commence in stage 1 of the implementation process.***
- 11. *During the transition phase, funding for accommodation for ALL supported residents should be at the higher rate, regardless of whether the target rate of 40% is achieved.***
- 12. *The Commonwealth Government should accept primary responsibility for the aged care system, including primary responsibility for ensuring a funding model is in place that enables a financially viable and robust industry.***
- 13. *Formal mechanisms be set in place to ensure that the Commonwealth provides annual funding increases which meet cost increases in full as well as a mechanism to bind the Commonwealth to its proportionate funding level over time, so that there is not a gradual seepage in costs towards either aged care providers and/or the consumer.***
- 14. *An Industry re-development fund be created as part of the transition period to actively support aged care providers who wish to re-align and/or re-position their business to take account of pending change. This should provide both capital infrastructure support through access to the Pension Bond Scheme for loans or Zero Real Interest rate loans, and provide guidance, advice, strategic support, training, targeted capacity enhancement, and, if needed, assist transfers of current facilities to new owners.***

Gateway proposal

ACAA supports in principle the proposed Australian Seniors Gateway Agency to provide information, assessment, care coordination and carer referral services.

ACAA notes that the proposed Gateway will undertake more roles and functions than all other current "front end services" including the aged care related functions of HACC assessment, Centrelink, Commonwealth Carelink and Carer Respite Centres and Aged Care Assessment Teams (ACAT). ACAA is concerned that this may lead to:

- bottleneck and waiting list problems;

- capacity limitations in relation to conducting home based assessments where people can be more accurately observed; and
- difficulty connecting people to local resources including providers and liaising with local health care services.

Accordingly, the proposed Gateway must be adequately resourced with capacity to achieve its functions and to ensure that these functions are well coordinated allowing consumers to easily navigate the system.

The proposed Gateway will require a 'local' presence, especially in rural areas. At minimum this would mean catchments no larger than current ACAT catchments and a system of more locally devolved service outlets. However, there are a number of rural locations where the existing ACAT boundaries are too wide. These will need additional resources.

ACAA is also concerned about access for people from CALD and Indigenous backgrounds. Member experience indicates that CALD and ATSI clients are very reluctant to approach unknown agencies such as the Gateway Agency and will generally access information and support through a trusted source (i.e. CALD specific service) or will delay accessing support until an emergency arises.

Applied Aged Care Solutions (AACS) were engaged by the Productivity Commission to assist in conceptualising how the new national Gateway agency would operate. The operational aspects including the review function and interface with primary health care and current service provision has not been clearly defined by the Commission as yet.

According to AACS the regional hubs of the Gateway agency will evaluate service provision to ensure that the services being delivered are as set out in the care plan and are of the expected quality.

ACAA has concerns about this review function sitting with the Gateway Agency. It is outside the scope of an independent assessment agency and duplicates existing service providers' responsibilities to deliver ongoing quality care consistent with the assessed day to day needs of the resident and that are aligned with the regulated and quality assurance systems in place.

The proposed shift of the funding classification assessment from the provider to the Gateway includes a move from longitudinal to "point in time" assessment. As experience shows - good assessment does not simply make judgements based on snapshots of individuals - but relies upon analysing patterns over a reasonable period of observation. This especially holds true if an initial assessment occurs, as it often does, in a period of health crisis.

As a consequence there is a very real risk of a funding mismatch for the consumer and their care and support needs. A longer period of observation and relationship building may determine greater range care and support needs requiring inputs from the provider. As a consequence the client's need for care and support would then be inadequately funded. A useful example are clients who take some time before they realise that socialisation support is one of their important unmet needs.

Therefore, we recommend a modification of the original Productivity Commission recommendation about the Gateway assessment which is used to construct the consumer's care and support funding entitlement under the proposed building block model. The essential difference, here, between our industry proposal and what the PC had originally proposed are:

- The re-assessment does not occur by way of appeal, but as of right.
- The Approved provider conducts the re-assessment, not the Gateway.

A modified process would involve the following steps:

a) The Gateway undertakes the initial "Building Blocks Assessment" which determines a care

and support funding entitlement for the consumer.

- b) With an assessed care and support funding entitlement, the consumer then selects the provider of their choosing (with or without the support of the Gateway proposed consumer advocacy support).
- c) The provider has the capacity to implement a "provider re-assessment", as a right, using the same assessment tool as the Gateway. This provider re-Assessment would then be binding in the same way as the existing ACFI assessment is binding. The proposed Australian Aged Care Regulatory Commission (AACRC) would, as the Department does now, use appropriate risk criteria to trigger validation reviews to provide accountability of the provider re-assessments.

