Lutheran Aged Care Residential Network

South Australia

Fullarton Lutheran Homes
Ph: (08) 8372 355
www.flh.asn.au

LHI RETIREMENT SERVICES

LHI Retirement Services
Ph: (08) 8337 0488
www.lhi.org.au

Riverview Lutheran
Rest Home, Loxton
Ph: (08) 8584 7370
www.lca.org.au

St Pauls Lutheran Homes
Hahndorf
Ph: (08) 8398 8600
www.st-pauls.org.au

Tanunda Lutheran Home
Ph: (08) 8563 7777
www.tlhome.com.au

Trinity Place, Pasadena
Ph: (08) 8277 2446
www.lca.org.au

Lutheran Aged Care Residential Network Submission to the Senate Committee Inquiry on the Provision of Aged Care Services 22nd April 2013.

The Lutheran Aged Care Residential Network (LACRN) consists of six Lutheran Aged Care Facilities and Retirement Villages in South Australia with the purpose of networking and discussing issues impacting on the operations of those Facilities. In general the Network supports the Aged Care Reform process in line with the Productivity Commission Report, **but finds it difficult to accept that the Minister of Mental Health and Ageing has added layers of administrative responsibility onto providers without due consideration to the impacts, both financial and operational.**

LACRN has discussed the proposed Living Longer Living Better Aged Care legislation and sees very little streamlining of systems in this legislation. Rather, there is a massive amount of additional work required to meet the new requirements and processes. There has been little freeing up of the control of facilities and providers under this proposed legislation and the principles of a less restrictive and less controlled environment are not evident.

LACRN Facility Providers are concerned that the Department of Health and Ageing is reducing income through the ACFI review process, changing the ACFI rules and applying a severe-claw back process to meet the government's budget estimates. It must be remembered there were no increases in the Commonwealth Own Payment Outlays (COPO) indexation for 2012/13 and early estimates for 2013/14 is an increase of 1.5%, while general operating costs are increasing significantly, which in South Australia is inclusive of such costs as the changed Workcover premium (+25%), electricity charges (+20%), council rates (+15%), and EA pay indexation increases (+4.5%).

LACRN has amongst its membership some small country locations which are struggling with the current Aged Care legislation, accreditation, certification, Work Health and Safety and industrial relations requirements. If the proposed legislation is not enacted with these concerns clearly in mind, these facilities will not survive in the long term. Housing markets in rural areas have been depressed for some time and accommodation bonds and deposits are at the lower end of the scale, ensuring that significant refurbishment and replacement of these facilities is not achievable.

In an effort to highlight some fine tuning of the legislation, LACRN recommends the following points for consideration and action to change the legislative requirements, to emphasise that the survival of current aged care facilities should be an important current and future goal.

General Issues

- Residential Accommodation Deposits (formerly Accommodation Bonds) are the most important capital base for the future development of aged care facilities. The removal of the high and low care distinction for resident classification enables a broader application of RADs which is supported by LACRN. There are issues for the smaller rural and remote section of the industry where the bonds are low value and they are unable to maintain a financial base for the development and maintenance of high quality facilities.

- The removal of the distinction between High and Low care is supported. However, there are concerns about the flow on impact of additional costs to providers for the supply of products and services to formerly low care residents, as well as staffing issues around drug distribution to residents.

- The higher consumer co-contributions for care services, means-testing and residential accommodation deposits all require significant increases in consumer payments that are aimed to reduce the government's costs of caring for our elderly people. While the user pays principle is supported, the degree of complexity for resident contributions will cause immense concern to prospective residents and their families. The unintended consequence of these measures is that people will stay at home with inappropriate care and facilities will be expected to educate prospective residents and their families about the new cost systems. This is a cost for facilities that needs to be recognised and adequately funded.

- There are technological barriers to accessing the Gateway, along with financial barriers and general uncertainty, all of which will conspire to delay the elderly establishing contact with service providers. LACRN would like to see an appropriate face to face assessment process that links to the ACFI assessment in residential aged care and Home Support Service assessments.
  A significant gap has been identified for prospective CALD residents due to the use of a call centre and website as the first points of contact with care services, which needs to carefully considered.

  As the term 'Gateway' has not been subject to copyright, an additional element of confusion is predicted for consumers and providers as other organisations use similar terminology for their businesses.

- The development of quality indicators for 'My Aged Care Website' is an additional impost on aged care providers when they are subject to annual spot visits and Accreditation Assessments every three years. There is no additional funding to cover the additional costs associated with this recording and monitoring requirement and is difficult to maintain in smaller country facilities.

Other Specific Issues

ACFI (Section 25.4)

It is proposed that a provider can be suspended from undertaking ACFI appraisals if there have been two incorrect appraisals submitted. An educative approach would be preferable to assist staff to undertake ACFI appraisals, rather than a punitive approach. This will assist smaller country rural and remote facilities to use the ACFI process appropriately and accurately. An ACFI appeals process is required to enable providers to obtain an independent assessment of any disputed audit. The ACFI claw-back process establishes an environment of fear amongst facility staff undertaking the ACFI reviews and will drive staff out of the industry at a time when the current and future need for experienced skilled staff in aged care is increasing.

Explanatory Memorandum (Page 29 Item 6)

A new Quality agency is proposed allied with the significant change process involved in staff developing understandings of the new requirements and processes proposed for residential aged care and home support services.

LACRN views the establishment of a new Quality Agency is unnecessary.

The significant confusion and cost of changing the current system may be avoided by amending the current accreditation system to achieve the required outcomes.

Under the proposed legislation the Administrative Appeals Tribunal will have a role with accreditation decision reviews, which provides an opportunity for Facilities to seek a review by the Tribunal, which LACRN supports.

