



**PRODUCTIVITY COMMISSION**  
**NURSING HOME SUBSIDIES INQUIRY**  
**SEPTEMBER 1998**

**Background:**

The current changes to the Aged Care Reforms do not resolve the unique problems which confront the Northern Territory and will leave this jurisdiction in crisis.

This paper is designed to provide a Northern Territory perspective of issues which are raised regularly with Territory Health Services regarding the existing nursing home subsidy rates, possible implications regarding coalescence and issues which directly impact on the ability of service providers to provide efficient and effective nursing home care across the Northern Territory.

It is most important to acknowledge that equity of access and equity of care are key components in the delivery of aged care in the Northern Territory. These key factors are often impacted by a plethora of other issues related to the delivery of nursing home care.

**Issues:**

The provision of aged care services in the Northern Territory requires recognition of the special characteristics of the population and its particular needs. The regional, social, cultural and economic diversity of the people residing in the Territory must be a major consideration in any example of the delivery of residential care services for frail older Territorians.

There are a number of factors which highlight the uniqueness of the Territory with respect to residential care which will be discussed in greater detail later in this paper. These factors emphasise the difficulties service providers have in the delivery of appropriate care to people in the Northern Territory.

It is of the utmost importance that the Commissioner notes that residential facilities in the Northern Territory receive a lesser daily subsidy than Victoria and Tasmania. Further, the Commonwealth Aged Care Reforms, introduced in October 1997, abolished the isolated funding allowance and introduced a viability supplement, which has had a negative effect, directly impacting on daily subsidy rates.

The key issues for the Northern Territory are highlighted below:

### **Impact of the Commonwealth Aged Care Reforms**

- the average concessional resident level across the NT is 95% compared to the national average of 26%;
- no nursing home therefore, is able to recoup funds through accommodation charges and is reliant on the Commonwealth rate of \$12 per day which is not necessarily identified for capital improvements only;
- Darwin is not eligible for the \$10m annual rural and remote capital allocation;
- many facilities, although accredited in 1997, just met the benchmark of 57 points, suggesting that considerable capital works will be required by 2001 to achieve the next round of accreditation;
- the abolishment of the viability supplement resulted in a net recurrent loss to the NT of approximately \$338,000 pa. One Aboriginal Nursing Home in Darwin (Juninga) is currently incurring a net loss of \$13,000 per month or \$156,000 pa and with 100% of all residents concessional, has no capacity to recoup this loss;
- the ageing in place concept means that low care facilities now care for high care residents which can compromise standards of care;
- the appropriateness of both residential and community care for the frail aged in the Northern Territory does not always meet the needs of Aboriginal people;
- when analysing the separation rates in the NT compared to other jurisdictions it is clear that nursing home care might not necessarily be the most appropriate option and a care co-ordinated model with supports for consumers in communities could be a preferred model;
- there is clearly a need to review the criteria in which Commonwealth programs such as Community Aged Care Pilots (CACP's) and/or Aboriginal Aged Care Pilots are allocated.
- It would appear that in many instances the allocation and monitoring of CACP's is inappropriate.
- it might be preferable to allocate all the CACP's to a regional body who monitors, manages, co-ordinates and trains both staff and communities in the delivery of services.

### **Separation Rates**

- the separation rate in nursing homes can vary between 1-2 years with many residents still residing in nursing homes between periods of 7-10 years compared to a national average of 6-9 months in other jurisdictions. This has a huge impact on waiting lists, resulting in extended and inappropriate lengths of stay in public hospitals;
- in 1997/98 the Katherine Hospital had an ongoing waiting list of five assessed nursing home patients eligible for placement at the Rocky Ridge nursing home for a possible 1-2 beds available each year. Because of this, the Katherine Hospital incurred a cost of 781 bed days at \$213 per day in 97/98.

