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Senator Claire Moore
Chair
Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Moore

Thank you for your letter inviting the Queensland Government to make a submission to the Community Affairs Legislation Committee Inquiry (Inquiry) into the Aged Care (Living Longer Living Better) Bill 2013, Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013, Aged Care (Bond Security) Amendment Bill 2013 and the Aged Care (Bond Security) Levy Amendment Bill 2013.

There are a number of positive elements to the package of aged care reforms these include:

- increasing the range and number of home care options through the consolidation of a number of existing community care programs;
- ensuring a stronger focus on consumer directed care;
- removing the distinction between high and low care in residential aged care;
- recognition of the cost and demand for dementia care in both residential and community care settings through the establishment of a dementia supplement; and
- greater recognition of palliative care provision in the aged care system.

It however remains a concern to the Queensland Government that most of the funding for the Living Longer Living Better (LLLB) reforms is a redirection of existing aged care funding. Whilst the Federal Government refers to a $3.7 billion LLLB package the net cost to the Federal Government is actually $577 million over a five year period. The balance ($3.12 billion) is achieved by re-directing $2.56 billion of existing aged care funding and raising $0.56 billion in increased client fees over five years. Indeed most of the re-directed funding ($1.6 billion) is sourced from residential aged care subsidies.

Please find attached the Queensland Government's submission to the Senate Community Affairs Legislation Committee Inquiry for your consideration.

Should you require any further information in relation to this matter, I have arranged for Mr Graham Kraak, Director, Strategic Policy – Priority Areas Unit, Policy and Planning Branch, System Policy and Performance Division, Queensland Department of Health, to be available to assist you.

Yours sincerely

LAWRENCE SPRINGBORG MP
Minister for Health

28 APR 2013

Queensland Government Submission

to the

Senate Standing Committee on Community Affairs inquiry

into the

Aged Care (Living Longer Living Better) Bill 2013;

Australian Aged Care Quality Agency Bill 2013;

Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013;

Aged Care (Bond Security) Amendment Bill 2013; and

Aged Care (Bond Security) Levy Amendment Bill 2013.

April 2013

Viability and aged care supply

One of the main concerns regarding the provision of aged care services is the viability of the aged care sector and in particular the residential aged care sector and the impact that this has had on the supply of residential aged care places. These issues existed before the advent of the Global Financial Crisis which exacerbated viability issues for some providers who carried significant levels of debt at that time.

Over the last three Aged Care Approvals Rounds, the Commonwealth Department of Health and Ageing has been unable to allocate all the additional aged care places due to insufficient suitable applications in Queensland. This situation has been replicated in most of the other Australian States and Territories. The net result of this has been an undersupply of operational residential aged care places in Queensland.

As at 30 June 2012, Queensland had an operational residential aged care ratio of 81.2 places per 1,000 people aged 70 years and older, the third lowest of all States and Territories in Australia and well below the Federal Government's benchmark of 88 operational places per 1,000 people. If the Federal Government met the current residential aged care provision ratio in Queensland there would be an additional 2,800 residential aged care places than are currently available. The areas within Queensland where undersupply of aged care places is most prevalent is in rural and regional areas where providers are not able to achieve the economies of scale and attract revenue levels as larger services in metropolitan areas.

It is noted that the Federal Government intends to reduce the provision ratio of residential aged places to 80 operational places per 1,000 people aged 70 years and older. The net result of this is that there will be fewer places available for those who need this type of care, less choice of services and potentially a longer wait for prospective residents and their families for a residential aged care place to become available. Whilst it is acknowledged that the Federal Government intends to increase the number of home care packages, and that this is where most people wish to receive their care, there is, and will continue to be, a significant number of people who due to their personal circumstances and care requirements will need to receive care in a residential aged care environment.

Furthermore, whilst viability and supply of aged care places remains unaddressed, there will continue to be people who will need to move some distance away from their family and friends in order to receive residential care, little real choice in the available services for consumers and some patients remaining in public hospital waiting for suitable age care places. There is a significant human cost for the prospective resident and their family. In addition there is a significant financial cost to States and Territories, as they principally bear the cost of care in a hospital environment.

Indeed, there are providers in rural and remote areas of Queensland that have decided to withdraw their services due to viability issues. This has led to a community expectation that the State takes over the operation and contributes financially to what is a Federal Government responsibility. These factors have a negative effect on the efficient operation of the health system as a whole, but also have an adverse effect on patients and their families.

Cost of Care

The establishment of the Aged Care Pricing Commissioner is welcomed, however there is a concern that this role is somewhat limited in that the Commissioner's primary functions relate to the approval of extra service fees and higher accommodation payments. The proposed legislative changes in effect continue the existing Aged Care Funding Instrument as well as the subsidy and supplement arrangements which are a resource allocation tool without consideration to the cost of delivering care that is required. There is a need to ensure that aged care subsidies more accurately reflect the actual cost of care, including consideration of the cost of staff as well as the additional cost of service delivery in rural and remote locations. This function could be undertaken by the Aged Care Pricing Commissioner.

