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Aged & Community Care: The Next Steps

The Hogan Review and the Budget

This document sets out in tabular form, the recommendations of *The Review of Pricing Arrangements in Residential Aged Care (The Hogan Review)*, the Federal Government's response to those recommendations in the 2004/05 Budget and an outline of ACSA's views on each of these recommendations.



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July 2004



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VICTORIAN ASSOCIATION OF
**HEALTH & EXTENDED
CARE**

The Review of Pricing Arrangements in Residential Aged Care, The 2004-2005 Budget & ACSA's View

The Review of Pricing Arrangements in Residential Aged Care, The 2004-2005 Budget & ACSA's View

Recommendations for immediate change

What did the Review recommend?	Australian Government response	ACSA's Comments
<p>1. The planning arrangements</p> <p>The Australian Government's 2001 commitment to provide 108 places for every 1,000 people aged 70 or older should be confirmed as ongoing.</p> <p>The Review also considers that the planning arrangements should be more flexible so that they can:</p> <ul style="list-style-type: none"> ▪ adjust responsively to the development of new care approaches; ▪ encourage innovation in service delivery; ▪ take account of current utilisation in high care and low care; and ▪ take account of the needs of older people with special needs, including those of Indigenous people, older people in rural and remote areas, older people from culturally and linguistically diverse backgrounds, older people with disabilities, older people with dementia, homeless older people and veterans. <p>There should be a review of the Australian Government's needs based planning arrangements after 2008.</p>	<p>More aged care places</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$468.3 million over the next four years to increase the aged care provision ratio to 108 operational places for every 1,000 people aged 70 or over from the current 100 operational places for every 1,000 people aged 70 or over. <ul style="list-style-type: none"> – This includes \$58.4 million provided by this package and \$409.9 million already budgeted for the next four years for places above the planning ratio. ▪ The balance within the provision ratio will be reweighted to double the number of places offered in the community to 20 places for every 1,000 people aged 70 or over, in line with the preference of older Australians to receive care in their own homes for as long as possible. <ul style="list-style-type: none"> – The proportion of places offered in aged care homes will be adjusted to 88 places for every 1,000 people aged 70 or over. Two low-level residential care places will be replaced by ten community care places. – There will be no change in the proportion of places offered as high-level residential care. Currently 62 per cent of all residential places are used for high-level residential care. ▪ About 27,900 new places will be allocated over the next three years, including 13,030 in 2004. <ul style="list-style-type: none"> – This includes up to 2,000 new transition care places to help older people move from hospital to aged care, under a new cost shared model with the states and territories. ▪ The planning arrangements will be improved to take better account of the needs of older people with special needs. <ul style="list-style-type: none"> – The effectiveness of the new planning arrangements will be reviewed in 2007-08. 	<p>Improvement of the planning arrangements to ensure services are available to meet needs on the ground is needed. ACSA believes that in the long term it would be beneficial to consider the full range of services - including the Home and Community Care (HACC) Program - in planning adequately for local areas. In addition, planning per 1,000 of the population 80 years and over may be a better indicator of service needs for aged care, than the current 70 years and over basis. This is closer to the average age of service recipients, and is therefore likely to more accurately measure the need for service. Alternatively planning on the basis of the age-weighted incidence of disability could be considered.</p>

