AGED CARE ACT BILLS (LIVING LONGER LIVING BETTER) 2013

KinCare

RESPONSE TO SENATE COMMUNITY AFFAIRS COMMITTEE'S INQUIRY INTO THE AGED CARE ACT BILLS

KINCARE (IN HOME CARE PROVIDER)

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Background

KinCare runs the largest privately owned, in-home care and support service in Australia. Operating across NSW, Queensland, Victoria, ACT, Tasmania, South Australia and Western Australia, we hold a diverse portfolio and a wealth of experience in the fields of aged care, nursing, allied health and disability support.

Our current aged care portfolio includes

- 615 Community Aged Care Packages,
- 384 Extended Aged Care at Home Packages,
- 207 Extended Aged Care At Home Dementia packages,
- Commonwealth HACC funding, and
- National Respite for Carers Funding

Our national service portfolio also includes:

- Transitional Aged Care Programs in NSW and QLD
- Commonwealth HACC Programs in NSW, ACT, SA and TAS: includes Personal Care, Domestic Assistance, Community Nursing, Social Support - Dementia Monitoring, Respite
- National Respite for Carers Funding: Dementia Live In Respite, general Respite

In the last financial year, we employed almost 2,000 staff to support 9,600 consumers across seven (7) states and territories. We delivered around 1.2 million hours of service across a wide portfolio of programs and service types including the full range of community and flexible aged care packages.

A large proportion (78%) of our clients are aged 70 or over, with 44% being aged over 85 years. At least 44% of our consumers live alone. 45% of our consumers have a formal carer, with that person co-residing for 32% of our consumers. Many carers have poor or declining health status, and exhibit strain associated with their caring function.

Other members of KinCare Group bring specialised expertise which enhances our service offering:

- Private Care: A niche provider of private consumer directed services
- TeleResponse Australia: Provides after hours telephone support services to KinCare clients and other community care providers, health services and local councils
- National College Australia: A registered training organisation (RTO) provides nationally recognised training and qualifications to KinCare and the broader industry.

Aged Care Act Proposed Bills

The Commonwealth's current review of the Aged Care Act 1997 and related legislation provides a welcome opportunity for the Australian community to contribute to a much needed debate about the future delivery of aged care in Australia.

KinCare has read with interest the proposed framework to support the changes to the Aged Care Act 1997, through the introduction of the 5 bills to parliament.

As a specialised **home care provider,** KinCare wishes to comment on:

- Aged Care (Living Longer Living Better) Bill 2013
- Australian Aged Care Quality Agency Bill 2013
- Australian Aged Care Quality Agency (Transitional Arrangements) Bill 2013.

Demand for Aged Care

The Ageing Population

There are currently 3 million people aged 65 years or over, which is 14.2% of the Australian population (ABS Census 2011[1]). This proportion is projected to reach 18% by the year 2021, and 25% by the year 2051, reaching a total of 5 million. Record rates people aged 65 years and over are likely between 2011 and 2021 as the peak of the baby-boom generation (post World War 2) reaches retirement age.

Based on ABS data[1] from 2003, almost half (46.6%) of the population aged 65+ years are likely to require assistance with personal or every day activities including self-care, mobility and communication.

It is estimated that demand for aged care services for people aged 70 years or over will treble by 2056 (DoHA unpublished estimate based on ABS population projections). [1]

The need for aged care support increases rapidly beyond the aged of 85 years. The median age of clients in receipt of low level community care (CACP) was 84 years, compared with 83 years for EACH-Dementia and 82 years for EACH packages. It is estimated that the population aged 85+ years will expand from 0.4 to 1.8 million over the next 40 years, a cohort which exhibits very high rate of service usage. [2]

People aged 65 years or over account for around 50% of all patient days in public hospitals (AIHW 2010).

A smaller number of younger individuals who experience early onset of ageing related conditions may also access aged care services where other more appropriate supports do not exist. Over 15 times as many Indigenous Australians aged under 65 years were receiving community aged care packages, compared with non-Indigenous Australians of the same age in 2012 (ABS), reflecting earlier onset of ageing related conditions.

