



Submission to Productivity Commission Workforce Study

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Executive Summary

- ACAA believes that the current aged care system is unsustainable and that further restructuring is urgently needed.
- Alternative funding arrangements should be considered that enable the Industry to make aged care a more attractive option for doctors, such as different employment models involving cashing out Medicare to provide salaried positions or contracting services out to group practices.
- ACAA proposes a restructure of the nursing workforce within aged care, with registered nurses taking on more of a consultant role and expansion of the roles of enrolled nurses and personal care assistants.
- ACAA proposes that aged care be designated an 'area of need' in relation to the role of nurse practitioners.
- ACAA suggests that a requirement for an aged care placement be considered as part of nursing training, to give more nursing trainees some experience of aged care. This should include providing mentoring for trainees by registered nurses and strong clinical placements in the graduate years.
- ACAA proposes that bonded aged care nursing places be considered, and the rural aged care nursing scholarship scheme expanded to metropolitan areas.
- In order to attract (and retain) quality staff to aged care, certification of non-nursing care workers needs to be linked with career pathways.
- Additional resourcing is required to expand IT infrastructure in the aged care industry and to bring it in line with other parts of the health system, and to ensure that staff are able to acquire the skills to be able to use this technology effectively.
- ACAA believes it is essential that Australia moves to a national workers' compensation scheme or alternatively that the federal Government expands ComCare coverage to permit aged care services to be covered by the scheme.

Aged Care: Introduction

The Aged Care Industry is a large and diverse industry sector that is a vital part of Australia's health system. Aged care services operate all over Australia, in urban, regional and rural areas, and provide residential and community care for Australians of all backgrounds, economic situations and ethnicities. The Aged Care Industry operates independently of the acute hospital sector.

The Aged Care Industry is Australia's ninth largest employer, employing more than 160,000 people including doctors, nurses, personal care assistants, clinician-managers, administrators, cleaners and tradespeople. It is highly labour-intensive, with human resource costs accounting for approximately 70 percent of total industry outlays (about \$7 billion annually). This means that workforce issues are of critical importance to the Aged Care Industry. Like most areas of the health sector, workforce shortages are becoming increasingly problematic, but they have particular significance for the Aged Care Industry, as it must compete with the acute care sector for health care professionals.

Aged Care Association Australia

Aged Care Association Australia (ACAA) is a professional, national industry association for providers of quality residential and community aged care services. A federated peak body, ACAA is the only organisation that represents care providers from the private and voluntary sectors on a national basis. ACAA provides a truly representative voice for the residential care industry to federal and state governments, associated agencies and professional bodies, via a membership structure of autonomous state associations and a national office in Canberra.

ACAA's vision is to achieve excellence in residential care within a commercially viable environment. Our Mission is to ensure that Australia achieves and maintains an efficient and effective world-class residential care industry for all its peoples, through:

- The development and presentation to governments and the community of achievable and cost-effective aged care policies
- A forum for members and their state constituencies for debate and resolution of issues impacting upon aged care service provision
- Representation of members and their state constituencies to government, stakeholders, and others interested in the Australian aged care industry.

Our Goals are

- An appropriate commercial and regulatory framework
- An appropriate residential care funding scheme
- Longer-term strategies for the development of the broader residential care industry
- A consensus national policy on aged care
- An enhanced image of the Association and the Residential Care Industry

- A strong research base in order to inform policy decisions
- Outcomes that meet Objectives and effective representation of members' interests to government and other stakeholders.

Current and future environment

The Aged Care Industry is experiencing significant workforce shortages. These shortages occur in all professions, including medical practitioners, nurses and allied health workers. Aged care has only 338 health workers per 100,000 population, compared with 1,085 per 100,000 in the hospital sector.¹ In an industry experiencing significant funding pressures, the aged care workforce is of necessity already extremely efficient. The nature of the work in aged care, combined with an occupancy rate of around 96 percent,² provides very little opportunity for additional productivity gains from the existing workforce. The current and expected future workforce shortages will affect not only the providers of aged care services, but also our residents, who are among the most frail and vulnerable in the community.