<p>2. Greater flexibility in allocations</p> <p>The Australian Government should create a strategic pool of up to 3,000 additional places each year for the next four to meet structural and regional distortions, especially in the transition period up to the end of 2008.</p> <p>The places should be able to be used flexibly for any form of care – residential or community care or for such allocations as multi-purpose services and allocations to support innovative care models.</p> <p>The Australian Government should establish a 'Ready List' of providers with plans and approvals to start within three months of allocation of places to secure the rapid implementation of projects so as to diminish the gap between allocation and implementation. Those on the list should be accorded priority for any general offer about bed allocation. Failure to perform as required by status on the Ready List will mean loss of any standing for allocation of places until the specific Ready List project is completed.</p>	<p>More aged care places</p> <ul style="list-style-type: none"> ▪ Places will be set aside in each annual allocation round to meet structural and regional distortions, especially in the transition period up to the end of 2008. These places will be delivered in aged care homes, in the community, and through multi-purpose and innovative care services, and will allow more older Australians to receive the care they need. <ul style="list-style-type: none"> – The Australian Government does not consider it necessary to release additional places on top of the already large allocations planned for the next few years (27,900 new places over the next three years) and the large allocations in recent years (35,371 places in the last four approval rounds). ▪ The allocation process will be improved by announcing places three years in advance. This will improve the rate at which new places become operational by allowing existing and new providers more time to plan for expansion and become 'bed ready'. <ul style="list-style-type: none"> – The Australian Government considers that the Review's recommendation for a 'Ready List' is administratively complex and unnecessary, and that announcing places three years in advance will have a similar effect. 	<p>Flexibility being built into the system is a welcome move. The announcement of places three years in advance would do more to improve the rate of new beds coming on line if provisional allocations were made to specific providers at the same time (rather than just the announcement of regional totals – though this is a useful first step). This would provide greater surety to the various aspects (finances, local govt planning) required in the planning process.</p>
<p>3. Increased support for aged care assessment</p> <p>The additional funding provided in the 2003–04 Budget for the Aged Care Assessment Program should be confirmed as ongoing and indexed each year in line with the base funding for the Program.</p> <p>The Review would also endorse the Australian Government funding an expanded role for Aged Care Assessment Teams to provide a single assessment service for community and residential care services with a stronger focus on supporting consumers in making informed care choices.</p>	<p>Providing the right care in the right place</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$47.9 million over the next four years to: <ul style="list-style-type: none"> – Improve the timeliness of Aged Care Assessment Team assessments; – Expand the role of Aged Care Assessment Teams in case management; – Strengthen the role of Aged Care Assessment Teams in community care, and improve links between community and residential care; and – Develop and apply common assessment and entry processes for community and residential care. 	<p>ACSA welcomes increased resourcing for Aged Care Assessment Teams (ACAT). Resourcing must be adequate if the ACAT role is to be expanded to assess for high level community care as the demand for community care exceeds that for residential care.</p> <p>Further consideration of this recommendation and the Governments budget response will need to occur following any announcements on the Department of Health & Ageing (DHA) review of Community Care.</p>

<p>4. ACAT role in reassessment of existing residents</p> <p>Aged Care Assessment Teams should no longer be required to assess residents whose care needs have increased to a higher Resident Classification Scale category. However, Aged Care Assessment Teams must still be required to undertake an assessment where a resident moves to another facility as a result of increased care needs.</p>	<p>Streamlining administration for better care</p> <ul style="list-style-type: none"> ▪ The requirement for an Aged Care Assessment Team to reassess a resident before they can move from low to high level care in the same aged care home will be removed from 1 July 2004. <p>The Australian Government will provide \$29.2 million over the next four years to strengthen the classification review arrangements. This will limit the risk of inaccurate assessments of care needs.</p>	<p>ACSA commends the removal of the requirement for ACAT's to assess residents moving from low to high care within the same facility. ACSA has advocated for this for some time. There would be even greater benefit to the system if this was also removed for residents moving facilities due to increased care needs. This is particularly true where the two facilities are operated by the same provider on the same site.</p>
<p>5. Resident Classification Scale</p> <p>Basic subsidies should be paid at three levels: high care, medium care and low care, replacing the existing Resident Classification Scale categories in the following way:</p> <ul style="list-style-type: none"> ▪ Low care to consolidate current RCS levels 5 to 7; ▪ Medium care to replace RCS levels 3 and 4; and ▪ High care to replace RCS levels 1 and 2. 	<p>Streamlining administration for better care</p> <ul style="list-style-type: none"> ▪ A new funding model with simplified resident categories will be introduced in 2006. ▪ The new model will be developed and introduced in consultation with the community and aged care providers. 	<p>A reduced number of classification levels may or may not assist in reducing the current paperwork demands which have been a major concern for the sector and Government for a number of years. In fact work had been occurring to reduce RCS paperwork by reducing the questions required to determine payment levels. The reduced questions were to be introduced (in line with Government's public commitment) by 2004.</p> <p>The three levels proposal, for which the Hogan Report does not provide conclusive justification, will not come into effect until 2006. This means that providers have to endure another 2 years of the current systems excessive paperwork demands.</p> <p>Further discussion of the best options for a more efficient funding model is needed urgently.</p>