The Dementia Tsunami

In 2012, Dementia was elevated as the 9th National Health Priority, recognising the growing prevalence, impact and inadequacy of current management systems. The most common causes of dementia include Alzheimer's Disease, Vascular Dementia, Dementia with Lewy Bodies, Korsakoff's syndrome, and Huntington's Disease.

In 2011, 298,000 people were living with dementia, including:

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[1] ABS (Survey of Disability, Ageing and Carers: Summary of Findings, Cat. no. 4430.0)

[2] Commonwealth of Australia 2010 Intergenerational Report

- Almost 9% (or 1 out of 10) Australians aged 65 years
- Almost 30% (3 out of 10) Australians aged 85 or over
- 23,900 Australians were living with younger onset dementia

The table below illustrates the projected increase in people living with dementia nationally between now and 2050:

Table 1 dementia prevalence estimates and projections 2012 – 2050

	2012	2020	2030	2040	2050
AUST	278,707	384,396	553,285	760,131	942,624

KinCare supports the introduction of a Dementia Supplement across all four levels of home care packages and believes it is integral to providers being able to deliver high quality dementia care in the home. This will allow longer service times, the utilisation specialist and trained staff to manage behaviours of concern, and will reduce the risk of adverse events e.g. hospital presentation for falls or infections.

We understand the Dementia Supplement is intended to support people with Dementia, people with behaviours and people with eligible mental health conditions. We would like the Committee to recognise it can take an average of three years for a person to be diagnosed with dementia.

Recommendation

KinCare recommends the Senate Community Affairs Committee review the Principles underlying the Dementia Supplement to ensure formal diagnosis is not a condition for eligibility.

Residential vs. Home Care

The vast bulk of older people in Australia at the moment are living at home. As an in-home care provider, KinCare is committed to supporting people to stay in a familiar environment with the support of family, friends and their community. Ideally admission into residential care would be through consumer choice, not because there simply aren't enough supports to maintain people in their own home.

Balance between Supply and Demand

Currently aged care funding for residential and community care is controlled and places are capped, frequently resulting in mismatch between supply and demand. Packaged/residential aged care is funded based on fixed ratios (113 places/1000 people aged 70+) with set pricing.

The 2010 Intergenerational Report highlights the need for reform of funding and delivery of services. Treasury modelling suggests that current funding would only meet 20% of requirements in 40 years' time; without significant change, total government spending would increase from 22.4% of GDP to 27.1% GDP by 2050, exceeding revenue by 2.75% of GDP.

The proposed legislation will result in an increased level of consumer spending on individual aged care needs. However, the legislation does not include any change to the ratio of places available.

Recommendation

KinCare recommends the Senate Community Affairs Committee review the proposed changes to legislation in conjunction with the Allocation Principles, which are currently unavailable to the public at the time of this submission.

KinCare recommend the Senate Community Affairs Committee review the fixed ratios of Residential and Home Care places to make certain they will meet the growing need for aged care services into the future.

Aged Care Gateway

My Aged Care Website

The My Aged Care Website is a major component of the Living Longer Living Better reform package, which is expected to improve system navigation; improve knowledge about eligibility; improve access to services; and address supply issues. However, its governance and implementation is not addressed in the proposed legislation changes.

The industry need to understand what information will be publically available and the mechanism for reporting. Currently providers are reporting on package fill rates and leave days.

The purposes should be for providers to deliver high quality, innovative, sustainable aged care services. It is important to consider outcome measures that will be publically available for consumers to compare social outcomes, service quality outcomes, flexibility, satisfaction and choice.

The sector needs to consider the potential negative impacts of collecting and publishing data in a public forum. The website content available to inform consumer decision making will drive provider behaviour. An example of how legislation has driven adverse events in the education system is illustrated below.

Example

My Schools website

The publication of individual school performance in NAPLAN literacy and numeracy testing has led to the ranking of schools and policing of performance. The unintended consequences of collecting and publishing this data publically include:

- Teachers holding practice tests for months beforehand
- Reduced time spent devoted to other subjects
- Negative impact on staff morale
- Negative impact on student health: anxiety, poor sleep, stress related vomiting, crying, low morale, higher levels absenteeism
- Schools having difficulty attracting and retaining students

Recommendation

KinCare recommend the Senate Community Affairs Committee review the performance measures publically available, and determine whether they will deliver high quality, sustainable, person centred care. Consideration needs to be given as to the value offered, and the outcomes we are driving for Australians. KinCare supports information being public and suggests this

should be more diverse with broader data and outcome measures being available. It is important to consider what is legislated verses what the market will choose to share. Clearly legislated areas are fixed, rigid and can provide unintended consequences if not thought through. KinCare suggests the best approach is to encourage the market to flourish without having the My Aged Care website details legislated in the Acts and principles.