### **Additional Cost Factors**

- wage and working condition differentials between NT hospital and nursing homes have a significant impact, with the majority of registered nurses choosing to work in hospitals often because of access to air-conditioning and the additional 10% salary package;
- the extremes of temperature and climate, impacts on the productivity of staff and this often results in the need for higher resident/staff ratios;
- the added cost of agency staff is a major consideration particularly recruitment, relocation and retention. In Tennant Creek, Pulkapulkka Kari has to meet an ongoing accommodation cost of \$250 per week per staff member and a minimum of \$600 return airfare, with a staff turn over approximately every three months;
- the added costs for items such as food and consumables, cleaning equipment, staffing (recruitment, retention and relocation), transport and utilities is not factored in the Commonwealth daily subsidy rate;
- the effects of climatic conditions or environmental costs are a major costs factor for scheduling staff rostering. Other hidden costs such mineral content of the water and the reduction of the life of furnishings and fittings have significant cost implications;
- the inability of nursing homes to access allied health professionals, such as physiotherapists and occupational therapists places additional demands on nursing staff caring for consumers in nursing homes;

### **Aboriginal Care Needs**

- the inappropriateness of the institutionalised residential care model for Aboriginal people.
- there are frequent requirements for high levels of emotional and financial support due to the lack of accessible family support for consumers from remote communities;
- additional costs to the nursing homes result from reverse respite; transport to and from community events such as sorry business, traditional ceremonies, personal medical appointments and outings and extra costs through the high number of STD phone calls to families for ongoing contact;
- the social implications as well as environmental factors that need to be considered when providing care for older Aboriginal people from a variety of language groups. Specifically the cost for interpreters and the need to consider gender and other cultural issues such as skin groups, incur additional costs;
- difficulties with continence management, showering and toileting in nursing homes;
- the added cost of landscaping to meet the cultural needs of clients is not factored into the subsidy.

### **Attachments:**

- Attachment A - NT Nursing Home/Hostels information sheet
- Attachment B - Residential Aged Care Facilities in the NT.
- Attachment C - Community Aged Care Packages & Aboriginal Pilot Allocations in the NT.

## **SPECIFIC ISSUES WITH RESPECT TO THE COMMONWEALTH AGED CARE REFORMS WHICH IMPACT DIRECTLY ON THE NORTHERN TERRITORY.**

### **Issues:**

#### **Capital Funding**

##### **Decision:**

Capital funding to be restricted to \$10m/pa (or \$40m over four years) and prioritised for Aboriginal & Torres Strait Islander people and rural and remote areas only.

##### **Impact on the NT:**

- Whilst accepting that residential facilities in Katherine, Tennant Creek and Alice Springs may be eligible for the proposed \$10m capital allocation per annum, there are no guarantees that they will be successful with their submissions, because of the number of services across Australia competing for this funding.
- Capital funding has been announced by the Commonwealth, in August 1998, to a number of facilities across the NT. However, there is still a significant shortfall for facilities such as Juninga in Darwin and Pulkapulkka Kari in Tennant Creek. Neither of these facilities have any capacity to access additional funding. Further, a number of facilities are unable to attain ongoing funding for repairs and maintenance.
- With Darwin ranked by the Commonwealth as an urban centre, and therefore ineligible for the capital funding, four Darwin based providers will be ineligible to apply for the \$ 10m capital.

#### **Accommodation Bonds/Annual Payments**

##### **Decision:**

- Accommodation bonds have now been replaced by an annual capital payment.
- From 6 November 1997, all non-concessional residents entering nursing homes will make an **annual capital payment** which will be capped and levied for a maximum of five years only.
- The cap has been determined at an average around **\$4,380 per year per person (or \$12 per day)**.
- People who cannot afford to pay will be exempt, (these people are known as concessional residents). Concessional residents are those residents who **do not have \$23,000 in assets**.
- The reform process agreed to subsidise a daily rate between \$4.50 and \$12 to compensate for each concessional resident who is unable to pay an accommodation bond.
- In the latest amendments, those new residents who are not concessional, will be asked to pay an extra daily fee of up to \$12 per day or up to \$6 per assisted residents.