<p>6. Funding supplements</p> <p>The arrangements through which supplements are paid for the provision of oxygen and enteral feeding should be extended to other specific care needs or medical conditions. These specific care needs could include:</p> <ul style="list-style-type: none"> ▪ short-term medical needs, such as IV therapy, wound management, intensive pain management and tracheostomy; ▪ specific care needs, such as for dementia sufferers exhibiting challenging behaviours or for residents requiring palliative care; and ▪ care needs of people from diverse or disadvantaged backgrounds such as the homeless elderly and indigenous Australians. <p>The rate of payment for any new supplements should reflect the incremental increase in the cost of providing the appropriate treatment and/or level of care.</p>	<p>Providing the right care in the right place</p> <ul style="list-style-type: none"> ▪ New supplements will be introduced in 2006 to better target assistance to residents with higher care needs by supporting the provision of care to residents with dementia exhibiting challenging behaviours and residents requiring complex palliative nursing care. ▪ The new supplements will be developed and introduced in consultation with the community and aged care providers. <ul style="list-style-type: none"> – The Australian Government considers that extending supplements to other conditions or circumstances would add unnecessary complexity to the payment system and administration. ▪ The care needs of people from diverse or disadvantaged backgrounds are supported by a number of Australian Government programs. <ul style="list-style-type: none"> – The Australian Government will provide an additional \$11.6 million over the next four years to strengthen culturally appropriate aged care. – The Australian Government will provide an additional \$10.3 million over four years to extend the conditional adjustment payment and the increase in the concessional resident supplement to Aboriginal and Torres Strait Islander Flexible Services from 1 July 2004. A viability supplement will also be paid for the first time to these services from 1 January 2005. 	<p>The report recommends extension of funding supplements to three special needs groups: people with short-term medical needs; people with dementia or who have palliative care needs; and people from a disadvantaged background, such as Indigenous people. The Government response however only picks up two of these special needs groups. ACSA believes that any supplements should be made available to the third group recommended in the report.</p> <p>ACSA is also concerned that the supplements appear to be funded from existing funds. This means that resources may be diverted from meeting other needs and ACSA does not support this.</p> <p>The use of supplements needs to be reconsidered in conjunction with the overall of design of a funding model.</p>
<p>7. Aged Care Standards and Accreditation Agency</p> <p>The role of the Aged Care Standards and Accreditation Agency should be directed mainly to the accreditation of services and the dissemination of accreditation results. The Agency should significantly improve its focus on supporting informed consumer choice and consumer input to monitoring standards by:</p> <ul style="list-style-type: none"> ▪ improving direct communication with consumers, including those with special needs, and by better informing other organisations of the level of quality provided by specific services; and ▪ exploring, with consumers and the industry, a star rating system to assist consumers to more readily 	<p>Providing the right care in the right place</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$36.3 million over the next four years to increase the funding for the Aged Care Standards and Accreditation Agency, which has responsibility for accrediting and monitoring aged care homes to ensure that providers are complying with their responsibilities. <ul style="list-style-type: none"> – This is in addition to the \$27.7 million over the next four years already budgeted as base funding for the Agency. ▪ Accreditation fees will be indexed from 1 July 2004, so providers continue to make an appropriate contribution to the cost of accreditation. 	<p>ACSA believes that the current accreditation system for aged care should be replaced by a more open and accountable system under the Joint Accreditation Scheme - Australia New Zealand (JAS-ANZ) framework. This means that aged care accreditation would occur in the established system of quality management, make it subject to independent review and continuous improvement and provide robust mechanisms for appeal and review.</p> <ul style="list-style-type: none"> ▪ The ongoing subsidisation of fees for small homes is welcomed. Indexation of accreditation fees should occur using the same method which is used to index income for aged care homes.