KinCare recommends a trail of reportable outcomes be undertaken, along with consultation with the sector and a well-considered implementation and evaluation plan to prevent adverse impacts.

Aged Care Quality Advisory Council

KinCare welcomes the introduction of the new Aged Care Quality Advisory Council (Advisory Council) and is pleased to see the Home Care Sector continue to be regulated under the Community Care Common Standards, soon to be renamed the Home Care Standards.

Independent Pricing Authority

KinCare supports the formation of an Independent Pricing Authority as its independence will allow objectivity when reviewing pricing structure within the industry. The detail and implementation is important to help drive the expected outcomes.

Home Care Subsidy

Overview

From 1 July 2014 all new home care recipients will income tested to determine whether they will be required to pay more to the cost of their care. If the care recipient's total assessable income exceeds the income free area, they will be required to contribute more towards the cost of care.

There are safeguards in place to protect full rate pensioners. There are annual and lifetime caps. There is a hardship subsidy. However, the eligibility and the value are not being considered at the same time as the legislative changes as they are addressed in the Principles. This makes it difficult for providers to understand the impact of the proposed changes.

The legislation does not explain what will occur if a consumer is required to contribute to the cost of their care, but does not. There may be many reasons, such as:

- Inability to manage finances
- Impact of everyday living pressures
- Loss of spouse / partner / significant other
- Change in residential setting i.e. relocation costs, higher rent
- Desire to cut costs, keep a safety net
- Desire to use unpaid carers to attend to care needs
- Wish to spend their income in other ways

Aged Care Bill 2013

In Section 48.7 there are a number of examples to demonstrate how the income test will work. Joseph is used in Example Number 1. Joseph has been means tested and understands he will be paying $27.47 per day towards the cost of his care.

However, there are a number of scenarios that have not been considered. What would happen in the following situations?

Example 1

Joseph has signed a contract with his provider. He has been means tested and understands he will be paying $27.47 per day towards the cost of his care. However, Joseph has a gambling problem. Within 3 months of commencing his package, Joseph defaults on his payments and admits he is no longer able to honour his contract.

Providers are unable to view the details governing the hardship subsidy. Would Joseph qualify? How long will it take for Joseph's financial situation to be reviewed? How should the provider support Joseph in the meantime? KinCare currently carries a bad debtor as consumers who are financially disadvantaged are not denied a service. What is a fair process? Who bears the financial risk if a care recipient is unable to pay?

Example 2

Joseph has been advised he needs to contribute $27.47 per day to the cost of his care. Joseph has advised his service provider that he will organise unpaid carers to support him in all activities that would otherwise be financed by his $27.47 per day. Joseph does not want to pay any money to his provider.

Will Joseph still be entitled to receive the total amount of his care subsidy from the government, even though he is not contributing any money himself? It is difficult to gauge full impact of proposed changes without understanding eligibility and implementation.

Recommendation

KinCare recommend the Senate Community Affairs Committee review the proposed legislation along with the Principles governing the implementation to ensure care recipients are supported and any financial risk to providers is avoided.