If, of course, the approved provider is satisfied with the funding determination resulting from the Gateway assessment in the first place, then no provider re-assessment would be required.

ACAA recommends:

15. The Productivity Commission should recommend that if providers are required to give up their responsibility for entry point assessment of people's care needs, there must be a method within the system for providers to be able to review the assessment after entry into a care program.

Care and support

ACAA believes that aged care needs to have effective strategies that will support the interface between aged care and the primary and acute care health systems including within both the Medicare Locals and Local Hospitals Networks.

To provide the necessary robust representation and interface between aged care and the primary and acute sectors, the National Health and Hospitals Network reform framework needs to include Aged Care Networks to support this interface.

ACAA recommends:

16. The Productivity Commission should recommend that the National Health and Hospitals Network reform framework needs to include Aged Care Networks to support the interface between aged care and the primary and acute sectors.

ACAA broadly supports the draft recommendation to replace the current system of discrete care packages for Home and Community Care, Commonwealth funded care packages, and the care component of residential aged care services with a single integrated, and flexible, system of care provision.

ACAA believes that further examination is required of the spectrum of support in which care coordination and case management operates, including life management, service navigation, crisis management, service coordination, care planning and monitoring. Case management must be a core item above 'basic' support.

ACAA recommends:

17. The Productivity Commission should acknowledge and support the current level of involvement of aged care providers in both care co-ordination and case management.

ACAA supports the proposal 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.

Catering for diversity – caring for special needs groups

Any significant reform to the aged care system must be capable of delivering equitable services across Australia. Any emerging system must retain an objective to meet the unique service requirements of some regional and remote geographic locations and of the socially and economically disadvantaged groups.

Aged and Community Care Victoria (ACCV)'s Culturally and Linguistically Diverse (CALD) Interest Group forum considered the Productivity Commission's draft report.

The CALD Interest Group was mindful that the ethnic aged have difficulty accessing culturally and linguistically appropriate services. The lack of translated information, together with the additional costs associated with language services and the provision of culturally specific care in mainstream services are often cited as the reasons.

To inform the Commission and the industry on the costs associated with CALD care, the Interest Group resolved to identify the additional costs with a few case examples. Associated with this exploration is the need to clarify the factors which constitute CALD care.

To this end, Fronditha, Benetas and Jewish Care offered to look at the costs of consumers who require i) culturally appropriate services alone; ii) language services alone; and iii) language, culturally appropriate services and mental health services.

Any future costing of care for people from special needs groups should include a component for case management.

In managing fiscal risk, the Government would need to ensure that any strategies it adopted would not penalise special needs groups.

We note that the Gateway's scope of activities is enormous and would require careful planning to ensure that it can meet demand.

The Gateway's existence and function would need to be advertised in the ethnic and other special needs group media. This is in contrast to the current Carelink centres which are not.

In addition, sufficient lead time would need to be accorded to the Gateway service to enable it to amass information in community languages for its diverse constituents, or to develop effective links with relevant sites which contain translated information.

There is currently a dearth of information in community languages on the aged care system, service types, chronic disease and healthy lifestyle. Interpreters for the primary community languages would also need to be resourced.

ACAA supports the notion of Centrelink acting as a conduit to aged care information and goes one step further in recommending that ethno-specific services and services for special needs groups also be funded to provide detailed information to its client group. In the absence of readily accessible information from government agencies, special needs groups organisations are providing this information service by default, but at a cost to the rest of their services.

ACAA supports the Commission's suggestion that bilingual staff be rewarded in the workforce when their first language is used in their work situation.

ACAA notes that health and community services, including aged care, are currently not included in the Government's Critical Skills Investment List for skilled migration, and would support this being considered by the Productivity Commission in its final report. In particular, ACAA supports the relaxation of the 457 visa requirements to enable overseas students and skilled workers to take up aged care employment in Australia.

In much the same way that doctors have been indentured to work in country areas, similar

methods involving scholarships could be applied to students in the health and welfare disciplines to work in aged care for several years.

In this context, ACAA would support a review of the accreditation standards and community care standards to accommodate linguistic and cultural considerations across all of their domains. This is in contrast to their being categorised within the lifestyle assessment outcomes.