<p>compare services and to provide incentives for providers to become more competitive in providing quality services.</p> <p>The costs of accreditation should continue to be shared by Government and providers:</p> <ul style="list-style-type: none"> ▪ Providers should bear the total cost of accreditation audits after 2008; and ▪ Government funding for the Agency should be increased, based on the robust assessment of the costs of current and projected workload. This funding should be governed by an agreement with the Department of Health and Ageing, which specifies the services required of the Agency and their unit costs. 	<ul style="list-style-type: none"> – The Australian Government will continue to provide \$1.8 million over the next four years to subsidise the accreditation fees of small homes. ▪ The Australian Government will provide \$2.1 million over the next four years to develop, in consultation with the community and aged care providers, a web-based information system to provide information on aged care homes. – This includes exploring, in consultation with the community and aged care providers, the development of a standards rating system for aged care homes. 	<ul style="list-style-type: none"> ▪ Any web based information system must be kept up to date to ensure it provides useful information to consumers and providers. ▪ ACSA does not support the 'star rating system' concept. This concept is in conflict with the principle that all residents receive the same level of care and that it is only extra service elements that can vary. It should be noted that any rating system would only provide real choice for potential clients if a surplus of operational care places were available. This is likely to pose problems for both the Government and providers.
<p>8. Aged care workforce</p> <p>The Australian Government should refocus and expand its support for the education and training of aged care nurses and aged care workers.</p> <p>The Australian Government should increase the number of registered nurse places at Australian universities by 2,700 over the next three years, with 1,000 first-year places commencing in the 2005 academic year. These additional places should only be available to universities that offer specialist training for aged care nurses, including preceptor programs for newly graduated nurses and aged care placements for students.</p> <p>The Australian Government should support aged care providers to assist at least 12,000 enrolled nurses to complete medication management training, 6,000 aged care workers to complete a Certificate Level IV qualification and 24,000 aged care workers to complete a Certificate Level III qualification by 2007–08. This training support should only be available to providers who are compliant with the education and staff development accreditation requirements, maintain their training expenditure at a minimum of their 2003–04 level and also provide in addition at least half of the cost of the additional training supported by this measure.</p>	<p>Better skills for better care</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$101.4 million over the next four years to assist the development of a well trained aged care workforce. ▪ 4,500 additional vocational training places will be created each year for aged care workers, to improve the quality of care and to provide better career pathways for aged care workers. These places will assist 15,750 aged care workers undertake vocational education and training over the next four years. – 1,500 additional 'certificates of attainment' in medication management will be supported each year to allow enrolled nurses to expand their skills and improve the quality of care and efficiency of aged care homes. These places will assist 5,250 enrolled nurses obtain medication management qualifications over the next four years. – 400 additional higher education places will be created in 2004-05, rising to 1,094 over four years, to increase the supply of registered nurses. These places will allow 1,600 students to commence nursing education over the next four years. 	<p>ACSA welcomes the range of support provided to the aged care workforce. The Government has not however implemented all of the report's recommendations. The initiatives tend to focus on the residential aged care workforce and do not tackle the strategic issues confronting the sector, including community care.</p>

<p>The Australian Government should work with state and territory governments to expand the number of aged care training places available in the Vocational Education and Training Sector.</p>	<ul style="list-style-type: none"> - 2,000 additional places will be created in the Workplace English Language and Literacy (WELL) program each year, to assist aged care workers from culturally and linguistically diverse backgrounds to improve their qualifications and provide higher quality care. These places will support 8,000 aged care workers undertake the WELL program over the next four years. ▪ The Australian Government will also work with state and territory governments to expand the number of aged care training places available in the Vocational Education and Training Sector. 	
<p>9. Guarantee fund</p> <p>The Australian Government should establish a guarantee fund:</p> <ul style="list-style-type: none"> ▪ managed by an Authority established for the purpose; ▪ funded by an industry levy, the amount of which is determined on actuarial advice; and ▪ in the event of a defined ‘default event’, people with entitlements are able to recover accommodation bond amounts from the Fund. <p>A default event in relation to an approved provider, happens when:</p> <ul style="list-style-type: none"> ▪ the approved provider becomes bankrupt or insolvent; ▪ the approved provider if it is a corporation, is being wound up or ceases to exist and there are insufficient funds to repay the accommodation bond entitlements; and ▪ the approved provider is otherwise unable to meet the approved provider’s liabilities under the enabling legislation. <p>As well as management of the Fund, the Fund Authority is to have prudential oversighting authority of approved providers. The powers of the Authority should include but not be limited to:</p> <ul style="list-style-type: none"> ▪ the ability to examine the financial affairs of an approved provider, by means of inspection and analysis of the records, books and accounts; ▪ the ability to review the value of the assets of each approved provider’s corporate entity; ▪ the ability to appoint an administrator of the corporate 	<p>Building better aged care homes –strengthened prudential arrangements</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$0.8 million to support the establishment, in consultation with the community and aged care providers, of a provider funded guarantee fund to strengthen the security of residents’ bonds. ▪ The current financial protections provided to residents will be strengthened by: <ul style="list-style-type: none"> – Making the conditional adjustment payment (see Recommendation 13) subject to approved providers making their audited financial statements publicly available; and – Collecting better information about companies and other entities that own services, and their key personnel. ▪ The Australian Government considers that the high degree of regulation recommended by the Review cannot be justified. The provider funded guarantee fund offers a similar degree of security to residents without the high cost of additional regulation and administrative burden to providers. 	<p>ACSA does not believe a guarantee fund is required for the entire industry. Many aged care providers are already adequately covered individually or are part of group (such as Church auspice) arrangements. Prudent providers should not have to pay twice. If the scheme is to be introduced, a full actuarial survey is required to ensure it is based on a quantitative assessment of the magnitude and distribution of risk.</p> <p>ACSA does not oppose the requirement for approved providers to make their audited statements publicly available but notes the need to ensure that the detail of such a requirement does not result in the costs outweighing the benefits. Careful consideration is needed in particular on the issue of the level at which reports are consolidated.</p>