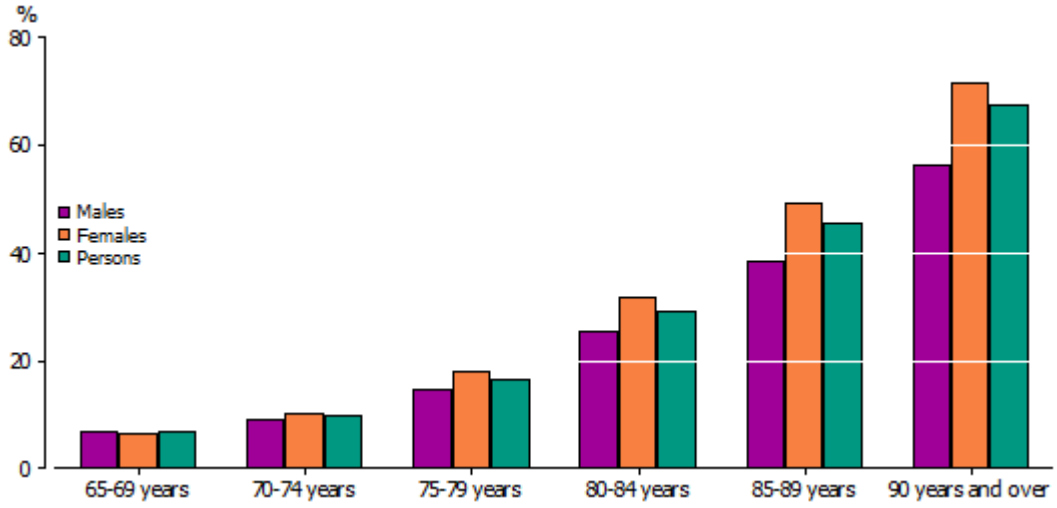
Supplements

KinCare welcomes the addition of the new dementia supplement and the new supplement for war veterans with mental health conditions. However, there are two groups of Australians in need so special consideration: People with Disability (PWD) and people from Culturally and Linguistically Diverse Backgrounds (CALD).

People with Disability

The likelihood of developing a disability increases with age (as demonstrated in the graph below). People who have intellectual or multiple and severe disabilities may require specialised disability support as they age and may not fare well in residential aged care or mainstream community care settings. There is major reform underway in the disability sector, including the rollout of the National Disability Insurance Scheme. Consideration must be given to the interface between the aged care sector and the NDIS.

Figure 5 Older persons, proportion with profound or severe disability by age group and sex, 2011



People with severe disabilities require additional care and support, in the form of:

- Longer visit times
- Communication devices, aids and equipment
- Assistive technology to support mobility and independence
- Disability trained workforce, access to specialised disability support

Recommendation

KinCare recommends the Senate Community Affairs Committee consider the special needs of older people with intellectual, multiple or severe disabilities. We expect these needs will be met through the interface with the National Disability Insurance Scheme.

People from Culturally and Linguistically diverse Backgrounds

Approximately one quarter of older Australians are from culturally and linguistically diverse backgrounds (CALD), and many of these have special needs which must be considered in service provision: language spoken, religion, food, gender roles, customs etc.

There are many new and emerging populations from Asia, Africa, South America that may have less access to culturally specific services, and poorer command (or no command) of the English language.

As a group, the CALD population often experiences greater difficulty accessing services than the mainstream population due to:

- lack of knowledge about the way systems work
- language barriers, lack of culturally appropriate options
- perceptions of ageing and dementia can affect the level of support and the attitude of family, friends and the broader community

Culturally sensitive and competent service delivery includes appropriate use of Interpreters, translated materials, recruitment of staff with specific language backgrounds, brokerage of services to other agencies with bilingual workers, regular cultural competency training, inclusion of advocates and linkage and partnership with CALD organisations and services. Staff often will be required to travel longer distances to meet client requirements.

The cost of maintaining a culturally competent workforce and providing materials and resources are absorbed by the care provider. With the movement towards consumer directed care, this cost is no longer able to be distributed evenly across the portfolio of packages.

Recommendation

KinCare recommends the Senate Community Affairs Committee consider a Supplement be available for people from a CALD background to enable service providers to deliver culturally sensitive and culturally competent care. CALD care recipients often need longer visit times, utilisation of translators, and culturally competent staff.

Transition Arrangements

People already receiving home care

People already receiving care on 30 June 2014 will continue under their current arrangements unless they leave care for more than 28 days (and subsequently re-enter) or they move between services and choose to have the new rules apply to them. This means providers will have the complex, confusing and labour-intensive task of working and reporting under two systems.

The definition of 'leave care' is unclear in the Aged Care (Living Longer Living Better) Bill 2013 draft documents. This results in confusion for service providers as well as care recipients. It is unclear what will happen in the event that:

- a care recipient is in hospital longer than 28 days
- a care recipient is in respite for longer than 28 days
- a care recipient has a family emergency and is on leave for longer than 28 days

An example of how the transition arrangements for Home care Packages can have adverse events for a care recipient is illustrated below.

