Submission to the inquiry into the increased application of competition, contestability and informed user choice to human services

October 2016

National Seniors Australia

About National Seniors Australia

National Seniors Australia is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia with more than 200,000 members and is the fourth largest in the world.

We give our members a voice – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

We keep our members informed – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

We provide a world of opportunity – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

We help our members save – we offer member rewards with discounts from thousands of businesses across Australia. We also offer exclusive travel discounts and more tours designed for the over 50s and provide our members with affordable, quality insurance to suit their needs.

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Introduction

National Seniors welcomes the opportunity to respond to the Productivity Commission's Preliminary Findings Report as part of the inquiry into the increased application of competition, contestability and informed user choice to human services.

National Seniors is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia.

Placing users at the heart of service delivery is an essential goal and one that is supported by National Seniors. User choice has the potential to bring about changes in the human service landscape by giving people greater control to select services that best meet their needs.

While increasing user choice has potential, National Seniors believes that it is not without its problems. Users can misjudge when they are overloaded with volumes of poorly presented information as routinely occurs with information about health on the internet[1]. This has the potential to undermine the effectiveness of choice.

If greater choice is to be instituted, service users need access to clear and concise information about service providers and service quality. This will require significant resources to develop indicators to measure and compare quality and performance and mechanisms which simply and clearly communicate this information to service users. It will also require the development of mechanisms to enable service users to exercise choice. This, we envision, will require significant upfront and ongoing investment by government.

While it is important to assume that all people have capacity to make informed decisions and are therefore best-placed to make decisions about the services that meet their needs and preferences, this will not always be the case. Some users may not wish to exercise choice and others may need assistance to help them to exercise choice. There is a clear risk that equity may be impacted as the most disadvantaged may be the least equipped to exercise choice effectively.

While National Seniors supports user choice in principle, we believe it should be carefully implemented and tailored on a case-by-case basis to each area of human services. This is also true for competition and contestability. There must be strong and explicit evidence demonstrating that competition, contestability and user choice results in tangible improved outcomes for service users in order to justify implementing reforms. In this regard, it will be important to clearly define service user populations and to understand what outcomes these distinct populations seek, in order to avoid unintended negative outcomes when introducing increased competition, contestability and user choice.

The rest of this submission addresses the specific implications for older Australians from applying competition, contestability and informed user choice in the areas of social housing, specialist palliative care, public dental services and public hospital services.

[1] Cline, R. J., & Haynes, K. M. 2001. 'Consumer health information seeking on the Internet: the state of the art' in *Health education research*, 16, 6, pp. 671-692.

Social Housing

Lack of secure, affordable and accessible housing has the potential to significantly impact on the health and wellbeing of older people.

As a recent report has shown, an increasing number of older people are experiencing housing insecurity in retirement[2]. Older Australians who cannot secure home ownership rely on either private rental or social housing to meet their need for shelter, security and community.

In 2013, it was estimated that 425,159 individuals over 50 were living in private rental, either alone or with a partner[3]. A further 263,551 aged over 50 were estimated to be living in social housing (127,613 over 65)[4].

The Productivity Commission's Preliminary Findings Report states that increased competition, contestability and user choice has the potential to improve the capacity of the social housing system to meet the needs of tenants.

The report states that competition, contestability and user choice will contribute to following outcomes:

- Increased housing supply
- Shorter waiting times
- Greater choice in housing (type, location)
- More efficient utilisation of buildings
- Improved maintenance of buildings
- Improved tenant satisfaction

National Seniors welcomes initiatives that help to achieve the above outcomes, as these are likely to benefit older Australians within the social housing system.

While it is important that social housing is optimised to achieve the outcomes listed above, National Seniors believes that the following factors are the key issues of concern of older tenants:

- security of tenure,
- affordability and
- accessibility.

[2] Sharam, A., Ralston, L., & Parkinson, S., 2016. *Security in retirement: the impact of housing and key critical life events*. Swinburne University of Technology, Melbourne. http://apo.org.au/files/Resource/final_security_in_retirement_06102016.pdf

[3] Sharam *et al* 2016. *Ibid*.

[4] Australian Institute of Health and Welfare (AIHW) 2014. 'Supplementary Tables' *Housing assistance in Australia 2014*. Cat. no. HOU 275. Canberra: AIHW Table 3.8: Number of people in social housing by age, sex and program, at 30 June 2013 http://www.aihw.gov.au/publication-detail/?id=60129549029&tab=3

National Seniors believes that these three factors are most important to older people because they directly underpin an older person's capacity to age-in-place.