Explanatory Memorandum (Page 33 – Section 95B-11)

The legislation proposes that the role of the Price Commissioner is to approve additional service fees and accommodation payments which are higher than the amounts determined by the Minister. LACRN regards this as a slow and unwieldy process and one which is not independent of vested interests and hence unacceptable to its members.

It is also proposed that the delegation of the Price Commissioner's functions (all or in part) be given to an employee within the Department of Health and Ageing. We consider this to be a 'conflict of interest' as the position would not be independent of the Department.

Explanatory Memorandum (Pages 50/51/52)

The proposal of a new dementia supplement is supported by LACRN provided it is of benefit to providers who provide that level of care. We view the self-funding of the supplement by imposing an ACFI reduction of 30 cents per day per resident on providers as unfair because it removes funding from those whose care needs have already been assessed as warranting that level of funding.

The amount of 30 cents per day **does not meet the additional care needs of a wandering and confused resident and is an insult to service providers**.

Explanatory Memorandum (Page 52 section 44-5)

The Workforce supplement is listed as a 'primary supplement' in the legislation with the Minister to determine by legislative instrument the detail of the supplement.

We believe that the Workforce Compact process adds significant complexity of the industrial relations processes within an aged care facility, which is an avoidable situation. The normal annual wage increases based on CPI will be announced shortly by Fair Work Australia, but aged care facilities must pay a minimum of 2.75% or the higher FWA rate if more than 2.75%. In addition, the employer must pay an additional 1.5% in the first year for Carers and other staff through an Enterprise Agreement.

Many facilities do not have an Enterprise Agreement (EA) with staff who are covered under the Aged Care Award 2010. Carers, Hospitality, Laundry and Maintenance workers all have differing needs which will make negotiating an EA very complex.

While most facilities have an Enterprise Agreement with the Nursing groups, Enrolled Nurses are to be paid 2.5% in the first year to 8.5% above award rates in their enterprise agreements, while RN's 4% to 12.6% above award rates.

The Workforce Compact will be a huge cost impost for facilities given that the current COPO indexation was zero and is estimated to be 1.5% for 2013/14. What income stream is available to fund these additional costs, plus on-costs, and what opportunities are there to increase income in a tightly regulated environment? One LACRN member has estimated the additional cost to their facility of the Compact will be an additional $240,000 per year on top of the government funding of $140,000. Based on the above information this could only be achieved by a significant reduction in staffing (equivalent to 8 full-time staff). Another member reports the increases will cost a minimum of $116,000 in the first year and up to $272,000 p.a. by the fourth year.

LACRN urges the Senate to commission a full independent review of the assumptions upon which the Compact calculations were based.

The additional non-direct wage conditions associated with the Workforce Supplement eligibility is a significant industrial relations issue for facilities and must be removed so that there is a clear separation of wage and non-direct wage issues.

The additional non-direct wage costs include:

- Enhanced training and education opportunities,
- Improved career structures, career development, and workforce planning,
- Review part-time hours
- Casual staff conversion to part-time
- Workload management
- Work health and safety
- Disciplinary matters.

Though non-direct wage items, all of the above add significant unfunded costs to the facilities' operations and add another layer of administrative responsibility and costs.

These matters are currently covered by Accreditation requirements, conditional adjustment payments, industrial awards, Fair Work Australia and work health and safety legislation and add another level of cost and compliance to providers that is unnecessary. **The above must be deleted from the requirements for eligibility for the Workforce Supplement.**

LACRN recommends that, to avoid these increases in compliance costs, to achieve eligibility for the Workforce Supplement, the Aged Care Award may be increased to meet the proposed wage rates and that the Government then provide the necessary funding.

The Workforce Compact is obviously a campaign to shift the cost increase associated with the pay and conditions for low paid workers onto the aged care providers with only a token supplement from government.

Explanatory Memorandum (Page 100 – Items 170 & 171)

Section 66-1 specifies that sanctions may be imposed on an approved provider that has not complied with their responsibilities, relating to accommodation payments, repayment of refundable deposits and other matters be introduced. LACRN believes the imposition of sanctions should follow an educational process to assist providers in this process to ensure that appropriate processes are maintained.

Explanatory Memorandum (Page 106 Items 222/223)

The proposed unrestricted 'right of entry' by Union officials at any time is totally rejected by LACRN members. Facilities operate 24/7 and the majority of time, due to funding constraints, with minimum staff levels. Any visits outside of normal business hours will result in residents being put at risk due to staff being taken away from their normal duties. Emergency situations and genuine concerns about the welfare of a resident aside, there is little justification for an unrestricted 'right of entry' into the privacy of our resident's homes. Any concerns about an approved provider's claims for payment or investigation of any concerns can reasonably be done within normal working hours.

Aged Care Bill (Section 52F -3 (2))

The proposal that a provider cannot accept an amount greater than the amount in the accommodation agreement may eliminate any financial options for residents in their estate planning processes, which LACRN members find unnecessarily restrictive.

Lutheran Aged Care Residential Network Members 19th April 2013

LHI Retirement Services, Tim Gray, Chief Executive Officer
LHI Retirement Services, David Phillips, Finance Manager
Fullarton Lutheran Homes, Ashley Cooper, Chief Executive Officer
Tanunda Lutheran Home, Keith Adams, Chief Executive Officer
Tanunda Lutheran Home, Cherie Cheyne, Finance, IT Manager
St. Pauls Lutheran Homes, Chris Scroop, Chief Executive Officer
Riverview Lutheran Rest Home, Kathy Goldsack, Executive Officer
Trinity Place, Matt Johns, Chief Executive Officer.

Keith Adams
LACRN Chairperson
Tanunda Lutheran Home