Funding Supplements

Under the *Aged Care Act 1997* primary supplements for residential aged care are aimed at ensuring that residents, who have particular care needs are not disadvantaged in accessing services because of the higher costs of providing care. For example, the enteral feeding, oxygen, dementia and veterans supplements are all primary supplements aimed at addressing access issues. The inclusion of workforce supplement as a primary supplement is somewhat incongruous to the purpose of the other primary supplements. Also, in Queensland there are a number of bariatric patients that are unable to access aged care services because of the costs associated with their care. Consideration should be given to the inclusion of such a supplement.

Client Fees

The Queensland Government supports the principle that people should be asked to make a fair contribution toward the cost of their care and accommodation whilst ensuring that there are suitable safeguards in place for people who cannot make a contribution so that they can still access the services that they require. Changing the mechanism to determine whether a person pays a daily fee, a refundable deposit or a combination of both for their accommodation is supported. It is important however to ensure that the fee structure remains affordable, as those who are unable to pay are likely to expect the State to assume responsibility for the ongoing care of these clients. Such care is usually provided in hospitals, which is a more expensive and a less appropriate environment for long term care. The legislation, whilst allowing flexible aged care services to charge either a refundable deposit, daily charge or combination, does not appear to provide the mechanism to enable an assessment of the daily amount that a resident can be charged.

Quality

The Queensland Government notes that the Australian Aged Care Quality Agency will have responsibility for the quality assurance programs of both residential services and home care package services. The stated aim of the new agency of creating efficiencies, reducing red tape and costs and providing a consistent approach to assessing quality across the aged care continuum is a positive in ensuring quality aged care services. The Queensland Government supports a strong quality assurance system for aged care so that aged care services meet the expectation of its clients and those of their families and advocates.

The ongoing and continual improvement in the quality of aged care services is of particular interest to the Queensland Government, not only for the benefits to clients, but also to ensure that care standards are at a level to ensure that residents' needs can be continually met, thereby reducing the need for residents of aged care services to be admitted to hospital for care. Avoidable and unnecessary admissions to hospital create an unnecessary disruption for residents and their families and may further affect the well-being of residents. Such hospital admissions also affect the ability of the hospital system to provide its core services of emergency department and elective surgery services.

As a way to improve the quality assurance framework, the Queensland Government recommends combining the responsibility for quality assurance of aged care services and the complaints resolution arrangements into the Aged Care Quality Agency. This would enable all quality activities to be managed within the one agency and avoid some of the duplication that exists when complaints are raised regarding a service that may have a systemic element. The separation of quality assurance and complaints functions fosters a jurisdictional delineation between the responsible agencies and in some cases creates duplication of effort.

Workforce

The *Who Cares for Older Australians?,* (National Institute of Labour Studies, October 2008) report identified some concerning trends regarding the residential aged care workforce. Between 2003 and 2007, there was a 3.4% rise in the number of full time equivalent direct care employees. However during the same period there was a rise of 12.5% in the number of places in residential aged care homes and an increase in the average dependence level of residents in these homes. During this period the mix of staff providing care changed, resulting in a 4.8% reduction in the number of full time equivalent registered nurses and a 1.9% reduction in the number of enrolled nurses with a commensurate increase in the number of personal care workers.

What has occurred, and anecdotally continues to occur, is a de-professionalisation of a workforce that predominantly provides nursing care to very frail people many of whom have highly complex care requirements. This is a further symptom of an industry seeking to gain efficiencies in order to maintain viability. The end result of this is a greater demand on primary health care and hospital services to support staff in residential aged care facilities. Whilst the introduction of a workforce supplement is intended as a mechanism to assist providers to attract and retain sufficient numbers of skilled and trained workers, it is recycled funding from subsidy cuts which comes with additional compliance costs. For example, aged care providers with 50 or more staff will be required to update the terms and conditions of existing enterprise bargaining agreements to ensure that they are and remain consistent with the compact.

It is also noted that aged care providers whose employees are paid under States and Territory Government awards or public sector enterprise bargaining agreements are ineligible for the supplement. Whilst it is noted that the intention of the workforce supplement is to increase wages, it discriminates services based solely on the type of organisation providing the care.

The workforce supplement will increase provider compliance cost and will do little to address the de-professionalisation that has occurred within the aged care workforce.

Reduction of regulatory burden

The introduction of the Living Longer Living Better aged care reforms and the associated legislation provides and opportune time to reduce regulatory burden on the aged care sector. As well as complementing the Queensland Government's objectives to reduce regulatory burden for business, the reduction of regulatory burden for the aged care sector may, in part, assist in reducing administrative costs of operating facilities, thus allowing more funds to be allocated for service provision. In addition, reduction in regulatory burden may improve the appeal of the sector for prospective providers to enter the aged care and for current providers to expand services. Any measures that encourage investment should be considered within the implementation of the aged care reforms.