Historically, the Aged Care Industry has had difficulty attracting health professionals, for a range of reasons. These include the poor image of aged care work among health professionals generally and the capacity of employers in the acute care sector to pay higher wages than aged care employers. ACAA sees a number of worrying trends that will compound existing workforce shortages and put the industry under significant pressure. These are outlined below.

Demand for residential aged care services is expected to grow, due to the ageing of the population. The Commission's own study on ageing in Australia found that by 2044-45, almost one in four Australians will be aged 65 years and over, comprising around seven million people. Of even greater significance for the Aged Care Industry, the population share of the oldest old (people aged 85 years or more) is estimated to increase from 1.4 per cent of the population in 2001-02 to 8 per cent by 2044-45, or from 277,000 currently to 2.1 million people by 2044-45.³

In addition, the number of people in Australia with moderate to severe dementia, currently estimated at over 180,000, is set to increase to half a million people by 2040. "Around 60% of people receiving high care and 30% of those receiving low care have dementia. Some 90% and 54% respectively have an obvious cognitive impairment. Caring for people with dementia is an integral part of aged care".⁴

¹ Australian Institute of Health and Welfare (AIHW) 2004, *Australia's Health 2004*. Canberra. AIHW.

² Australian Institute of Health and Welfare (AIHW) 2005, *Residential aged care in Australia 2003-04: a statistical overview*. AIHW cat. no. AGE 43. Canberra: AIHW (Aged Care Statistics Series no. 20).

³ Productivity Commission (2005), *Economic Implications of an Ageing Australia*, Productivity Commission Research Report. 24 March 2005.

⁴ National Aged Care Alliance (2005), *Recommendations for Strengthening the Government Agenda for Aged Care*. Canberra: NACA. http://www.naca.asn.au/gov_agenda.pdf, accessed July 2005.

Even as residential aged care has shifted from a medical model to more of a domestic model, the acuity of residents' care needs has increased, placing more pressure on staff to manage higher-needs residents with fewer resources.

Ninety four percent of the current aged care workforce is female and aged care workers (particularly registered nurses) have a higher average age than the average female workforce. With women working shorter hours and retiring earlier (on average) than men, this means that the workforce problems in the mainstream health sector will be felt even more powerfully in the Aged Care Industry.

ACAA believes that the current system is unsustainable and that a major restructure of aged care in Australia is urgently needed. The Industry is working hard to avoid a future crisis, but needs additional support from governments for policy changes that will help it to avoid the looming problems. Some of the specific issues that need to be addressed are:

- **Infrastructure upgrades:** With the increased acuity of residents' care needs, residential aged care facilities now require similar infrastructure to that of moderate-level community hospitals. The capital funding provisions in the 2004-05 federal budget were very welcome, yet many facilities still do not have sufficient funding to upgrade their existing infrastructure.⁵ The capacity of the existing workforce to support quality care at the level required is compromised by an ageing and inadequate infrastructure.
- **Image improvement:** the Aged Care Industry needs greater promotion within the community as an employer of choice. The status of aged care work needs to be improved by emphasising "the complexity of knowledge and skills needed for the effective and appropriate [care] of older people",⁶ and a focus on the satisfaction of improving quality of life and developing long term relationships with residents and their families, rather than a focus on 'getting better'. Palliative care provides an example of image change that the Aged Care Industry could learn from.
- **Better cooperation between state and federal systems:** the Aged Care Industry operates at the intersection between the acute care and primary care sectors. Improving linkages among the three sectors will improve both the attractiveness of aged care work to health professionals and the effective use of aged care facilities. Some examples of successful collaborations include the St George Hospital, Sydney; the Northern Division of General Practice, Adelaide; the Gold Coast 'hospital in the nursing home' program; and transition care programs that use spare capacity in aged care facilities.

