



Australian Medical Association Limited
ACN 008 426 793
42 Macquarie Street, Barton ACT 2600
PO Box E115, Kingston ACT 2604
Telephone: (02) 6370 5400
Facsimile: (02) 6270 5489
Website: <http://www.ama.com.au/>
Secretary General: Dr Bill Chitt

B.b1/1614

15 September 1998

Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Sir/Madam

Thank you for the opportunity to contribute to the Productivity Commission's Inquiry into Nursing Home Subsidies. Comments below reflect the opinion of members of the AMA Committee on Care of Older People who have a working knowledge of the medical and nursing home systems.

Section 3 Nursing home costs **Wage and wage-related costs**

Are over-award payments common in the sector and what are the reasons for them?

Over award payments are common. One reason for this is that there is just not enough nursing staff (both SRN and SEN) available. There is widespread use of "agency" staffing. This problem will increase because of the style of nursing training ie use of untrained personnel (carers).

Non-wage costs

Do non-wage costs vary significantly within or across jurisdictions? How much control do providers have over their non-wage costs?

There are many tasks which utilise the time of the nursing staff and which are either in addition to direct resident contact with residents or subtracted from time which should be spent with residents. If subtracted, then there is concern in regard to the quality and quantity of care delivered.

Section 4 The merits of alternative funding methodologies **Proposed national subsidies**

What impacts would coalescence to national average subsidy rates have on access to, and the quality of, residential aged care services across Australia?

Most importantly what effect will coalescence have on the actual quality and quantity of care delivered? The AMA is extremely concerned that, under coalescence, quality of care will suffer. The Productivity Commission needs firstly to assess what impact coalescence would have on the residents, before turning its interest to funding levels.

The Commission inquiry should begin by looking at patient standards and quality in different States, then deliberate on which way funding should go. If standards and quality are not the primary consideration then the AMA considers that the approach taken by the Inquiry is fundamentally flawed.

Alternative funding arrangements

The existing state-based regime and the proposed national regime both involve the payment of specific dollar subsidies for residents according to their classification on the RCS. Hence, they do not differ according to the quality of the service provided

It is hard to believe that the State based regime and the proposed national regime will not differ according to the quality of the service provided, even though they both involve the payment of specific dollar subsidies for residents according to their classification on the RCS.

The AMA considers that any acceptable alternative subsidy scheme must focus its funding on a minimum acceptable quality of care, and that minimum must be set at a high level. Any alternative subsidy scheme that considers funding foremost has a wrong starting point.

Also there is a need to see how quality of structures ie. the actual buildings, are a reflection of the current funding, and then how any future funding should be directed.

Would paying subsidies direct to residents rather than homes increase the pressure on providers to deliver 'the right service at the right price'? Or would it simply involve an additional administrative cost, with little or no offsetting efficiency gain?

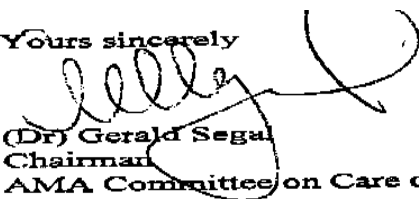
Unfortunately, in the high care settings, the actual residents are often unable (or incompetent) or do not recognise what is happening to them. Effectively it is the family or legally responsible person who only ever gets a "snapshot" of the facility.

Over what time period should any proposed alternative funding arrangements be introduced?

Twenty years should be the period of time over which funding arrangements are introduced. This would allow for all facilities, Australia wide, to be brought up to the highest standard. No elimination of funding should occur, rather an increase in under-funded areas, so that over twenty years, equalisation (coalescence) occurs.

The AMA Committee on Care of Older People looks forward to receiving the draft report on this inquiry and to containing its input to this most important issue.

Yours sincerely



(Dr) Gerald Segal
Chairman
AMA Committee on Care of Older People