In a special needs group context, research needs to be done on benchmarks in special needs group care, the costs of special needs group care, and models of care for special needs group consumers.

Stage 1 expedited measures within two years should include:

- the development of information in community languages on service types, chronic disease and healthy lifestyle;
- identifying a supply of interpreters for the principle community languages;
- validation of the additional costs of special needs group care;
- research on models of special needs group care;
- the development of a planning model for the ethnic and other special needs group aged which promotes equitable access to aged care services;
- the development of a Government reporting mechanism on access and equity for all the special needs groups;
- research into special needs group communities' preferences for aged care including services for respite and dementia support;
- training and development programs for staff in the special needs group environment.

ACAA recommends:

18. *The Productivity Commission should recommend that special provision be made to ensure that adequate resources are available for quality service provision for special needs groups, in the form of a base rate that is consistent with current industry standards, and specific special needs supplements where appropriate.*

Age-friendly housing and retirement villages

ACAA supports the notion of a nationally consistent and integrated legislative framework for retirement villages, and that the Commonwealth should act as the coordinator of the discussions with the jurisdictions to develop such a common legislative framework.

ACAA recommends:

19. *The Productivity Commission should recommend that the Commonwealth should act as national coordinator of a program to create common building standards across Australia that will ensure future housing stock meet minimum standards for ensuring that individuals can be adequately maintained in domestic housing circumstances for as long as possible.*

Delivering care to the aged – workforce issues

The setting of minimum wages and conditions for Australian workers is the responsibility of Fair Work Australia (FWA) in accordance with the Fair Work Act. The basis of paying competitive wages has been determined by the current government by the process of enterprise bargaining and therefore any inequity in wages and conditions should be corrected through the proper industrial process of good faith bargaining under the Fair Work Act.

It has long been recognised that workers in the aged care industry should be remunerated at wage levels that take into consideration their skills, competence and dedication and should be paid fair and proper wages for the important care they provide to older Australians. The cost of caring for older Australians is largely about the cost of wages and salaries for those who care for them, including personal care workers, nurses, allied health professionals, support staff, doctors and administrators.

Therefore the proper funding of wages and salaries should be a significant component of the funding formula of cost of care to older persons. The funding formula for cost of care should take into consideration wage relativities with comparable industries, i.e. health and community services, wages movements, cost of living increases and price index movements.

ACAA proposes that an appropriate mechanism be considered which would link overall wage movements and economic indicators to competitive wages for the aged care workforce. This needs to preserve the existing system of enterprise bargaining and ensure that employers retain appropriate control over wage movements.

The proposed Australian Aged Care Regulation Commission should index scheduled care prices to any movements in wages and give due consideration to cost of living price movements.

Many aged care service providers already operate as teaching aged care providers. The concept of teaching aged care providers has great potential for enhancing the skills of aged care workers. To be successful as 'teaching aged care providers' requires:

- affiliation and strong working partnerships between the aged care service, academic institution, and other health services;
- education and research projects promoting participation of all levels of staff, including medical, nursing, and allied health;
- getting the philosophical underpinnings right, in order to develop a therapeutic environment, and to 'build the learning into the work';
- a focus on residents as people who have the capacity for continued growth and development to the very end of life.

A new class tax exempted status for Fringe Benefits Tax (FBT) purpose was created in 2005 for health promoting institutions. Profit making industries, such as pine plantations over the years have also received favourable tax treatment as a lever for incentive. Where new tax law or direct concessions have not been able to be created Government has created alternative mechanisms.

The Commonwealth Department of Health and Ageing already has established a precedent of a payroll tax supplement for providers of aged care.

ACAA therefore recommends that a level playing field be created which fairly addresses the choice of prospective employees and the broad recruitment and pool for the entire sector while reducing "churn". We therefore advocate that a Fringe Benefits Tax supplement be created similar to the current Payroll Tax supplement to create a level playing field from an FBT perspective and staff benefits perspective.

ACAA recommends:**20. The Productivity Commission should recommend that a Fringe Benefits Tax supplement be created similar to the payroll tax supplement to create a level playing field from an FBT perspective and staff benefits perspective.**

ACAA further proposes that a commissioned workforce strategy for aged care be developed and implemented by Health Workforce Australia which includes:

- comprehensive recruitment and retention strategies for aged care;
- determination of price points likely to deliver competitive wages outcomes to assist workforce growth and retention (including the risk offset for casualisation);
- working with the higher education and Vocational Education and Training sectors to improve the quality of education and training and set competency based training outcomes for the aged care workforce;
- innovative models to achieve skills / competencies via a broader range of learning and development solutions;
- rural incentives for workforce to work in aged care;
- industry incentives and attraction packages such as HECS debt reductions.;
- and overseas recruitment strategy for the aged care industry from targeted countries, including cultural competence training; and
- CALD and special needs training programs for aged care.