Medical Practitioner issues

The Aged Care Industry is experiencing significant difficulties in attracting medical practitioners to provide services in residential aged care facilities. Based on HIC statistics from 2001-02, it was estimated that only about 16 percent of GPs were practising in aged care at the time (defined as a minimum of 100

⁵ NACA (2005), Ibid.

⁶ Commonwealth of Australia (2002), Recruitment and Retention of Nurses in Residential Aged Care, Canberra: CoA, p. 57.

consults per year, or two consultations per week) with the majority doing less than half this.⁷

There are a range of reasons why it is difficult to attract doctors to work in the Aged Care Industry.⁸ Working in residential aged care typically requires travel to facilities, which are often located in outer urban areas already experiencing a shortage of doctors. Aged care services are not regarded by doctors as well-remunerated (the rebate structure for aged care consultations is based on a complex sliding scale dependent on the number of residents seen plus a minimal flagfall for travelling time), and with increasing in-surgery workloads, GPs are becoming less willing to attend patients in aged care facilities. Visits to aged care facilities have also traditionally occurred after hours and at weekends, yet the trend of female and younger GPs is to work fewer hours, or part-time. This trend is likely to increase in the future.

The clinical practice environment in aged care facilities is often perceived by GPs as unsatisfactory. Many aged care facilities do not have dedicated consulting rooms in which doctors can see patients. Staff are often too busy with other duties to ensure patients are ready to see the doctor (particularly after normal hours when staff numbers are few) and time can be wasted locating the resident.

Compounding these problems is the lack of adequate IT infrastructure in many facilities, which means that doctors are unable to access electronic patient records from their practices and need to carry paper notes or re-enter data from the consultation into their records when they return to their surgeries. Finally, doctors are often deterred from working in residential aged care due to onerous paperwork requirements, which they perceive as being unnecessary for the provision of quality care.

ACAA acknowledges the recent positive government initiatives to support doctors working in aged care, for example the funding for Comprehensive Medical Assessments and the MedicarePlus allied health items. However, these need to be built on to ensure there are no financial disincentives for doctors to provide services in aged care facilities, for example by restructuring the rebates for aged care consultations. There is also a need to improve the clinical practice environment in order to attract more medical practitioners to aged care.

ACAA suggests it may be worthwhile to consider alternative funding arrangements that would enable the Industry to engage doctors differently. For example, different employment models could be explored that would make working in aged care a more attractive option for doctors. These could include cashing out of Medicare to provide salaried positions or contracting services out to group practices.

⁷ B Shaw, Senior Policy Adviser, Aged Care and Therapeutics, Medical Practice Department, Australian Medical Association. Personal communication, July 2005.

⁸ AMA (2002) GP Services in residential aged care facilities. <http://www.ama.com.au/web.nsf/topic/policy-care-of-older-people?opendocument&cat=Policy%20Paper>, accessed 29/7/05.

Some of the options that ACAA recommends are considered below:

- Building on the GP Aged Care Panels initiative – overall this model is receiving positive feedback from both the GP and aged care sectors,⁹ but options could be considered to overcome some of the barriers being identified, such as an integrated funding model that remunerates all key stakeholders, including aged care facilities, for their participation in the initiative.
- Examining the Canadian model of regional coordinators employed to organise GP visits – to see if it would be applicable in an Australian setting.
- Expediting the use of common platforms and standards for IT in aged care facilities – this will support better communication between doctors and other professionals working in aged care and reduce the potential for medication and other errors in this vulnerable patient group.