While National Seniors acknowledges the need to improve the capacity of social housing as a discrete part of the human service system, we feel that social housing sits within a much broader context and this needs to be addressed.

As the Productivity Commission's report has noted: 'An assessment of social housing should consider not just people currently in social housing, but also those in need of social housing who are unable to access it'. This is important because demand for social housing is significantly influenced by the capacity of tenants to access housing in the private rental market.

In this regard, National Seniors believes that aside from reforms within the social housing sector, it is also important to address issues related to the interface between social housing and the private rental market. While increased competition, contestability and user choice within social housing may improve outcomes for older tenants, demand for social housing will continue if the private rental market fails to enable older people to age-in-place.

Improving the capacity of the private rental market to deliver security of tenure, affordability and accessibility will, in our view, lessen demand on the social housing sector. Given the focus on competition and choice it appears remiss to avoid questions about competition and choice between social housing and the private rental market, particularly when governments' make considerable investments in programs which assist people to access the private rental market.

As the following analysis shows, social housing outperforms the private rental market with regard to two of the key outcomes which enable older people to age-in-place - security of tenure and affordability.

Security of tenure is particularly important for older people. Unplanned and undesirable relocation can negatively impact on an older person's health and wellbeing. When older people move away from their local communities, this can make it difficult to maintain relationships with family, friends, the community and culture and to ensure regular access to trusted services, such as the family doctor.

Older people are undoubtedly attracted to social housing because it provides enhanced security of tenure over private tenancy. Security of tenure is enhanced within social housing because tenancies are offered on a 'fixed term' basis over periods of between one and ten years depending on the circumstances of the individual.

- In New South Wales, new public housing tenants assessed as having persistent need are eligible for either a five or ten year lease after completing a fixed term twelve month probationary lease. Clients with transitional or temporary support needs are offered two year leases[5].

[5] NSW Government Family and Community Services 2016. 'Types and Length of Lease Policy' Accessd online 12 October 2016. http://www.housing.nsw.gov.au/forms,-policies-and-fact-sheets/policies/types-and-length-of-lease-policy

- In South Australia, applicants for community housing are offered a probationary lease of up to 12 months and then can be offered a fixed term lease of up to 10 years after the probationary term has expired[6].

In contrast, the private rental market does not provide for longer-term leases. Private tenants in most states and territories face a situation in which a landlord can terminate a tenancy at any time, generally without any reason and with limited notice.

Longer fixed-term leases are likely to be attractive to older people who wish to age-in-place. The availability of longer fixed-term leases in the private rental market would enhance choice for older tenants. These arrangements would diminish the threat of eviction for reasons beyond their control. Without access to longer term lease options in the private rental market, older tenants will continue to be attracted to social housing, conflating demand and diminishing overall housing choice.

Cost is another important consideration for older Australians, particularly those on low-fixed incomes. Social housing can be significantly cheaper than renting in the private rental market. As evidenced in a recent NSW Audit Office report[7], market rents are increasing much faster than public housing rent, reinforcing demand for social housing at the expense of the private market. The disparity in cost between social and private housing can in part be explained by differences in the levels of assistance offered to social housing tenants compared to private tenants.

In Western Australia, for example, public housing is calculated at no more than 25 per cent of gross assessable income or market value (whichever is cheapest)[8]. For an individual earning $400 per week this would be $100 per week. In contrast, the same individual earning $400 per week and relying on the private rental market would pay more for housing if they were required to pay more than $165.30 per week in rent. This is because there is a maximum amount of Commonwealth Rent Assistance (CRA) available, which does not adequately reflect rising rental costs.

While greater competition, contestability and user choice may improve outcomes for those able to access social housing, the effect of any reforms will be limited unless efforts are also made to improve security of tenure and affordability in the private rental market. High demand for social housing will only continue when there is lack of choice across the housing market.

Specialist Palliative Care

The existence of high quality palliative care is of significant concern for all Australians. As a modern society, we should expect that any pain or discomfort associated with a life-limiting illness is well managed regardless of the specific circumstance of an individual. All people have the right to die with dignity, free of pain and distress, in the setting of their choosing.