### Impact on the NT:

- Regardless of the \$12 per day (funding from the Commonwealth or resident contribution) that the service provider will receive in lieu of capital funding, this will still not meet the estimated capital upgrades, repairs, maintenance and expansion costs.
- Considering that the separation rate from nursing homes is less frequent when compared to other jurisdictions (on a 40 bed nursing home in the NT, our separation is estimated to be at around 25% per year) this roughly means that for the next twelve months, in one facility at least, there will be only 10 consumers receiving or paying a daily subsidy of some type. In other words only new occupants are entitled to pay or receive the \$12 per day. ie (10 x \$12 x 365 = \$43,800 pa). This low separation rate, means that NT facilities will not access the \$12 per day subsidy.
- Analysis of figures from two 'Top End' facilities shows annual shortfalls of \$43,000 and \$95,000 respectively per annum, since the 'old' submission based capital funding model was replaced by the introduction of charging;
- It should be noted that THS is currently providing recurrent funding of \$390,000 per year to nursing homes and hostels across the Northern Territory and in 1997/98, the NT Government committed \$6.5 million over a 3 year period for the Chan Park Nursing Home.

### State and National Funding Rates for all Occupied Places

- Detailed below are the funding rates for each jurisdiction.

#### RATESHEET

#### BASIC SUBSIDY AMOUNTS FOR PERMANENT RESIDENTS

#### RATE PER RESIDENT PER DAY (\$)

(For residents who have been classified under the Residents Classification Scale)

Category	National	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
1		101.69	106.63	87.74	98.45	95.13	108.13	98.26	103.60
2		91.82	96.20	79.15	88.85	86.09	97.82	88.93	93.62
3		78.98	82.70	67.98	76.35	74.26	84.42	76.86	80.48
4		56.03	58.51	48.01	53.98	53.14	60.39	55.18	56.96
5	33.30								
6	27.50								
7	21.00								
8	0.00								

\* With the introduction of the Aged Care Reforms consumers will now be classified in categories from 1-8, with 1 being the highest care level and 8 being the lowest.

\* Depending on the category, each service provider will receive a daily rate from the Commonwealth (ie, if assessed category 1 - the service provider will receive a recurrent amount of \$37,814 (pa).

\* It is intended that over a seven year period all States / Territories will receive the same amount per category.

### **Impact on the NT**

- It is difficult to accept that costs in the NT could be cheaper than either Tasmania or Victoria. (See the above schedule). Historically, salary, recruitment and retention costs, as well as costs for agency nurses, air fares and travel and transport are always significantly more expensive.
- Acknowledging that these aggregates are derived from CAM and SAM data, and accepting that Territory Health Services contributes \$390,000 recurrently, it may well be that in the past, service providers deducted the THS allocation from their actual real costs, prior to submitting data to Canberra. (CAM is the Care Aggregate Model which was the funding model to fund salaries and SAM is the Standard Aggregate Model to fund operational costs such as food and electricity).
- Whilst accepting that at the end of the seven year period all jurisdictions through coalescence may have the same rates, there is an immediate need to review the existing levels in the Northern Territory.

### **Planning**

#### **Decision**

- With the introduction of the Aged Care reforms there are no new capital funds allocated to new places.

#### **Impact on the NT:**

- For example, at the last Aged Care Advisory Committee meeting 38 new hostel (or low level care ) places were allocated with recurrent funding only. A further 60 aged care places are to be announced by the Commonwealth for the NT in September 1998.
- With the NT having 90%+ concessional residents, there is no capacity for residential facilities to accumulate savings through annual capital payments, it is unlikely that any new places will be taken up unless the NT Government provides 'top up' funding or a private developer applies.

### **Certification (Accreditation)**

#### **Decision:**

- Residential facilities must acquire 57 points for safety, occupational health & safety and fire standards to attain certification (with accreditation from January 1998).

#### **Impact on the NT**

- All facilities were accredited in 1997, albeit with a number of the NT facilities just gaining the 57 points.
- With the process due again in the year 2000, and with a higher benchmark, there is major concern across the Territory that with no ongoing capital funding, Territory nursing homes and hostels will be unable to maintain their facilities to a satisfactory standard, thus failing accreditation
- It is the understanding of THS that each service provider will have to nominate a time for accreditation and pay for that service to be carried out.
- THS is concerned that the NT Government will be approached to provide funding to bring facilities up to accreditation standards.

## Viability Supplement

### Decision

- The Viability Supplement was introduced to assist smaller rural and remote communities primarily with concessional residents, specifically Aboriginal & Torres Strait Islanders or other groups with special needs.

### Impact on the NT:

- Given that an organisation will have to score 60 points to be eligible for this supplement, it is clear that some facilities in Darwin would not qualify.
- Further, this new funding model provides a shortfall of \$337,360 recurrent funding per annum in the Northern Territory. (Juninga receives no funding because it has less than 29 places and Pulkapulkka, Kari also suffers a significant loss).