Case Study

Bob is an 80 year old man living alone with the support of a Community Aged Care Package with KinCare. Bob left school at the age of 12 to work on the family farm. He has limited education and some memory loss. The Public Guardian helps with financial decisions.

On 1 July 2013, Bob's package becomes a Level 2 Home Care Package, but Bob remains on his original package care contract with KinCare. Bob has the same staff, the same care plan, the same services and pays the same fee contribution.

On 1 July 2014 Bob continues with his Level 2 Home Care Package. In August 2014 Bob has a heart attack, cardiac bypass surgery and several weeks of rehabilitation. Bob has left care for more than 28 days. He has returned home to the news that he needs to transition to a Level 2 Consumer Directed Care Package where he will be means tested to assess the level of financial contribution required.

KinCare picks Bob up from rehabilitation and transports him home to the news that he will need to meet with Centrelink to undergo means testing. Centrelink will then determine the level of financial contribution. Bob will then need to meet with his provider in consultation with the Public Guardian. Bob is weak, deconditioned and frightened. He has a new medication regime to follow, along with dietary changes, follow-up appointments and exercise program.

Bob will need education, information and support to understand how the means testing will work, how a Consumer Directed Care package will work, decide how much involvement he wishes to have, consider how his funding will be allocated, sign a new contract and receive new invoices with additional information Bob has not needed to consider previously. For a provider to change his arrangements without adequate notice is stressful, unplanned and unreasonable. It places additional stress on the care recipient at any already difficult time.

Recommendation

KinCare recommends the Senate Community Affairs Committee set a date in which all consumers' must be transition across to the new aged care package requirements. Providers can then work towards a set date with clear expectation. Consumers can be informed, educated and supported to transition in a planned and considered manner.

Providers can project manage the changes by region/ program/ client type to ensure client information and communications and systems supports is nicely planned and change managed effectively, at a time where the client's vulnerability and security of tenure is not under strain.

Continuity of care

The Aged Care Approval Rounds determine the national allocation of home care placements. On 1 July 2013, all community care and flexible care packages transition to Level 1, 2, 3, and 4 packages. All providers currently approved for delivering community and flexible care will automatically be approved to deliver Levels 1, 2, 3, and 4 packages. However, many providers will not be in a position to transition their care recipients through all 4 levels of care.

The volume of new Level 1 and new Level 3 packages being allocated in July 2013 will in no way match the existing Level 2 and Level 4 packages within the community. There is also no guarantee the providers with the Level 2 and Level 4 packages will be successful in the Aged Care Approval Rounds.

This means there will be a significant mismatch between supply and demand among providers. There will be a surfeit of Level 2 and Level 4 places, with a shortage of Level 1 and Level 3 places. Care recipient will be expecting to select their provider of choice and transition through the higher levels of care as their needs change. This will not be possible. There is a lack of genuine choice. Places will be dependent on the provider having the right package available in the right region, rather than responding to consumer needs.

Example 1

Mary has been receiving a CACPs package with KinCare for 18 months. Mary 89 years old and vision impaired. There is a small team of three ladies that Mary trusts to support her at home, help with medication monitoring, help clean her house (leaving things in their place) and help with shopping and bill paying. In August 2013, Mary's health deteriorates and she needs additional care to support her at home.

Mary is assessed by the ACAT and approved for a Level 3 home care package. However, KinCare does not have any places available. Mary is advised she must change providers if she wishes to receive additional care. Mary has three options:

1. Mary can change providers. This means new staff, new systems, new processes, possibly new visit times
2. Mary can change providers and ask them to broker services to her old provider and request her old staff. This means a proportion of her package will be needlessly spent on administrative costs involved in contracting services back to her original provider
3. Mary can manage with her existing staff and decide not to progress to the level 3 package that she needs

Example 2

John is a 78 year old man with Parkinson's Disease. He has been living in Greystanes, NSW with his wife Edith. John has a Level 4 package with KinCare, who have been supporting him for over 6 years. Sadly Edith passes away and John has moved to Parramatta to live with his daughter. Unfortunately KinCare does not have any Level 4 packages available in Parramatta. John is advised KinCare are only able to offer him a Level 2 package, which does not meet his needs. John will need to be referred to another provider, which causes great stress at an already difficult time. John's daughter works full time. He has 2 options:

1. Change service providers to receive the care needed to stay in the community

2. Move into residential care

Recommendation

KinCare recommends the Senate Community Affairs Committee consider the choice model proposed by The Productivity Commission. If a care recipient is already receiving care and their needs increase, they should be given the opportunity to stay with their provider, regardless of the availability of places.