Nursing issues

Nurses make up the largest single group of workers within the Aged Care Industry. A 2004 study estimated there were 25,000 registered nurses and 15,000 enrolled nurses, as well as 67,000 personal carers and 9,000 allied health workers providing direct care services in residential aged care facilities.¹⁰

Problems with the nursing workforce have a major impact upon the capacity of the Industry to provide high quality care. A 2002 report noted that “the recruitment and retention of nurses in the aged care sector is a problem of international significance; and... a wide range of... factors impact on the ability of the aged care sector to recruit and retain a competent, effective and committed nursing workforce.”¹¹

In recent years the proportion of registered nurses working within aged care facilities has decreased,¹² while the proportion of enrolled nurses has increased. During this time the use of personal care assistants to undertake roles previously undertaken by nurses has also increased. ACAA expects these trends to continue for the foreseeable future.

During this time residents’ acuity has increased, meaning that many aged care facilities are struggling to provide care to a higher-needs group of residents with less skilled staff. Between 2002-03 and 2003-04, there was an increase in the proportion of residents aged 85 years and over, and the proportion overall of high care residential places has increased from 58 to 66 percent of total places. “Available residential care places have thus been targeted to a progressively more dependent group of people.”¹³

As red tape and administrative demands have also increased during this time, nursing staff are experiencing increasing pressure to do more, both in terms of

⁹ D Bampton, Principal Adviser – Aged Care, Australian Divisions of General Practice. Personal communication, July 2005.

¹⁰ Richardson S, Martin B (2004), *The Care of Older Australians: A Picture of the Residential Aged Care Workforce*, National Institute of Labor Studies. Adelaide: NILS.

¹¹ Commonwealth of Australia (2002), op cit.

¹² Ibid.

¹³ AIHW (2004), op cit.

clinical care and administrative work. The burden of additional red tape falls primarily on registered nurses, placing this important group of the aged care workforce under unsustainable pressures, which are compounded by the shortage of doctors willing to work in aged care.

While all sectors of the health system are experiencing nursing shortages, these shortages are particularly acute in aged care. As the age profile of nurses working in aged care is even higher than the general nursing workforce, (50 years, compared with an average of 42 years across the nursing workforce^{14,15}), the Aged Care Industry will face a nursing workforce crisis sooner than the rest of the health sector.

ACAA therefore proposes a restructure of the nursing workforce within aged care, with registered nurses taking on more of a consultant role and an expansion of the roles of enrolled nurses and personal care assistants. To some extent this is happening already but there is scope for this trend to be further developed. There are also trials occurring, for example in the ACT, of an enhanced nurse role in aged care which provides registered nurses with training and support in more advanced clinical responsibilities. ACAA believes that there is scope in many areas, such as medication administration, for substitution of tasks currently within the registered nurse role, by an enrolled nurse or personal care assistant without loss of quality, as long as appropriate safeguards and protocols are in place.

In some areas of medical workforce shortage, such as rural Australia, nurse practitioners have been authorised to undertake additional clinical tasks, such as limited prescribing of medications. Given the severe shortage of medical practitioners in aged care, ACAA proposes that aged care could also be designated as an 'area of need' in relation to the role of nurse practitioners.

ACAA is aware that there is a need for the Industry to more strongly promote aged care to nurses as an attractive working environment with career pathways in a clinical role (rather than only in administration).¹⁶ Currently there are approximately 6,000 clinical nurse managers employed in the Aged Care Industry. This needs to be promoted by the Industry as an example of the career opportunities available to nurses working in aged care. Providing registered nurses with higher-level clinical supervisory roles and allowing scope for nurse practitioners would also assist the Industry to give nurses opportunities for career progression as clinicians.

ACAA also recognises the need to give nursing trainees positive experiences in aged care settings that would encourage them to consider a future career in aged care. Such experiences could include mentoring by registered nurses and strong clinical placements in the graduate years. Lack of exposure to aged care nursing means that many student nurses do not consider it as a career option, and the Industry has little opportunity to promote aged care nursing to them. To address this, ACAA suggests that an aged care placement be included as a requirement

¹⁴ Richardson S, Martin B (2004), op cit.

¹⁵ AIHW (2004), op cit.

¹⁶ C of A (2002), op cit.

of nursing training, to give more nursing trainees some experience of aged care. The more young nurses the Industry can attract and retain the less danger there is of a future crisis in aged care nursing.