[6] Government of South Australia 2015. *Community Housing Core Operating Policy*. June 2015 https://www.sa.gov.au/__data/assets/pdf_file/0005/212567/Tenant-Allocations-and-Tenure-Policy-signed-final.pdf

[7] Audit Office of NSW 2013. New South Wales Auditor-General's Report Performance Audit: Making the best use of public housing. https://www.audit.nsw.gov.au/ArticleDocuments/280/01_Public_Housing_Full_Report.pdf.aspx?Embed=Y

[8] Government of Western Australia Housing Authority 2016. *Housing Authority Rental Policy Manual* September 2016 http://www.housing.wa.gov.au/HousingDocuments/Rental_Policy_Manual.pdf

The Productivity Commission's Preliminary Findings Report states that there is scope to improve outcomes for patients, family and carers accessing palliative care services because of evidence showing variation in quality of care and accessibility to care, and because there is unsatisfied preference for care setting and availability and timing of care. The report contends, for example, that quality of care is lacking because community care settings have inferior outcomes in terms of pain management and other quality indicators.

The issue of pain management is clearly one factor that is of significant concern for patients, family and carers. Studies have found that poor pain management is one of several key factors that inhibit patients from achieving their preferred place of death[9]. Patients are often transferred from home to hospital, for example, because pain is not able to be managed effectively causing significant distress.

While the Productivity Commission's report presents evidence showing that pain management outcomes in the home are consistently worse than in a hospital setting, care should be taken when ascribing causality. Given that pain medication is highly regulated and that the effective administration of pain medications requires skill, consistently lower pain management outcomes may indicate problems other than competition and choice. Care should be taken to ensure that there is clear evidence that competition, contestability and user choice, or lack thereof, have a causal effect on patient outcomes.

National Seniors believes that individuals should be able to choose their palliative care setting knowing that the quality of the care provided will be generally equal regardless of the setting they choose. If this is not possible, then they need to know explicitly that there are differences in outcomes within different settings and why these differences occur before they choose a particular setting.

The most effective means of increasing choice in this area is to strengthen and promote the use of advance care planning instruments. This will enable individuals to consider their care needs and preferences ahead of time reducing the need to make complex decision at a time of great emotional distress.

Encouraging individuals to make advance care planning arrangements will provide an opportunity for individuals to assess palliative care options. This will necessitate the development of mechanisms to deliver information about the different palliative care services available. By presenting individuals with an opportunity to understand the benefits or disadvantages of a particular setting this will ensure that advance care planning instruments more accurately reflect reality.

Palliative care services should be provided in a way that meets the unique needs of individuals. This requires a diverse range of practitioners and models of care within the service setting. While large urban areas have a greater capacity to offer choice when compared to areas with small and dispersed populations, all people should have access to appropriate, high quality specialist palliative care services regardless of where they live.

The first step in doing this is gathering information about the preferences of people likely to require palliative care services in the near future. This could be better achieved if advance

[9] Damanhuri, G. 2014. 'What factors influence the terminally ill patient referred to the hospital specialist palliative care team in a NHS hospital, not achieving their preferred place of death? A critical evaluation." in *BMJ supportive & palliative care.* 4, 1. http://spcare.bmj.com/content/4/Suppl_1/A54.3.short

care planning instruments were more broadly used and if the individual preferences within advance care planning instruments were captured at a community level as this will assist in determining likely demand for specific types of palliative care services. These insights could be combined with existing health and demographic data to plan for the delivery of appropriate levels of service to meet the diverse needs of a community.

Public Dental Services

Public dental is an essential service for many people. Older Australians on low fixed incomes, especially those in rural or remote areas, rely on access to free public dental services when they cannot afford or have difficultly accessing private dental services.

Older Australians have a high need for oral health services. Surveys conducted in 2013 show that 53.4 per cent of people aged 65 and over had moderate or severe periodontal disease and on average 12.85 missing teeth[10], significantly higher than younger populations.

Recipients of the Age Pension are eligible for free or subsidised services through the public dental systems operating in the various states and territories. In New South Wales, for example, Pensioner Concession Card and Commonwealth Seniors Health Card holders are eligible for free public oral health services.

While older people with access to concession cards are eligible for public dental, they are often not listed as priority patients, as is the case in Victoria[11], and must therefore wait considerable time to access public dental services. This forces some to use private dental to avoid waiting long periods for treatment.