ACAA recommends:**21. The Productivity Commission should recommend that Health Workforce Australia be chartered with the responsibility of working in collaboration with the aged care industry and other stakeholders to develop appropriate long term recruitment and retention strategies, including skills mix and competency based initiatives.****Regulation – the future direction**

The Aged Care Standards and Accreditation Agency, Complaints Investigation Scheme and Commonwealth Regulation Compliance are all located within the proposed Australian Aged Care Regulation Commission structure.

The Productivity Commission 2009 inquiry into Regulatory Burden has been slow to materialise effective results in relation to regulatory overlap and duplication especially where this occurs as a result of state-based regulation. A more detailed piece of work on reducing red tape and regulatory overlap and duplication – building on the 2009 inquiry – may require elevation to the Council of Australian Governments (COAG).

Aged care policy research and evaluation

ACAA supports the proposal to enhance aged care research by making the proposed Australian Aged Care Regulation Commission the national 'clearinghouse' for aged care data.

Aged Care Information Technology

ACAA is disappointed at the low profile that this vital issue has in the draft report.

Over the past decade, aged care provider use of IT has improved and escalated rapidly. Now a

majority of the industry uses some form of IT support system to better manage clinical information and data.

The transfer of the payments system to Medicare Australia, and the introduction of the Aged Care Funding Instrument (ACFI) which can be lodged electronically, along with the need for continuous quality and efficiency in care and administration has driven this rapid improvement. While there are many areas of operation that could be improved by further application of technology, there are some specific gains to be achieved in medication management.

There are nearly 570 million medications administered per annum during the 70 million days of care (approx) provided in residential care homes. Each resident is, on average, taking 9 medications. There are 39,000 admissions to hospitals each year from residential care. According to the the Australian Institute of Health and Welfare (AIHW), at least 8,800 of these admissions are preventable, many due to adverse medication administration events .

Medication management issues are a major cause of older people having to go to hospital. In addition, the inefficient systems used to administer medications result in aged care staff, GPs and pharmacists spending considerable time and effort on prescription writing, (including chasing new prescriptions when the current ones expire), owing prescriptions and double handling of excessive paperwork. Clearly this is an area for potential and significant productivity improvement for all three stakeholder groups.

In recognition of this, the Aged Care Industry IT Council (ACIITC) has been working toward the establishment of a whole of industry electronic medication management solution, which will support e-prescribing by GPs, e-dispensing by pharmacists and electronic medication administration by aged care staff. The intent is to raise the capability of all aged care providers within four years to support e-transactions and e-health more generally. This is in line with the NHRC emphasis on the importance of e-health in delivering a better and more efficient health care system.

To date, this project has included substantial consultation with a broad range of health and aged care industry stakeholder organisations and a business case submitted to the Department of Health and Ageing.

A significant investment is needed to support this project. However, the investment will be offset by reductions in service demand in other parts of the acute health setting. For example, if the medication management system reduced or removed the 8,000 preventable hospital admissions (from residential aged care) a saving of \$24M per year would result. In addition, the industry plans to use the deployment of IT support systems to work towards reducing the total number of medications per resident from nine to seven with an estimated annual saving of \$23M.

Deployment at this level will result in a significant improvement in industry IT capability which would, if deployed across the industry, develop an industry capable of considerable systems improvement including GP interface, sharing clinical records, creating an electronic health record, providing a new system for accreditation, a different method of ACFI validations and a health record for long term chronic disease older care recipients.

ACAA recommends:

22. The Productivity Commission should recognise and recommend financial support to further develop the Aged Care Industry IT Council (ACIITC)'s work toward the establishment of a whole of industry electronic medication management solution, supporting e-prescribing by GPs and other medical practitioners, e-dispensing by pharmacists and electronic medication administration by aged care staff.

Dementia

Dementia is another area which needs far greater focus in the final report of the Productivity Commission.

Dementia and other forms of cognitive impairment already account for more than 60% of residential aged care and are therefore becoming core business for aged care providers. Dementia care is now the main stream service in residential aged care.