<ul style="list-style-type: none"> ▪ entity; ▪ the ability to apply to court for the winding up of insolvent approved providers; and ▪ the ability to require an approved provider to enter into negotiations for the disposal of assets and if that fails, to secure an outcome to avoid where possible a claim on the Fund. 		
<p>10. Financial assessment on entry</p> <p>Assessment of residents' or prospective residents' income and assets should be the responsibility of the Australian Government and carried out by Centrelink and not the aged care provider, preferably prior to entry into care.</p>	<p>Streamlining administration for better care</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$19.7 million over the next four years to transfer responsibility for asset testing new residents from aged care providers to Centrelink (and the Department of Veterans' Affairs) from 1 July 2005. 	<p>In principle ACSA supports the transfer of this responsibility to Centrelink. Centrelink must be able to do this in a timely manner to ensure residents entry to aged care homes is not delayed. Centrelink must be prohibited from attempting to influence the amount of a bond.</p>
<p>11. Viability supplement</p> <p>The Australian Government should increase the total amount available for the viability supplement for rural and remote services.</p> <p>The Australian Government should also review the viability supplement's rates and eligibility requirements to ensure that they do not create perverse incentives against consolidation. At the very least the eligibility requirement should be raised to include facilities with 30 beds or fewer.</p>	<p>Investing in better care</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$14.8 million over the next four years to increase the viability supplement paid to rural and remote providers. <ul style="list-style-type: none"> – This is in addition to current viability supplements worth about \$13 million a year. ▪ The eligibility criteria for, and rates of, the viability supplement will be reviewed in 2004-05 with the new funding flowing from 1 January 2005. ▪ For the first time a viability supplement will also be paid to Aboriginal and Torres Strait Islander Flexible Services (see Recommendation 6). 	<p>ACSA welcomes the increased funding for viability payments to rural and remote services and Aboriginal and Torres Strait Islander Flexible Services. The review of the supplement must take into account the need for services to remain available in rural and remote communities.</p> <p>ACSA believes that a viability supplement should also be available to community care services.</p> <p>ACSA believes that preserving locally available services is more important than arbitrary considerations of industry consolidation.</p>
<p>12. Targeted capital assistance</p> <p>The Australian Government should maintain a small targeted capital assistance program to assist those services experiencing exceptional circumstances.</p>	<p>Building better aged care homes</p> <ul style="list-style-type: none"> ▪ The current targeted capital assistance program of capital grants to rural and remote providers will continue. 	<p>ACSA is pleased that this minimal capital assistance will continue to be available. ACSA is not convinced that this level of assistance is adequate. A study into its adequacy in supporting access to services in these areas would be appropriate.</p>

