



Canberra Communiqué

GROWING SUPPORT FOR ACTION ON AGED CARE

ACSA's national and state association CEOs met with MPs and Senators in Canberra this week, and found a genuine resolve to instigate change.



The MPs and Senators acknowledged ACSA's position that achievement of efficient and effective health reform depends on a reformed aged care system as the two are inextricably linked. Many of the conversations highlighted the need for solutions to capital funding, user pays and industry sustainability issues - an encouraging sign that real action may be taken.



Parliamentarians were advised that, as part of ACSA's commitment to the Health and Hospitals Reform Agenda, a series of expert panels are being convened to develop strategies and solutions in five key areas: consumer choice; aged care/health interface; access and assessment; sustainability and reform staging, and workforce. There was a generally favourable response to this proactive approach by ACSA.



The delegation highlighted the broad stakeholder support, including from consumer groups, professional bodies and others, for the shape of the reform agenda. Attention was drawn to the work of the National Aged Care Alliance (NACA) on a vision for the future of aged care:

Every older Australian able to live with dignity and independence in a place of their choosing with a choice of appropriate and affordable support and care services as and where they need them.



Many commented that the solidarity of stakeholder groups behind this vision would be important in firming the political resolve for action on aged care issues.



The delegation highlighted the delay in finalising the terms of reference and time lines for the Productivity Commission review of aged care announced by the Federal Government in August last year. These issues will be taken up by those we spoke to and when we have further intelligence on this we will let you know.

As part of the growing momentum for action in aged care, the delegation used the opportunity to identify other people who could usefully assist our cause in the longer term.



Our continued engagement and delegations to Canberra were encouraged by each of the MPs as an important means of communicating our issues. Our 2010 lobbying plan will work to ensure aged care stays front of mind for all parties and results in action.

GREG MUNDY
Chief Executive Officer

THE 2010-11 BUDGET & THE REFORM AGENDA

The aged care industry provides a home, care or services to more than over a million elderly Australians, people with a disability and their carers. We are the 9th largest employer in Australia.

It is an exciting and challenging time for Australia. The Rudd Government has recognised the critical importance of aged care services and the need to reform them as part of its broader health and hospitals agenda. The Third Intergenerational Report reinforces that, with a growing aged population and decreasing tax base, reform is essential.

Initial statements on actioning the reform agenda have focussed on hospitals and been relatively silent on aged care. If aged care is operating effectively public expenditure on more intensive and expensive health services can be contained and decreased. Aged care reform should not be delayed.

A Vision for the Support & Care of Older Australians.

ACSA, along with all of the members of the National Aged Care Alliance (NACA), subscribes to a vision that will see:

Every older Australian able to live with dignity and independence in a place of their choosing with a choice of appropriate and affordable support and care services as and when they need them.

Aged care reform, through the health and hospitals agenda for the medium to long term and the 2010-11 Federal Budget for the present, is critical if this vision is to become a reality.

Supporting the Health & Hospitals Reform Agenda

ACSA supports the Government's reform agenda. ACSA is convening Expert Panels comprising industry, consumer, academics, consultants and practitioners to develop approaches and solutions to the strategic reform areas of:

- Consumer Choice
- Aged Care/Health interface, with a focus on sub-acute care
- Access and assessment
- Sustainability and reform staging
- Workforce

These panels will report by mid 2010 and the findings will be shared with Government and the Productivity Commission to support successful reform of aged care.

2010-11 Federal Budget

In the interim, there are a number of issues that must be addressed to ensure a robust and sustainable aged care sector able to effectively support older people and the reform agenda including:

- inadequate indexation driving services further and further behind the real costs of delivering quality care;
- capital funding which does not enable the building of new homes or upgrading/replacing existing facilities to meet the ongoing demand for residential care;

- not being able to provide enough community care to adequately support older people who choose to continue to live at home;
- difficulty in attracting and retaining staff - particularly nurses and care workers - to deliver care to older Australians; and
- inadequate technology infrastructure to take advantage of the emerging e-health revolution which stands to improve both productivity and clinical care for older people.

These issues result in:

- **A reduction in the hours of care older people receive.** On average Community Aged Care packages (CACP) previously provided 7 hours or more of support each week but now deliver only 5 hours¹ despite people having increasingly higher levels of need.
- **People missing out on residential aged care.** The Aged Care Funding Instrument (ACFI) funding paid to support some people with low care needs has decreased. There are an increased number of persons presenting for admission who attract no government funding at all and aged care services cannot afford to provide care for them.
- **A decline in applications for more aged care beds.** Nearly 2000 residential care places were not taken up in 2009-10 and 786 bed licences were handed back in the two years prior because aged care providers can't afford to build them.

The Aged Care Industry Council (ACIC) is the peak council of Australia's aged care providers. ACSA is a member of the Council. Its 2010-11 Budget Submission recommends the following action to address the issues confronting aged care providers:

- That a **new indexation methodology**, which funds the real costs of care, be developed and applied to all aged and community care services. Pending the formulation of the new methodology, as from 1 July 2010, the greater of the Consumer Price Index (CPI) or the All Groups Pensioner and Beneficiary Living Cost Index (PBLCI) for the year ending 31 March 2010 be used to index the Federal Government's aged care subsidies.
- The creation and adoption of a **sustainable capital raising system** including the following integrated package of measures:
 - Choice for older people and their families as to how they pay their accommodation costs at no cost to Government. This requires the introduction of alternative payment options, including refundable accommodation deposits for high care;
 - Remove the distinction between high and low care at no cost to Government;
 - Uncapping the daily accommodation charge for high income people and increasing it for those on a medium income so it is equivalent to the average building costs of residential care in the relevant region²;
 - Linking government payments (the accommodation subsidy) for concessional residents to the average cost of building residential aged care³; and

¹ Report on Government Service Provision 2009.

² Building costs include land, construction, fit out and financing costs which can be obtained from a variety of independent sources including Rawlinsons Survey of building costs and a variety of valuation reports.

³ As above

- Allowing providers to charge differential room rates based on the quality and type of accommodation at no cost to Government.
- **Providing increased funding for community care services** to pay an appropriate (unit) price and enable the level of care provided to better meet existing clients needs. For HACC an overall increase of 20% (or \$297.78m) is required. For packaged care a 10% (or \$90.9m) increase is required.
- The **creation of one community care program** (through the merger of HACC, CACPs, EACH and EACHD) under the jurisdiction of the Commonwealth Government.
- Undertaking a scoping study and national pilot trial of **Teaching Nursing Homes** (\$4m), and other innovative models, including those that support clinical leadership support (\$900,000) and more effective provision of medical care.
- Investment in the development and deployment of an **electronic medication management solution** for aged care, initially targeted to residential care. This would require a total of \$59m over the 2010 -11 and 2011 -12 financial years. Further investment would be required in the following three years.

The full ACIC submission is attached for your information.

Without Government action in the 2010-11 Federal Budget older people's access to these essential services will be ever more limited and there will be ongoing blockages in the health system overall. The much needed reform of health and aged care will be rendered ineffective.

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