ACAA supports the calls by Alzheimer's Australia's and COTA in their submissions on the draft report for a comprehensive strategy to address dementia that will include quality dementia care services and research into the cause and prevention of dementia, more timely diagnosis, and making hospitals safer for people with dementia. This could build on the National Dementia Support Program.

The existing barriers between the mental health and aged care systems need to be removed or rationalised to ensure people with severe behavioural symptoms receive the care they need. Our preference would be to have a mixed model that involves more psycho-geriatric services being provided either as in-reach services by the mainstream mental health sector or an outreach model similar to that recommended for palliative and end of life care. With both approaches there would need to be additional funding and training to ensure aged care staff were able to provide the appropriate support and care.

ACAA recommends:

23. The Productivity Commission should recommend that the funding models should include specific supplements for caring for people with dementia.

Disability

There is a clear need to take into account the Productivity Commission's *Disability Care and Support* draft report released in February 2011 in considering the implications of people with disabilities within the aged care system, the linkages between the sectors, and in considering how we maintain continuity of care for people with disabilities beyond the age of 65.

Quality

ACAA does not believe that the Accreditation Agency should sit within the AACRC.

ACAA strongly recommends that the Productivity Commission recognise that quality systems and quality management is not a compliance management issue.

ACAA would support a contested market among several Joint Accreditation System of Australia and New Zealand (JAS-ANZ)-accredited quality system providers who would be contracted by aged care providers to oversight the quality system and outcomes of each provider. If the quality management organisation found non compliance with the common accreditation standards, that organisation would still be required to report that deficiency to the AACRC Quality and Compliance Office.

ACAA recommends:

24. The Productivity Commission should recommend that there be a contested market among several JAS-ANZ-accredited quality system providers who would be contracted by aged care providers to oversight the quality system and outcomes of each provider. If the quality management organisation found non compliance with the common accreditation standards, that organisation would still be required to report that deficiency to the AACRC Quality and Compliance

Office.

25. If the Productivity Commission does not accept this recommendation, we would recommend that the AACRC have a fourth Commissioner whose sole responsibility would be aged care accreditation.

26. Accreditation be integrated across the aged care system with common standards and oversight undertaken by the one organisation.

Transition arrangements

ACAA agrees with the Productivity Commission that it is vital that a carefully constructed transition strategy needs to be developed by Government in close consultation with providers, consumers, carers and government agencies on the many issues expected to arise from the implementation of the new system.

ACAA endorses the establishment of an Aged Care Implementation Taskforce to oversee the implementation of the reforms and to liaise with stakeholders.

ACAA recommends:

27. That the Aged Care Implementation Taskforce needs to be fully independent of the Department of Health and Ageing and include substantial industry representation.

ACAA has consulted closely with our member organisations, and with other stakeholders, and provides the following comments which we have adapted and amended in some respects from an original document prepared by Catholic Health Australia.

The Productivity Commission's draft recommendations for aged care reform would result in a significant liberalisation of the current highly regulated system of aged care service provision, to one founded on the flexibilities and responsiveness of a more market informed system. The transition to the new arrangements not only poses risks for the providers of those services, but also to the vulnerable population whose immediate and future welfare is dependent on these services, and to the Government which initiates the reform.

The aged care sector is no stranger to reform, and indeed the current reform proposals may be seen as the next steps in a line of reforms undertaken to date which have helped pave the way for further reform. However, the extensive nature of the current proposals must be acknowledged. This situation calls for a transparent and comprehensive implementation plan to transition to the new arrangements and to manage the risks involved.

Objectives

The implementation plan should comprehend the following inter-related objectives:

- Ensure the continuity of quality services for consumers and their families while at the same responding as soon as possible to community expectations for greater consumer choice and increased service flexibility.
- Allow service providers time and flexibility to adjust their operations and business models, and provide the incentive and certainty to invest in the sector.
- Address the underlying distortions in the current system which are threatening the sustainability of the sector as soon as possible
- Avoid the emergence of opportunities for price exploitation of consumers.
- Manage the potential for market failure.
- Ensure continuity of access for special needs groups.

- Manage the Government's fiscal risk.
- Recognise the inter-dependencies in the reform measures and the lead times required for their implementation.
- Ensure community support for reform is not eroded by implementation stumbles and mistakes.

Assessment of implementation risks

The following identifies the major risks which could arise during the implementation of the reforms, along with options to mitigate those risks (and some observations).

