

# Senate Finance & Public Administration Committee

Submission to the  
Inquiry into Residential and Community Aged Care in  
Australia

*Aged and Community Services SA&NT*

## Community Response

**Whether current funding levels are sufficient to meet the expected quality service provision outcomes.**

Quality service provision includes both fundamental issues of safety, as well as the protection of the rights of older people, to drive and manage their lives according to their own priorities and preferences. ACS SA&NT support new quality measures including basic safeguards such as Police checks and quality audits, as well as improved levels of training and skills, to underpin public confidence in community aged care. However these quality measures incur costs which impact adversely on service delivery to clients.

There needs to be an increase in funding for recovery and maintenance programs that support and enable older people to remain in the community. In addition, there is a need for higher level packages, beyond the current Extended Aged Care at Home Package/ Extended Aged Care at Home Dementia (EACHP/EACHD).

The 'turn over' for EACHD packages is high creating additional administration costs that are not provided for. Providers need to allow a greater 'lead and development time' for people receiving an EACHD package. Generally funding allocations need to recognise that anyone with dementia takes more time and effort to support at any stage of the continuum of care.

To ensure quality service provision to rural and remote communities and to people with special needs there needs to be recognition, beyond the current rural viability supplement (measured by remoteness), that there are additional costs associated with providing services. The current funding does not cover the cost of components such as culturally appropriate training, interpreter services, recruitment, complex needs and culturally sensitive relationship building. Nor does it acknowledge that there are other issues directly related to the organisation delivering services or the economic capacity of the community in which the organisation is based which will have an impact on the quality of service delivery

The current level of funding is based on an understanding that there is a level of co-payment from the client. This is not occurring consistently enough for a variety of reasons. A person's inability to pay doesn't restrict access to services but does impact on the provider. There needs to be an appropriate system for objectively and consistently determining financial disadvantage and client co-payment levels. This needs to be balanced with the actual cost of collecting fees. The client fees are an integral component of the viability of the program and where there are financially disadvantaged people with limited capacity for co-payment the Government should consider concessional payments to compensate the provider for loss of income.

The existing 'siloes' funding structures and administrative arrangements within the HACC program and the three Commonwealth community care programs are also a significant concern. The allocation differentials between HACC (a few thousand dollars up to \$75,000 +) and CACP (\$12,000), EACH (\$42,000) and Each D (\$46,000) result in difficulties for providers trying to care for clients' changing needs. It is not uncommon for a provider who may have a CACP client to not be able to offer an EACH package because they have none available. Individuals have by necessity had to seek another provider.

### How appropriate the current indexation formula is in recognising the actual cost of pricing aged care services to meet the expected level and quality of such services

The delivery power of the community care system ~ quality, quantity, innovation ~is at risk when indexation falls behind and there are not enough resources to deliver the services. Viability and indexation issues need to be addressed. Increased costs, particularly related to wages and travel, which are well above the subsidy indexation offered each year, are pushing down the average hours of services directly provided to older people. This affects all aged care programs and service providers delivering aged care who are struggling to deliver viable aged care services in some regions, which ultimately diminishes client choice and limits service flexibility.

Current funding is not meeting real costs and inadequate indexation results in less after hours service provision, loss of real hours of direct care, loss of diversity, loss of matching and 'cherry picking' of waiting lists.

For community packages to be able to maintain a desirable level of quality then it is essential that a sustainable indexation formula be applied. While the recent 6% indexation (up from 1.8%) arrangement that has been given as part of the recent National Disability Agreement is supported in principle it again highlights the disparity between the two sectors. The health sector have also been granted an increase in indexation (7.3%) which further exacerbates the existing disparities between the two areas.

## **Measures that can be taken to address regional variations in the cost of service delivery and the construction of aged care facilities**

Different service models with appropriate funding levels are required for rural and remote areas. Providers cannot deliver the same kind of package when workers have to travel extended distances. This creates inequities for rural and remote communities.