<p>13. Conditional incentive supplement</p> <p>The Australian Government should introduce an incentive supplement, payable in addition to all existing subsidies and supplements, with the value of the supplement for each resident to be set at 1.75 per cent on an annual basis. The need for, and value of the supplement, should be reviewed in 2007-08. Continued eligibility of providers for the supplement should be linked to gains in efficiency, productivity and workforce training.</p>	<p>Investing in better care</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$877.8 million over the next four years for a conditional adjustment payment that will increase residential care subsidies by seven per cent over four years (1.75 per cent cumulative per year) on top of the increases due to the annual indexation of subsidies. <ul style="list-style-type: none"> – The conditional adjustment payment will raise subsidies by an average of about \$500 per resident in 2004-05, rising to about \$2,000 per resident by 2007-08. ▪ The adjustment payment will be conditional on each provider giving its staff information and opportunities regarding workforce training, making audited accounts publicly available each year and taking part in a periodic workforce census. ▪ The need for and value of the conditional adjustment payment will be reviewed in 2007-08. 	<p>ACSA believes that incentive supplements are an inadequate response to meeting recurrent funding requirements. It would be preferable for an indexation formula that is specific to the aged care sector be introduced.</p> <p>In the short term the supplement will provide a welcome financial boost to aged care homes. Ongoing provision of the supplement, beyond the proposed review in 2007-2008, may assist in ensuring a more adequate funding base for aged care if the indexation method is not changed.</p> <p>The level of the supplement should be assessed against the costs of achieving consistent wage levels with the public hospital sector.</p>
<p>14. Comprehensive data repository</p> <p>As a complement to Recommendation 13, the existing aged care information infrastructure should be substantially expanded, building on the existing expertise within the Australian Institute of Health and Welfare and should include quality and financial performance data.</p>	<p>Investing in better care</p> <ul style="list-style-type: none"> ▪ The audited financial statements of providers will be used to develop benchmarks on performance to assist providers achieve appropriate efficiencies and improve the quality of care. 	<p>ACSA believes that the only valid reason to establish such a repository is to improve care outcomes for residents. Consultation with the aged care sector is required to ensure data requirements support improved care outcomes and that information collected is meaningful and comparable. Data collection should not generate costs that outweigh the benefit of its collection.</p>
<p>15. Corporate information</p> <p>The names of entities and major shareholders of the companies and associate companies having ownership or part ownership of residential aged care services should be required by the Department of Health and Ageing. The monitoring and authorisation of transfers should be extended beyond key personnel to personnel of entities owning providers, subject to review after 2008. In the contribution to efficiency improvements, the Department of Health and Ageing should implement immediately provisions for electronic funding and information transfers for all accounting, financial and supervisory requirements relating to providers.</p>	<p>Streamlining administration for better care</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$33.0 million over the next four years to develop and implement electronic funding and information transfers for all accounting, financial and supervisory requirements relating to providers, with the new arrangements rolled out from early 2005. ▪ Aged care providers will be required to supply more comprehensive information on ownership and key personnel to assist with the monitoring of the suitability of providers. 	<p>ACSA supports the provision of additional financial resources for e-commerce activities. Any additional information required should be simple and easy to provide and not be a cost to providers.</p>

<p>16. Concessional, transitional and assisted residents</p> <p>The Australian Government should consider modifying the concessional resident supplement arrangements by:</p> <ul style="list-style-type: none"> ▪ increasing the maximum rate of the concessional resident supplement to \$19,000 a day, indexed annually; ▪ abolishing the 40 per cent threshold; ▪ introducing a sliding assisted resident supplement for residents with assets between 2.5 times and ten times the pension to ensure that the assisted resident supplement plus the maximum accommodation charge payable by each resident is equal to the maximum rate of the concessional resident supplement; and ▪ extending the concessional resident arrangements to all transitional residents remaining in the system. 	<p>Building better aged care homes</p> <ul style="list-style-type: none"> ▪ The Australian Government will provide \$438.6 million over the next four years to increase its capital contribution to the cost of care. <ul style="list-style-type: none"> – The maximum rate of the concessional resident supplement will be increased from \$13,490 to \$16,250 (indexed) per resident per day from 1 July 2004. The other rates of the concessional resident supplement will be increased proportionately. – The rates of the respite supplement will be increased in line with the increase in the concessional resident supplement, that is, by \$2,750 per resident per day from 1 July 2004. – The rates of the transitional resident supplement will be increased to match the new maximum rate of the concessional resident supplement, that is, to \$16,250 per resident per day from 1 July 2004. ▪ In addition, in recognition of the forward plan for improved safety and building standards for aged care homes developed and agreed with the aged care sector, and in particular improved fire safety, the Australian Government will make a one off payment to aged care providers in 2003-04 of \$513.3 million, or \$3,500 per resident. ▪ The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation. 	<p>The increase in rates of payment for these residents is welcomed although there is no explanation as to why Government determined the rate of \$16,250 as opposed to the recommended \$19,000 per day.</p>
<p>17. Adjusted subsidy reduction</p> <p>The Australian Government should abolish the adjusted subsidy reduction so that all providers receive the same level of subsidy.</p>	<p>Longer term considerations</p> <ul style="list-style-type: none"> ▪ The Australian Government will consult with the community and aged care providers on the appropriateness of this recommendation. 	<p>ACSA will welcome consultation on this recommendation.</p>
<p>18. Pensioner supplement</p> <p>Eligible pensioners should be able to gain the benefit of the rent assistance payment and the pensioner supplement should be abolished.</p> <p>The maximum basic daily care fee for all residents should be set at 85 per cent of the value of the maximum rate of the basic single pension plus the full value of the maximum rate of rent assistance.</p>	<p>Longer term considerations</p> <ul style="list-style-type: none"> ▪ The Australian Government will consult with the community and aged care providers on the appropriateness of this recommendation. 	<p>ACSA will welcome consultation on this recommendation.</p>