Workforce

National Aged Care Workforce Profile

The Productivity Commission Report (2011) refers to studies by Martin and King (2008) that identified:

- The Australian workforce grew from 604,000 employees in 1999-2000, to 890,000 in 2007-2007
- There were an estimated 262,000 people working in the aged care sector in 2006-07, representing 8% of employment nationally
- The breakdown included 175,000 residential aged care workers and 87,000 community care workers
- Direct service provision comprised of 79% of the workforce
- 4.6 million volunteers contribute additional $14.6 billion in unpaid work each year
- By 2050 one in 20 workers in Australia will be employed in aged care.

Challenges

1. At the same time that demand for aged care is increasing, the potential workforce pool will be decreasing and unpaid carers are ageing.

2. Industrial relations policy and recent wage cases have resulted in a significant uplift in wage costs for aged care personnel – the principal cost in delivering community care services – without a matching increase in funding. This is eroding the value of community care packages and anecdotally appears to be leading to a growing pattern of under-delivery on HACC contracts in some states. Unfunded wage cost increases are creating a growing funding problem that will impact on future budgets.

3. Home Care Providers have a largely casual workforce. The changing nature of service delivery, need to match worker skill sets with client needs and geographical drivers all impact on a providers ability to provide regular, structured work. The workforce must also be financially secure enough to maintain comprehensively insured vehicles as well as mobile devices with smart phone capabilities.

Workforce Compact

The Workforce Supplement is intended to improve productivity, worker attraction and retention in the sector. However, providers must have enterprise bargaining agreements in place, pay above minimum wages, and commit to minimum annual increases. It is difficult to see how the proposed changes will actually improve wages, conditions and career structures. The service

providers most likely to adopt the Workforce Compact are those that already meet the criteria ie, have an EBA in place. It is expected most organisations will not adopt the Workforce Compact in its current form.

Considerations:

- Many providers do not currently operate under an EBA
- Moving to an EBA is a costly and time consuming exercise
- The National Wage Case is due June 2013
- Employers are already expected to absorb the additional superannuation costs relating to the Superannuation Guarantee over the next few years
- The workforce compact brings another layer of cost payment to be implemented
- To qualify for the supplement, many providers would face an increase in employment on-costs

KinCare is concerned about the lack of consultation with industry over such a significant issue of primary importance to providers. The Department of Health and Ageing has been distributing employee fact sheets and advice on how to meet the Workforce Supplement pre-conditions directly to providers without any discussion or consultation with the aged care sector peak bodies.

Recommendation

KinCare recommend the Senate Community Affairs Committee review whether the workforce supplement will provide any value or any benefit to the Australian Community. It would be far more effective and efficient to allocate the Supplement directly to providers to utilise to the benefit of their employees, rather than another layer of complexity for administration, eligibility and ensure equity to Australians.

Other Considerations

Carer Needs

Unpaid carers (family, friends) contribute an estimated equivalent of $40 billion per annum worth of care (Access Economics 2010b). [3] The age of primary carers is increasing: In 1998, 60% were aged 55 years and over, with numbers rising to 74% by 2009 (ABS). Carers frequently experience disability and health conditions, some are pre-existing, some are age related. Many Carers do not access services until they themselves become disadvantaged through ill-health, disability, social isolation or poverty.

The Carers Recognition Act 2010, the National Carer Strategy, Action Plan and Implementation Plan in 2012 go some way towards addressing the needs of Carers. Consideration will need to be given into how the aged care system will manage the decline in availability of carers into the future.

Recommendation

KinCare recommends the consideration of the impact ageing carers on the industry as a whole, particularly between 2021 and 2051 as we face record rates of people aged 65 years and over.

[3] Productivity Commission 2011, *Caring for Older Australians: Overview*, Report No. 53, Final Inquiry Report, Canberra

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