<b>NURSING HOME</b>	<b>CURRENT ISOLATED FUNDING</b>		<b>PROPOSED VIABILITY FUNDING</b>	<b>SHORTFALL</b>
	<b>Month</b>	<b>Year</b>	<b>Per Year</b>	
Chan Park ineligible - more than 29 places.	\$ 1,516	<b>\$18,192</b>	Nil	\$18,192
Old Timers ineligible - more than 29 places.	\$ 3,496	<b>\$41,952</b>	Nil	\$41,952
Pulkapulkka Kari 60+ points -eligible	\$11,162	<b>\$133,944</b>	\$62,050	\$71,894
Salvation Army ineligible - more than 29 places.	\$ 1,707	<b>\$20,484</b>	Nil	\$20,484
Rocky Ridge 70+ points - eligible	\$ 5,749	<b>\$68,988</b>	\$40,150	\$28,838
Juninga - ineligible	\$13,000	<b>\$156,000</b>	Nil	\$156,000
<b>TOTAL</b>		<b>\$439,560</b>	<b>\$102,200</b>	<b>\$337,360</b>

## Aged Care Assessment Teams (ACAT's)

### Decision

- The Aged Care Assessment Teams will remain the key gateway for the reforms.

### Impact on the NT

- The Aged Care Reforms have meant that the ACAT's are the first point of contact by older people for information and clarification of the reforms.
- In 1993/94 the ACAT teams completed 537 assessments and the Commonwealth provided \$552,711. In 1996/97 the allocation was \$555,323 and in that period 1283 assessments were completed.
- Whilst the new flexible funding arrangements will provide some capacity to address critical need, they will do little to reduce the annual contribution to

the program by the Northern Territory Government to the ACAT's of \$398,000 per annum.

- In 1991 a Commonwealth Review of the program was carried out and it was acknowledged that the base level of recurrent funding was inadequate and the key recommendation was the "establishment of an appropriate recurrent funding level based on appropriate and planned activity". This recommendation has never been supported by the Commonwealth.
- The unique characteristics of the NT mean that there are significant additional costs, particularly recruitment and retention.

### **Ageing in Place**

#### **Decision**

- One of the key components of the Aged Care Reforms was the introduction of Ageing in Place.
- Ageing in Place allows for people receiving residential care to remain at the one locality rather than relocating from a hostel to a nursing home.

#### **Impact on the NT**

- The Chief Medical Officer has already upgraded beds in two facilities in the NT with a number of other facilities considering upgrading in the future.
- There are a number of concerns including;
  1. duty of care,
  2. staffing (specifically the recruitment of qualified staff),
  3. building codes
  4. and the re-drafting of the NT Private Hospital and Nursing Home Legislation.
- The first three components will impact severely on industry and will require additional funding when considering the high proportion of concessional residents in the Northern Territory, and the inability of nursing homes and hostels to provide additional funds to meet the criterion.



## ATTACHMENT A

<b>NURSING HOMES AND HOTELS (NT) INFORMATION SHEET</b>			
	<b>Places</b>	<b>Aboriginal/Torres Strait Islander Residents %</b>	<b>FDP'S %</b>
<b>Nursing Homes</b>			
Chan Park Nursing Home	40	30	95
Hetti Perkins Nursing Home	24	100	100
Rocky Ridge Nursing Home	20	56	100
Old Timers Nursing Home	56	28	95
Salvation Army Nursing Home	44	7	80
Pulka-pulka Kari Nursing Home	15	71	100
Juninga Nursing Home	12	100	100
<b>Hostels</b>			
Hetti Perkins Hostel	16	100	100
Tracy Lodge Hostel	57	4	81
Old Pioneer Hostel	23	28	97
Juninga Hostel	19	100	100
Pulka-pulka Kari Hostel	2	50	50
Kalano Hostel	13	100	100
Old Timers Hostel	20	10	53



