

UNITING CHURCH IN AUSTRALIA
SYNOD OF VICTORIA

RESPONSE TO PRODUCTIVITY COMMISSION POSITION PAPER -
NURSING HOME SUBSIDIES

Introduction

The Uniting Church in Australia is a major provider of services to the elderly throughout Australia. The Victorian Synod of the Church is no exception. Indeed services operated by Synod agencies have pioneered many new services, especially in the care of people with dementia.

Services range from home delivered care (Uniting Church Community Options), day care centres, day therapy centres, independent living units, hostels and nursing homes. Agencies of the Church were the first to establish dementia specific residential care (The Lodge Program, Overton Special Care Unit, Carnsworth), as well as dementia specific day care (Gwennap Day Care Program).

The 10 nursing homes which have contributed to this response have had to make significant reductions in costs already, especially with the first reduction in funding because of coalescence. We believe any further reduction can only impact on the quality of residential care.

As with numerous other non-profit nursing homes, the Uniting Church nursing homes in Victoria place heavy emphasis on people focused care.

Despite the severe funding limits we employ social workers to assist residents (and their families) during the transition to residential care, we employ chaplains and pastoral care workers to minister to residents' spiritual and emotional needs, and we employ volunteer co-ordinators who assist recruiting, training and deploying hundreds of volunteers. Volunteers may not be able to carry out professional duties, however the role they play, reading to residents, writing letters for residents, arranging flowers, and a host of other activities, adds an extra dimension to lives of residents.

A number of our homes employ people as training co-ordinators or staff development officers. This results in improved care for residents.

We are concerned that many of these tasks are now under threat because of funding cuts.

We are anxious to ensure that a nursing home is a place to live, not just a place to die!

Present situation

Table 1 represents the general financial situation of the 10 Uniting Church homes.

The following explanation is provided in respect of the figures shown:

- The operating costs are based on actual costs for the year ended 30 June 1998. Depreciation for buildings, plant and equipment has been included as they are legitimate operating expenses.

- The accommodation charge is clearly intended for capital works and has not been included as operating income. We believe that income derived from accommodation charges should be treated the same as any depreciation provision that is funded, i.e. invested until the funds are needed to finance rebuilding/ redevelopment costs.
- Similarly, the income derived from the concessional resident subsidy has not been included as operational income as this amount is paid on behalf of residents unable to pay an accommodation charge. The express intention of the accommodation charge is to meet capital works.
- In the same way, the transitional resident supplement has not been included as this amount is payable because eligibility for concessional resident supplement was not available in respect of existing residents as at 1 October 1997.
- There is a very large amount of capital required to upgrade/replace existing nursing homes, and it is vital that income received by way of accommodation charges should be pre-reserved for such purposes.
- In calculating the income figure, the subsidies currently being received under the RCS classification have been used, together with the present rates of pensioner supplement and resident contributions. All residents come under the RCS from 1 October 1998. It is maintained the figures reflect the current position.
- In Victoria, the Nurses (Victorian Health Services) Award 1992 requires a staff/resident ratio of one Registered Nurse for every 10 residents during the day and one Registered Nurse for every 15 residents during the night AND not less than one-third of the nurses must be Division 1 Nurses (Registered Nurses), as opposed to Division 2 Nurses (Enrolled Nurses).

The homes within the group strive to meet this requirement, although there are currently serious difficulties recruiting qualified staff to work in the not for profit aged care sector. At present there is a significant disparity in pay rates and conditions between the public (acute care) sector, public aged care sector, and the private /voluntary aged care sector.

- A resident/nurse ratio as stringent as the above does not apply in any other State or Territory.
- Victorian nursing homes (Uniting Church included) have high dependency residents. The comparison table contained in the submission by Aged Care Australia shows that, among the States, Victoria has the highest proportion of the most dependent residents - 34%, as against a national average of 31.4%.
- The current discharge policies of the public hospital system in Victoria mean in many instances residents are admitted or returned to nursing homes with complex nursing needs.
- We submit that the present staffing levels we endeavour to maintain are required to provide the necessary medical, emotional and social support to ensure a high quality of life for the residents in our care.
- The homes within the Uniting Church that are running at a deficit have been prepared to do so in order to provide care standards that will meet certification and accreditation requirements. Such deficits are met from fund raising, donations and other resources.

Other issues

- The cost framework for nursing homes is based on all residents being not less than Category 4. Therefore, we believe that all admissions to nursing homes should be funded at not less than RCS Category 4, notwithstanding an assessment which may result in an RCS Category 5 classification.
- It is considered all concessional residents should be funded at the higher rate, i.e. \$12.17 per day, and there should not be a reduced rate for homes with less than 40% concessional residents. It has to be remembered that this payment is in respect of residents unable to pay the accommodation charge.
- It is considered the assisted resident subsidy should be increased from \$3.55 per day to \$5.00 per day. A number of residents fall just outside the full concessional status and there is a cost penalty to the operator. An example is as follows:

Resident has \$30,000 in assets. Allow \$23,000 and the remainder of \$7000 provides an accommodation charge of \$3.84 per day. When the assisted subsidy of \$3.55 is added, the total per day figure amounts to \$7.30. If the resident was a full concessional, the potential is to receive \$12.17 per day (a difference of \$4.78 per day).