<i>Risk</i>	<i>Mitigation Options</i>
<p>Threat to viability and valuations of residential aged care homes due to reduced occupancy rates, especially in relation to older multi-bed services.</p>	<ul style="list-style-type: none"> • Allow providers time to adjust by increasing the provision ratio for community aged care gradually, and delaying the lifting of residential care provision ratios and the removal of all restrictions - all the while tracking the absolute increase in the number of older people needing care due to an ageing population profile. • Beds are already oversupplied so a further 10-20% oversupply should be reassessed progressively. • There is a need to ensure that price and supply deregulation is concurrently managed. • Ensure PRICE is freed up at the START of the reforms. • Move early to reflect the cost of care and accommodation in prices. • Increase flexibility by removing the low/high distinction in stage 1. This must correlate with price flexibility for services/care as well as accommodation, and allow for residential places to be converted to community care. • Access to zero/low interest loans from the Pension Bond fund. • Grants to eligible small providers to obtain financial advice on business prospects and options. • Move early to widen business model opportunities for aged care providers eg palliative care and sub acute restorative care (incorporating transition care).

<p>Threat to viability of residential providers because of reduced bond sizes and a possible flight to rental payments</p>	<ul style="list-style-type: none"> • Move early to reflect market based costs of supply in prices for accommodation. • Specify an interest rate for conversion of Periodic Payments (daily fees) to Lump Sum Bond which has sufficient margin over the Pension Bond Board rate to encourage a decision to pay lump sum. • Refinancing of bonds will occur over a couple of years and the pool from which bonds may be drawn will be larger. This will impact most on providers who have based new developments on the availability of large bonds (compared with average bonds). • Make access to Zero Real Interest Loans available to temporarily substitute for equity calls from financiers for providers who have demonstrated reduced Bonds due to the changes. • The extent of a flight to rental is not certain. Individual circumstances will vary and choice will involve judgments about CPI rates and likely care costs (eg likely length of stay, care need levels, stop-loss limit etc).
<p>Under investment in services and accommodation for supported residents and special needs groups (market failure for residential aged care and community care packages)</p>	<ul style="list-style-type: none"> • Maintain existing capital programs and viability supplements until new funding arrangements are in place. • Emphasize the commitment to introduce new funding arrangements which will recognise the additional costs of services for special needs groups. • Maintain regional quotas for supported residents during the transition phase. • Continue expansion of MPSSs.
<p>Market failure of HACC services with introduction of entitlement based funding and choice of provider</p>	<ul style="list-style-type: none"> • The move to entitlements for basic community care and choice of service provider needs to be developed further and phased in carefully, including the identification of Lead Agencies, use of brokers, enablement approaches and any role for residual 'block funding'.
<p>Exploitation of consumers (accommodation payments and additional services) pending deepening of the market</p>	<ul style="list-style-type: none"> • Lift provision ratio for community care packages earlier than for residential places, noting that community care has greater elasticity of supply • Move early to update Specified Care and Services or equivalent.
<p>Community resistance to increased copayments</p>	<ul style="list-style-type: none"> • Move early to introduce the Australian Pensioner Bond Scheme and a Government-backed equity release scheme.
<p>Consumer expectations regarding choice and flexibility not met quickly enough</p>	<ul style="list-style-type: none"> • There is a case for moving early on entitlement based funding for higher levels of care need, especially if there is a decision to pilot entitlement for basic care services.

<p>Extent of change may compromise the quality of care</p>	<ul style="list-style-type: none"> • The system as it changes will continue to be underpinned by a mature and robust accreditation, compliance and complaints review system. • Attune risk assessment processes for current quality assurance mechanisms to the risks posed by the changing environment. • Assist adjustment in the sector through short term financial assistance to providers placed at risk by the changes. • Make access to Zero Real Interest Loans available to temporarily substitute for equity calls from financiers for providers who have demonstrated reduced Bonds due to the changes. • Move early to expand the advocacy services.
<p>Risks associated with the development and implementation of assessment tools and care funding classification system across residential and community aged care and carers, and the roll out of the Gateway Agency eg navigation not improved, blockages and delays in processing, enablement approach ineffective, administrative complexity and inefficient processes</p>	<ul style="list-style-type: none"> • The success of the reforms will depend on the successful roll out of the Gateway Agency and the effectiveness and efficiency of its operations. • Successful and robust Gateway operations to precede any substantial liberalisation of the current system. • Because of the complexity of this task, it will require its own detailed project planning and risk assessment process.