ACAA is also concerned that access to the nursing training system is still difficult for the Aged Care Industry. The 1,000 additional places allocated in the 2004-05 federal Budget were intended to boost numbers of aged care nurses, but most have been subsumed into the general nurse training program. ACAA proposes that bonded aged care nursing places could be considered, similar to the bonded medical scholarships for areas of medical workforce shortage. This would provide aged care with at least some dedicated nursing places and a guarantee of a small number of young nurses entering the aged care workforce every year. We also suggest that the rural aged care nursing scholarship scheme should be expanded to metropolitan areas, as the nursing shortage is now also significant in urban areas.

A major barrier to efficiency in recruiting nurses into aged care (and other areas of the health system) is the current state-based registration system. ACAA believes that nursing registration should be centralised nationally to facilitate national standards and reduce the duplication of administration. This would also require an agreement among the states on a consistent policy for the admission of overseas-trained nurses.

In relation to non-nursing care staff, the Industry recognises and accepts the need for certification of care staff. We believe that in order to attract (and retain) quality staff to aged care, this certification needs to be linked with career pathways.

Information technology/information management issues

ACAA believes that better use of information management and information technology (IM/IT) is crucial to maximise the efficiency of the aged care workforce. Smarter use of IM/IT can help to alleviate the pressures of red tape (currently estimated at four million hours per year at a cost of \$90 million). IM/IT also has the potential to increase the quality of care through improving clinical support in areas where there is currently the potential for significant numbers of errors in medication management.

The Aged Care Industry has had a poor IM/IT infrastructure history and has not received the same level of resourcing for IM/IT as the acute care sector, or more recently, general practice. Recent government funding initiatives for IT infrastructure in aged care have been welcomed by the Industry but there is still a long way to go to catch up to other areas of the health system. This is important as many of the safety, quality and efficiency benefits of IM/IT rely on ensuring that IM/IT systems in aged care are compatible with those in the acute care and primary care sectors. For example, significant efficiencies and quality benefits could be obtained through linking aged care facilities with local medical practices, hospitals and pharmacies.

The increased use of IM/IT in aged care would require staff within aged care facilities to have both the time and the skills to be able to use this technology effectively. This could be one possible role for an Aged Care Nurse Practitioner.

Workers' compensation

A final issue ACAA would like to raise in relation to the aged care workforce is the cost of workers' compensation. The Aged Care Industry is funded nationally under a single subsidy framework; however, as state-based workers' compensation schemes vary markedly one from another, this results in highly variable state-based cost structures. For example, our standard industry premium can vary from 3.8 to 7.8 percent. Given that the major cost in aged care is salaries and wages, a cost variable such as this, which providers can do little to alleviate, causes significant inequities among states, as well as inefficiencies and potential financial hardship in states that are not compensated for facing higher than average costs.

ACAA believes it is essential that Australia moves to a national workers' compensation scheme for all workers, or alternatively that the federal Government expands the coverage of ComCare to permit coverage for organisations such as aged care services, which receive a single national subsidy from the Australian Government.

In Conclusion

The Aged Care Industry is an increasingly critical area of the health care system that will be hardest hit by many of the current workforce trends unless specific steps are taken to deal with the Industry's issues.

The impact of an ageing nursing workforce and an ageing population, the effect of declining Medicare rebate value on GPs attending aged care facilities, the increasing acuity of residents' care needs, a lack of capacity to attract the existing workforce into aged care, and the lack of sufficient investment in IM/IT infrastructure in aged care facilities require urgent and innovative solutions from governments and the Industry.

The recommendations of the Hogan Report provide an excellent starting point to improve funding arrangements for the Industry. However, we should not be limited to current workforce strategies when the potential of role extension and advanced nurse practice, as well as revision of nursing education and training requirements provide exciting opportunities to enhance the provision of high quality, efficient aged care services for elderly Australians.