<p>19. Accommodation payments</p> <p>Accommodation payments for non-concessional new aged care residents should be as follows:</p> <ul style="list-style-type: none"> ▪ Options for making capital contributions should be consistent in low care and high care, not least to remove disincentives to ageing in place; ▪ The notion of a 'bond' that is both a form of corporate debt (a no interest loan) and a source of fees through retention payments is confusing and should cease. Corporate debt and fees (no matter how derived) should be clearly separated; ▪ Subject to retaining at least the statutory level of assets, new residents to have the option of paying: <ul style="list-style-type: none"> – fully refundable lump sum bond (not subject to retention amounts) to be held for the period of the resident's stay; or – a daily rental charge, applicable for the duration of the resident's stay; ▪ The accommodation bond should be payable on entry to the service and should be repayable within a reasonable period of the resident's departure from the service, being seven days in the case of transfer to another residential care service and two months in case of death; and ▪ Existing residents should continue to be covered by the current accommodation payment arrangements including the five-year limit on charges and retentions from bonds. 	<p>Building better aged care homes</p> <ul style="list-style-type: none"> ▪ The Australian Government will increase the maximum rate of the accommodation charge that new high care residents who have the ability to make a contribution to the cost of their accommodation can be asked to contribute. <ul style="list-style-type: none"> – The maximum rate of the accommodation charge for new residents entering from 1 July 2004 will increase by up to \$2.34 per day. No resident will pay more than \$16.25 for the charge. – This is in line with the new maximum rate for the concessional resident supplement (see Recommendation 16). ▪ The five-year limit on paying accommodation charges will also be removed for new high care residents, so that they make a capital contribution throughout their stay. ▪ Current residents will not be affected by these changes. ▪ The existing bond arrangements remain unchanged. ▪ The rate of the accommodation charge that a resident can be asked to pay will continue to be means tested. ▪ Respite residents will continue to be exempted from paying accommodation charges. ▪ The Australian Government will consult with the community and aged care providers on the appropriateness of the other parts of this recommendation. 	<p>ACSA does not believe that the Government's response to this recommendation will resolve the capital creation problems in high care. The Government's response includes some welcome components - such as removing the five-year limit on paying accommodation charges but does not achieve the thrust of the Hogan Report recommendations to make capital contributions consistent between low and high care. Providers will still have little incentive to build high care beds.</p> <p>It is not clear why the principle of charging residents for the whole length of their stay was not extended to the draw-down period on bonds which remains at 5 years.</p>
<p>20. Research into neuro-degenerative diseases</p> <p>Attention should be given to research into neuro-degenerative diseases, with funding provided for:</p> <ul style="list-style-type: none"> ▪ comprehensive prevalence studies; and ▪ further data matching studies to enable a better understanding of neuro-degenerative disease pathways and the services accessed along pathways. <p>The NHMRC should continue to give priority to research into the prevention of dementia and dementia related illnesses and to encourage multi-disciplinary research into the care of people with such illnesses.</p>	<p>Support for research into neuro-degenerative diseases</p> <ul style="list-style-type: none"> ▪ The Australian Government has identified research into neuro-degenerative diseases as a high priority and is committed to reducing the future burden of these diseases in the Australian community. ▪ In 2003, the National Health and Medical Research Council (NHMRC) awarded over \$6.4 million to fund research addressing neuro-degeneratives diseases. ▪ Neuro-degeneratives diseases are one of the research themes to be progressed through a multi-disciplinary research collaboration, <i>Ageing Well, Ageing Productively</i>, between the NHMRC and the Australian Research Council. 	<p>ACSA supports priority being given to research into dementia and dementia related illness. Dementia should be made a national health priority in recognition of the impact dementia has on the demand for health and aged care services.</p> <p>Funding for research into ageing and aged care issues generally would also be beneficial in developing and guiding future service planning, design and delivery.</p>

