



**SOUTHERN CROSS HOMES FOR
THE AGED INCORPORATED**

**SUBMISSION TO THE PRODUCTIVITY
COMMISSION INQUIRY INTO**

NURSING HOME SUBSIDIES

15 September 1998

Summary of Recommendations

1. A fair analysis of nursing home costs can only be done by examining the costs of providing care and services with exactly the same basket of goods and services in each State.
1. The evidence gathered by Aged Care Australia shows that nursing homes will expend funds on staffing costs to the extent that these funds are available and that higher subsidy rates lead inevitably to higher qualified staffing levels. The corollary is also true and that lower funding rates in some States only serve to restrict qualified staffing levels in those States.
1. Whatever may have been the situation over a decade ago, there is no longer any justification for the maintenance of the nation's lowest nursing home subsidy levels for Queensland. In fact much of the evidence suggests that Queensland is a higher cost State being regularly at or above the national average for costs.
1. The evidence of cost differentials, both wage and non-wage costs, between States is not sufficient to warrant different subsidy rates between the States. Southern Cross Homes for the Aged therefore supports the Coalition Government's policy of a national rate of subsidy for all levels of care as presently exists for hostels and community aged care packages.
1. Once evidence substantiates the justice of a national funding rate, movement towards that national rate should be immediate and substantial for those States below the national rate. Southern Cross Homes for the Aged has no objection to a seven year or even slower period of reduction for States that must reduce. However an alternative suggestion as a fairer means of achieving the outcome is below.
1. The use of excessive regulation to control an industry such as nursing homes leads to monotony, sameness and minimum standards of quality rather than experimentation, innovation and increasing quality through competition. Federal regulation should be limited to quality of outcomes rather than control of inputs through subsidy levels.
1. Southern Cross Homes for the Aged agrees with the Aged Care Queensland proposal that the indexation funds which would otherwise be directed as a flat percentage increase across all States should be redirected to achieving national funding rates.

Southern Cross Homes for the Aged offers its total and unqualified support to the efforts, the recommendations and all aspects of the submissions being provided by Aged Care Australia and Aged Care Queensland.

COMMENTS:

- 1 The focus on quality of care must be maintained and benchmarks of staff mixes should only be utilised for broad industry indications in regard to subsidy levels. The tighter restrictions are tied to subsidies the more care to residents is reduced to nursing duties and paper care planning, than actual delivery of not only nursing but social, interactive, personal care required by the aged in nursing homes prior to their death.
2. A direct correlation can be drawn between the subsidy levels to Queensland high care residents and the level of training utilised by nursing staff. Minimal training can be undertaken within budget constraints balancing income through subsidies and fees and the expenditure (which in the ACA Submission indicates Queensland is as high as other States in regard to expenditure).
3. The Southern Cross Homes for the Aged nursing home is attracting a level of resident who is more frail than previously encountered. One reason for this is the lack of community based services in Queensland which is not at the same level as other States, particularly in the State Capital Cities.

Therefore, higher levels of care demand more nursing care, which at present is not being recovered through the RCS.

4. Aged care providers in Queensland are locked into the wage rates for nurses which are relevant to the public hospital system. Enterprise Bargaining isn't rife in Queensland (yet) and it is valid to say that Enterprise Bargaining in Queensland hospitals has not realised the savings to offset the wages increases given. A trend which nursing homes cannot afford to follow given the Commonwealth control on subsidies and income.
5. The subsidies, fees and accommodation charge from the new system from 1 October 1997 is not providing the capital regeneration funds needed in the medium or long term.
6. The level of frailty of residents in our nursing home is causing Southern Cross Homes for the Aged additional costs (expensed to sessional fees) through the need to provide more allied health services e.g. speech pathology, physiotherapy, dietetics etc. This is a trend which is being absorbed, but for how long?
7. There are several areas in the nursing homes expenditure where costs have increased usually through Queensland State Government regulation.

They include:-

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- Works Compensation Premiums
 - Introduction of Workers Rehabilitation Services
 - The overpowering Workplace Health and Safety Act
 - Increased Occupational Superannuation by 1% from 1 July 1998.
8. Other trends in expenditure increases experienced by our nursing home are:-
- Increased security due to more attacks on a soft target of a nursing home; at night small numbers of staff trying to protect infirmed aged who cannot protect themselves either from intruders or phone thieves trying to elicit bank account numbers.
 - Increased medical supplies due to greater frailty, e.g. incontinence aids, pads, dressings.
9. There is a viability factor for nursing homes which needs to be recognised. Obviously from the Southern Cross Homes for the Aged experience 41 beds is not viable in achieving any surplus in income. Around 60 beds is, at present, a viable business proposition.

Therefore subsidy levels should attempt to take this issue into account.

10. The issue of not-for-profit charitable organisations such as Southern Cross Homes for the Aged will be re-invested into the aged care services ideally to provide more services and more beds.

Also, part of the Southern Cross Homes for the Aged Mission is to cater for those in the community who can least afford the care.

11. The issue of accreditation must be raised in relation to the present situation in our nursing home and subsidy levels. Southern Cross Homes for the Aged will achieve accreditation for our nursing home and it is progressing well. However, there are substantial costs associated with achieving the standard. Southern Cross Homes for the Aged is directing thousands of dollars to upgrading policy manuals, addressing gaps identified through a qualified analysis of deficiencies particularly in the area of "proving" continuous improvement and changes in care planning to produce information required for assessment and validation. Please note we have adopted a more streamlined approach to care plan documentation however staff retraining is required and time is needed for implementation.

These costs are expenditure not being recouped or allowed for in the subsidy rates but which have a huge potential to distort any analysis of data between facilities and across States.

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If any surpluses in our nursing home are achieved they will be absorbed by the continuous improvement/accreditation process which does incur more costs at present, and are ongoing, particularly in the area of training/education of staff.

12. Southern Cross Homes for the Aged agrees with the vast majority of conclusions and recommendations drawn by ACA and ACQ.

SOUTHERN CROSS HOMES FOR THE AGED - NURSING HOME DATA

1. The average hours per resident per week of qualified nursing staff at our nursing home is 6.8. Note the ACA report refers to NSW as 12.2 and VIC as 14.1
2. The summary of financial activity for the nursing home for 1997/98 is attached for your reference, however as stated by ACQ any figures need to be qualified as comparing apples with apples. 1 may be contacted to discuss these figures, if required. (Phone Wayne Gilbert, General Manager, Ph: (07) 3349 9300).