- The accommodation charge should be increased to equate with the amount obtainable from an accommodation bond. The maximum accommodation charge is \$12.00 per day. An example is as follows:

Bond of \$93,000 - retention amount is \$7.12 per day and interest at four per cent would amount to \$10.19, making a total of \$17.31 per day, as opposed to the maximum charge of \$12.00 per day.

- A system of funding for WorkCover /workers' compensation should be reintroduced.

Whilst funding on a fully cost reimbursable basis is not supported, it is recommended that a scheme of partial reimbursement should be introduced. Certain criteria would need to apply, which could include -

- (a) The service provider must have a commitment to an integrated occupational health and safety program in which it is mandatory for all staff to participate.
- (b) Safe work practices have to be introduced and monitored.
- (c) Continuing training and education have to be provided in respect of occupational health and safety.

It is considered that the aged care sector is a high risk area and some accidents are completely beyond the control of the service provider.

A scheme could be along the lines that where a provider's costs are above the national average workers' compensation base rate of contributions, then a percentage of the additional amount be reimbursed provided certain criteria and conditions are met.

Summary

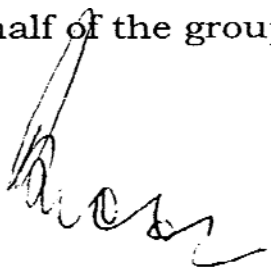
Based on the contents of this submission, the Uniting Church nursing homes in Victoria are adamant that there should be no further reduction in subsidies relative to Victoria. (One reduction due to coalescence has already occurred). Indeed, we would go further to say the first reduction should be reinstated.

Additionally, any increases by way of indexation adjustments should also flow to Victoria. Any reductions in subsidies in Victoria will inevitably lead to lower standards of care.

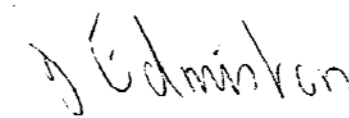
Increases to States at the lower end of the subsidies scale should not be funded from the existing "pool" but funded from new monies. The latter could be derived from -

- (a) the estimated \$128 million saved as a result of indexation arrangements introduced in 1996;
- (b) the \$550 million in savings made in the context of the 1996 Federal budget;
- (c) the amount derived from income testing arrangements introduced from 1 March 1998;
- (d) variable fees (refer Appendix 1 attached).

On behalf of the group:



Mr Brian Moss AM
Chief Executive Officer
Bodalla Aged Care Services



Ms June Edmiston
Director of Residential Services and Care
Strathdon Community

Att

VARIABLE FEES

This matter was not raised in our submission to the Commission. However, we wish to place before the Commission a proposal which could substantially increase revenue to aged care facilities and have a revenue neutral effect on government.

Variable fees within the hostel program which existed pre-October 1997 under the system administered by the Labour Government operated successfully and without controversy within the hostel program for many years. Under this system, residents with income in excess of the standard aged pension paid to the proprietor 50 cents in each dollar earned above the pension. The system introduced post-1 October 1997 - whereby residents retained all income up to the income free threshold (currently \$50.00 per week) and then paid 25 cents in the dollar to the proprietor, balanced by a reduction of 25 cents in the dollar from the residential care subsidy paid by government - led to a substantial loss of income to proprietors.

The change in policy appeared to shift dramatically from a system promoted by the current Coalition Government of "user pays" based on a resident's capacity to pay.

Our proposal is to reintroduce for all residential care (high care and low care) that part of the system where residents paid 50 cents in the dollar for each dollar of income earned above the pension (less tax and Medicare commitments). The proprietor would retain 100% of the additional fee up to the income free threshold (currently \$50.00 per week) without any reduction in subsidy. For income earned above the threshold the proprietor would retain 25 cents in each dollar and the government, through a reduction in the subsidy, would effectively benefit by 25 cents in the dollar as is currently the case. An upper limit would need to be determined.

If the Commission were to seriously consider this proposal, it would be doing no more from a resident's perspective than reintroducing a system which operated effectively up to October 1997 based on the user pays approach. This appeared to be quite acceptable to resident living in a hostel (low care accommodation). If introduced, we believe this would substantially increase the income of proprietors in both the profit and not for profit sectors.

Table 1

UNITING CHURCH IN AUSTRALIA
SYNOD OF VICTORIA

COSTS PER BED DAY - VICTORIAN BASED NURSING HOMES

Facility No	No of beds	Total operating costs	Income	Profit (Loss)		RCS Classifications							
				Per day	Per annum	1	2	3	4	5	6	Other	Respite
1	100	132.33	125.59	(\$6.74)	(\$246,010)	25	60	15					
2	145	124.27	122.12	(\$2.15)	(\$113,789)	21	79	44	1				
3	30	121.26	107.21	(\$14.05)	(\$153,848)	1	6	17	3	2	1		
4	45	120.07	114.71	(\$5.36)	(\$88,038)	3	20	13	7	1			1
5	30	128.82	122.15	(\$6.67)	(\$73,037)	3	22	3	2				
6	30	129.51	122.21	(\$7.30)	(\$79,935)	5	15	10					
7	54	126.39	125.15	(\$1.24)	(\$24,489)	16	28	9	1				
8	43	144.09	126.99	(\$14.10)	(\$221,230)	12	28	3					
9	60	136.66	126.03	(\$10.63)	(\$219,657)	15	36	8					1
10	45	130.71	110.73	(\$19.98)	(\$328,172)		11	26	4	1	1		2