	<ul style="list-style-type: none"> ▪ A National Neuroscience Consultative Taskforce is being established to develop a <i>Brain and Mind Research Alliance</i> to increase Australia’s scientific capacity to reduce the burden of brain and mind disorders. 	
<p>Options 1-6 to improve consumer choice and competition</p> <ul style="list-style-type: none"> ▪ Vouchers ▪ Contracting agency ▪ Means testing ▪ Asset transfer period ▪ Revised assets test arrangements ▪ Place allocation auction 	<p>Longer term considerations</p> <ul style="list-style-type: none"> ▪ The Australian Government will consult the community and aged care providers on the appropriateness of the longer term options (except option five) presented by the Review including: <ul style="list-style-type: none"> – placing the choice of provider in the hands of the prospective resident or the resident’s family by granting them an authority to spend aged care monies on care and accommodation; – establishing a contracting agency to negotiate the prices and conditions for residents in facilities; – bringing the aged care means testing arrangements in line with those for the age pension; – extending the asset transfer period; and – introducing an auction/tender system for place allocations. ▪ The Australian Government rejects the suggestion in option five that it exempt the proceeds of sale of the family home from a tax imposition or inclusion in an asset valuation assessment. It considers this would in effect create a government deposit-taking interest-paying institution, which would represent a reversal of its current policy on the public ownership of financial institutions. 	<p>ACSA believes that there must be high level and public debate and discussion of the issues facing Australia as it ages. The Hogan Review report contributes some ideas to discuss but there are other ideas - such as long term care insurance schemes - which should be identified and considered. It is important that the development of a robust system of planning, funding and delivery of aged care occurs and is not treated as a political football.</p> <p>ACSA believes that the focus for planning the future should be on the care needs of older people and not be limited to residential care.</p>

Other 2004-2005 Budget Measures & ACSA's View

Australian Government Budget Commitment	ACSA's Comments
<p>Increased HACC Funding</p> <ul style="list-style-type: none"> HACC receives 8.12% , including 6% real growth and an estimated 2.12% indexation 	<p>Increased funding for HACC is welcomed. ACSA believes that HACC requires an initial 20% increase (\$146m Federal Government and \$98m State Government) and at least 6% growth per annum (plus indexation) thereafter. The 20% increase will restore funding levels which were reduced when a fees policy was introduced nationally in the mid 1990s. This policy has not raised the anticipated revenue. Consumers have suffered as a result of this as services have been rationed. This shortfall has been compounded by the inadequate Commonwealth Own Purpose Outlays (COPO) indexation method which fails to keep pace with unavoidable rising costs.</p> <p>An indexation formula that is specific to the aged and community care sector should be introduced to appropriately respond to the recurrent funding issues for the HACC program.</p>
<p>Quality Assurance</p> <ul style="list-style-type: none"> \$13.7 million new funding over four years for a quality reporting system for Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and National Respite for Carers Program (NRCP). The proposed system is a three-step process which will involve services self-reporting against uniform quality standards and departmental officers carrying out a desk audit and a validation visit. This will commence from 1 July 2005. 	<p>ACSA acknowledges and supports the need for accountability for Government funding. ACSA believes that there should be one set of standards (not all standards would apply to all services) and reporting across all community care programs to avoid services having to complete up to 17 different sets of forms (not counting State Programs) providing essentially the same information.</p>