Implementation plan

An indicative high level implementation plan for the transitioning of the reforms which takes into account the above objectives and analysis of implementation risks follows. As well as having to be adapted to the package of reforms which the Government may endorse, there will also need to be more detailed project plans developed for most of the activities.

Activity	Year 1 (2012) ¹	Year 2 (2013)	Year 3 (2014)	Year 4 (2015)	Year 5 (2016)	Year 6 (2017)
Government announces reforms, implementation plan and timetable						
Complete takeover of HACC and ACATs in relevant States and implement 'one stop shops' (pending creation of Gateway Agency with wider scope)						
Expand advocacy services						

¹ Calendar years, and assumes a Budget announcement

Appendix 1

Productivity Commission draft report recommendations with summary of ACAA responses

A framework for assessing aged care:

Draft recommendation 4.1:

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

- promote independence and wellness of older Australians and their continuing contribution to society
- ensure that all older Australians needing care and support have access to person-centred services that can change as their needs change
- be easy to navigate — Australians need to know what care and support is available and how to access those services
- 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.

ACAA response:

ACAA welcomes and supports these aspirations and is committed to working collaboratively to help achieve them.

Paying for aged care

Draft 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.

ACAA response:

ACAA welcomes and supports this recommendation.

Draft 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.

ACAA response:

ACAA supports this recommendation.

Draft 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.

ACAA response:

ACAA welcomes the recommendation to remove the distinction between residential high care and low care places, and notes that this, together with removing the regulatory restrictions on the number of community care packages and residential bed licences is a "high risk" exercise and along with many other of the draft recommendations, will require careful transitional planning.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation with some reservations. We provide comments under Paying for aged care.

Draft 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.

ACAA response:

ACAA responds to this recommendation under Paying for aged care.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Draft 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.

ACAA response:

ACAA opposes this recommendation and provides comments under Paying for aged care.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Draft 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).

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Options for broadening the funding base

Draft recommendation 7.1:

The Australian Government should establish a government-backed Aged Care Equity Release scheme which would enable individuals to draw down on the equity in their home to contribute to the costs of their aged care and support.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Paying for aged care.

Care and support

Draft recommendation 8.1:

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Care and support: Gateway proposal.

Draft recommendation 8.2:

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

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

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Care and support.

Draft recommendation 8.3:

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Care and support.

Draft recommendation 8.4:

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Care and support.

Draft recommendation 8.5:

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Care and support.

Catering for diversity – caring for special needs groups

Draft recommendation 9.1:

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Catering for diversity – caring for special needs groups.

Draft recommendation 9.2:

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Catering for diversity – caring for special needs groups.

Draft recommendation 9.3:

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Catering for diversity — caring for special needs groups.

Age-friendly housing and retirement villages*Draft recommendation 10.1:*

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

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Age-friendly housing and retirement villages.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Age-friendly housing and retirement villages.

Draft 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.

ACAA response:

ACAA supports this recommendation.

Draft recommendation 10.4:

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

ACAA response:

ACAA supports this recommendation.

Delivering care to the aged – workforce issues*Draft recommendation 11.1:*

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

- carer education and training
- planned and emergency respite
- 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.

ACAA response:

ACAA supports this recommendation.

Draft recommendation 11.2:

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

ACAA response:

ACAA supports this recommendation and provides comments under Delivering care to the aged – workforce issues.

Draft recommendation 11.3:

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

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

ACAA response:

ACAA supports this recommendation and provides comments under Delivering care to the aged – workforce issues.

Draft 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.

ACAA response:

ACAA supports this recommendation and provides comments under Delivering care to the aged — workforce issues.

Draft recommendation 11.5:

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

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

ACAA response:

ACAA supports this recommendation and provides comments under Delivering care to the aged — workforce issues.

Regulation — the future direction*Draft 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.

ACAA response:

ACAA supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the

future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction, and under Aged Care Information Technology.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Draft 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.

ACAA response:

ACAA broadly supports this recommendation and provides comments under Regulation — the future direction.

Aged care policy research and evaluation

Draft recommendation 13.1:

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

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

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

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

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

ACAA response:

ACAA broadly supports this recommendation.

Reform implementation

Draft recommendation 14.1:

In implementing reform, the Australian Government should:

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

ACAA response:

ACAA broadly supports this recommendation and provides comments under Transitional arrangements.