## **Whether there is an inequity in user payments between different groups of aged care consumers and, if so, how the inequity can be addressed.**

The following summarised points, focusing on fees, is presented by ACS SA&NT for consideration:

- ❖ There is no consistent approach to fees across the community care system. Although there are some guidelines relating to consumer fees (the HACC program has a draft overall fees policy which is not implemented uniformly throughout states), each agency is responsible for developing their own policy and procedures relating to the application and collection of service delivery fees to which community care clients make a financial contribution.
- ❖ The lack of a national or state fees policy has resulted in a myriad of approaches and a range of fees which have given rise to issues for clients moving across programs and/or when receiving services from multiples agencies. Inconsistency also results in inequity and may encourage clients to base their decisions on cost rather than need.
- ❖ Realistic fee levels are needed, so that they are not a barrier to access to services.
- ❖ All fee structures should be negotiated individually and on the basis of criteria referenced to capacity to pay based on the premise that the client will pay. It is the client's choice to seek a waiver from the provider. Clients with similar income, living expenses and service needs should be charge equivalent fees for equivalent services.
- ❖ There should be matching fee levels to the tiered approach to care e.g. HACC service fees increase at higher levels of HACC services to lessen the impact when a client moves to CACP which has generally higher fee levels.
- ❖ Members also suggested that an important aspect of a fair and consistent fees policy would be to have a system that was transparent, simple, addressed client specific issues and provided an opportunity for appeal.
- ❖ There are a number of service types – such as advocacy, social support, case management and information – where no fee should be charged. The framework

and guidelines should clearly identify which services should attract a fee and which ones should be provided free of charge.

- ❖ It needs to be recognised when setting funding agreements and budgets that fee revenue is not guaranteed, and the cost of collection can be a significant proportion of the revenue generated.
- ❖ There is significant variation between clients as to what they believe is a fair price to pay - this appears to be "values based" and therefore it is difficult to influence their views on the issue. Some clients refuse to pay for services on principal as they think the "government should pay for it," others are determined to "pay their own way and not rely on the government or others" and want to pay in full for services or "go without" as they may have limited incomes. Others fall between these two extremes.
- ❖ Providers in rural areas are unlikely to access fees for many clients, and the rural and remote viability supplement does not take this into consideration. The differences between regional, rural, remote and urban service provision needs to be factored into this process.
- ❖ Many indigenous clients do not pay any fees towards their services and any national fees framework would need to take this into account.

A consistent fees policy or framework which also addresses the issue of the absence of a consistent means testing regime needs to be developed. In summary the policy or framework should:

- ❖ Appropriate levels of fees and for which services they should be charged;
- ❖ Consistency across funding programs;
- ❖ Determining ability to pay and waiver of fees;
- ❖ Cost efficient administration; and
- ❖ Consistent implementation.

It is imperative that fees should not be used as a substitute for inadequate Government funding of community care services.

### **Whether the current planning ratio between community, high- and low-care places is appropriate.**

Community services have grown over the years to become a major service system and there are heightened community expectations for older people to remain living in their own homes. This puts pressure on the service providers to meet growing demand, to provide good services and to be accountable and it puts pressure on the system to be adequately resourced and to have streamlined processes so there is not fragmentation and duplication of effort. There needs to be a substantial increase in the number of care packages available in most regions to meet the growing demand and expectations of older people to remain living in the community.

ACS SA&NT encourages the tailoring of resource allocations to local needs to ensure an appropriate mix of services. An overall approach to service provision in local areas should be developed. The Government also needs to evaluate the results of the allocation and the impact of the services and how well they are responding to needs at a planning level. If realignment or enhancements are required it is important that this is done in a way that the sector understands and with a timeframe that supports clients and providers.

ACS SA&NT acknowledges the increase in community care funding. However, there is still a huge demand and most regions in SA have waiting lists for packaged care and in some this is as long as 2 years. This may precipitate people moving to residential care who do not need or want to and HACC providers are faced with duty of care issues where a client requires increasing levels of care and there are no available CACPs or EACHPs. In the Marion/Mitcham area of metropolitan Adelaide there are estimated to be 500 people on the waiting list for CACPs but there were no CACPs places allocated for the metropolitan south 2006-07 or 2007-08. The ACAR process could give consideration to being more flexible and allow for the ratio of community care places to residential places to be altered depending on local conditions and unmet demand.

### **The impact of current and future residential places allocation and funding on the number and provision of community care places.**

In the future aged care, including community aged care, must be more flexible and responsive by enabling older people to move 'in and out' and 'up and down' in terms of their levels of care. An effective service system must provide real choice to enable people to remain living in the community with flexibility to meet individual needs.

Aged and Community Services SA&NT  
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