**RESIDENTIAL AGED CARE SERVICES IN THE NORTHERN TERRITORY**

<b>DARWIN URBAN Service Type</b>	<b>Facility</b>	<b>No. of Beds</b>	<b>Respite Beds</b>
<b>Hostel</b>	<b>Tracey Lodge</b>	<b>57</b>	<b>1+1 Dementia Ward</b>
	<b>Juninga</b>	<b>14</b>	<b>2</b>
	<b>Chan Park</b>	<b>22</b>	<b>Approved in principle</b>
<b>Nursing Home</b>	<b>Chan Park</b>	<b>40</b>	<b>2</b>
	<b>Salvation Army</b>	<b>44</b>	<b>1</b>
	<b>Juninga</b>	<b>12</b>	<b>1</b>

<b>KATHERINE Service Type</b>	<b>Facility</b>	<b>No. of Beds</b>	<b>Respite Beds</b>
<b>Hostel</b>	<b>Old Pioneers</b>	<b>23</b>	<b>2</b>
	<b>Kalano</b>	<b>13</b>	
	<b>Rocky Ridge</b>	<b>4</b>	
<b>Nursing Home</b>	<b>Rocky Ridge</b>	<b>20</b>	<b>2</b>

<b>BARKLY Service Type</b>	<b>Facility</b>	<b>No. of Beds</b>	<b>Respite Beds</b>
<b>Hostel</b>	<b>Pulkapulkka Kari</b>	<b>2</b>	<b>1</b>
<b>Nursing Home</b>	<b>Pulkapulkka Kari</b>	<b>15</b>	<b>1</b>

<b>ALICE SPRINGS Service Type</b>	<b>Facility</b>	<b>No. of Beds</b>	<b>Respite Beds</b>
<b>Hostel</b>	<b>Hetti Perkins</b>	<b>16</b>	<b>1</b>
	<b>Old Timers</b>	<b>20</b>	
<b>Nursing Home</b>	<b>Hetti Perkins</b>	<b>24</b>	<b>2</b>
	<b>Old Timers</b>	<b>56</b>	<b>1</b>

**COMMUNITY AGED CARE PACKAGES (CAP'S) AND  
ABORIGINAL PILOT ALLOCATIONS IN THE NT**

<b>DARWIN Service Type</b>	<b>Organisation/ Community</b>	<b>No. of Places</b>
<b>CACP's</b>	<b>NT Council on the Ageing</b>	<b>14</b>
	<b>Juninga</b>	<b>5</b>
	<b>Daly River</b>	<b>8</b>
	<b>Port Keats</b>	<b>10</b>
	<b>Gagadju</b>	<b>10</b>
	<b>Peppimenarti</b>	<b>6</b>
<b>Aboriginal Pilots</b>	<b>Maningrida</b>	<b>1</b>
	<b>Tiwi</b>	<b>1</b>

<b>KATHERINE Service Type</b>	<b>Organisation/ Community</b>	<b>No. of Places</b>
<b>CACP's</b>	<b>Yarralin</b>	<b>8</b>
	<b>Lajamanu</b>	<b>9</b>
<b>Aboriginal Pilot</b>	<b>Borrooloola</b>	<b>1</b>

<b>BARKLY Service Type</b>	<b>Organisation/ Community</b>	<b>No. of Places</b>
<b>CACP's</b>	<b>Ali Curung</b>	<b>6</b>
	<b>Julalikari</b>	<b>2</b>
	<b>Elliott</b>	<b>4</b>
	<b>Tennant Creek Council</b>	<b>6</b>

<b>ALICE SPRINGS Service Type</b>	<b>Organisation/ Community</b>	<b>No. of Places</b>
<b>CACP's</b>	<b>Tangentyere</b>	<b>6</b>
	<b>Mt Liebig</b>	<b>10</b>
	<b>Amoonguna</b>	<b>8</b>
	<b>Titijakala</b>	<b>8</b>
<b>Aboriginal Pilots</b>	<b>Docker River</b>	<b>1</b>
	<b>Yuendumu</b>	<b>1</b>
	<b>Ti Tree</b>	<b>1</b>

<b>EAST ARNHEM Service Type</b>	<b>Organisation/ Community</b>	<b>No. of Places</b>
<b>CACP's</b>	<b>Numbulwar</b>	<b>10</b>
	<b>Lahanapuya</b>	<b>10</b>
<b>Aboriginal Pilots</b>	<b>Anguruga</b>	<b>1</b>