The Productivity Commission's Preliminary Findings Report states that increased competition, contestability and user choice will provide better outcomes for patients and the wider community. It states that competition, contestability and user choice could result in:

- greater choice over the timing and location of treatment
- greater continuity of care, and
- reductions in the number of people delaying dental treatment

The Preliminary Findings Report suggests that reform of public dental to increase competition, contestability and user choice could involve allowing non-government providers to bid to operate public dental clinics or by introducing mechanisms which allow individuals to choose private dental practices. Such reforms should give due consideration to the impact on older Australians.

National Seniors supports moves to increase choice, improve continuity of care and reduce delays in receiving treatment. Older Australians would undoubtedly support moves to bring

[10] Australian Institute of Health and Welfare (AIHW): Chrisopoulos, S., Harford, J.E. & Ellershaw, A. 2016a. Oral health and dental care in Australia: key facts and figures 2015. Cat. no. DEN 229. Canberra: AIHW. http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129554609

[11] Victoria State Government Vic.health 2016. *Access to Victoria's public dental care services*. Accessed online 7 October 2016. https://www2.health.vic.gov.au/primary-and-community-health/dental-health/access-public-dental-services

about such outcomes given that long waiting lists for public dental treatments can adversely impact quality of life.

Untreated dental problems cause both discomfort and embarrassment. As a survey from 2013 shows, 23 per cent of people aged 65 and over avoid eating certain foods due to dental problems and 21.7 per cent claimed to be uncomfortable about their appearance as a result of dental problems[12]. This can contribute to both ill health and social isolation.

Unfortunately, there are long waiting times to access public dental services in most states and territories. Tasmania, with its ageing population, has one of the longest waiting times, almost three years.

Table 1: Median waiting time for public dental care (days)[13]

NSW	Vic.	Qld	WA	SA	Tas.	ACT	NT
np	237	309	127	260	933	121	*np*

np = not published

Older Australians in particular want to know that they will receive quality care, whether this is through public or private dentists. It is therefore important that consumers are informed about the relative levels of quality across the dental sector.

Older Australians should be given access to information, which allows them to make informed choices when deciding who provides the best quality of care. This should not be limited to a simple comparison of public versus private but objective comparison of the quality of individual dentists. This could include the development of quality indicators and systems to communicate this information to patients.

Older Australians prefer to have a choice about the timing and location of treatment but this is not always possible. While a significant majority of older people are eligible to use public dental services, many use private dental practices instead.

Surveys show, for example, that only 30 per cent of people with an annual household income of less than 30,000 per year (many of whom will be age pension recipients) and only 14 per cent of people 65 and over used a public dental practice at their last dental visit. This proportion is low compared to those who would likely be eligible.

Older people in rural and regional areas, in particular, have less choice available to them. As a result, they are more likely to use public rather than private dental services. In 2013, it was found that 24.2 per cent of people in remote or very remote locations attended a public service at their last dental visit compared to only 8.3 per cent of people living in major cities[14].

[12] AIHW 2016a *Op cit.*
[13] Steering Committee for the Review of Government Service Provision (SCRGSP) 2016. 'Primary and community health' in *Report on Government Services 2016.* Canberra: Productivity Commission: http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/health/primary-and-community-health
[14] AIHW 2016a *Op cit.*

The lack of availability of private dental services in rural and remote areas means that older Australians have to either wait for treatment through the public system or travel long distances at considerable cost to receive treatment from a private dentist.

Some older people who are eligible for public dentists may use private dentists out of choice, because they have a genuine preference for private dental as a result of factors such as quality, convenience or continuity of care. Others may access private dental out of necessity, because they have been given a voucher or because they need to access services in a timely manner and public services are not available. In this regard, it would be useful to understand the motivations and drivers underpinning choice of practice before undertaking any reforms of the public dental system.

Public Hospital Services

Access to public hospital services is critical for most Australians. Over half of the total 10.2 million hospitalisations in 2014-15 were in public hospitals[15].

Older Australians, particularly, require timely access to quality health care as need increases with age. Despite only making up 15 per cent of the total population in 2014-15, people aged 65 and over made up[16]:

- 41 per cent of total hospitalisations
- 20 percent of all emergency department presentations
- 49 per cent of total number of days spent in hospital, and
- 31 per cent of outpatient service events.

Older Australians are keenly aware of the need to maintain and strengthen the capacity of the public health system as they get older because many do not have private hospital insurance.

It is estimated, for example, that 46.2 per cent of people age 50 and over, 48.7 per cent of people aged 65 and over and 56.4 per cent of people aged 80 and over did not have private health insurance hospital cover in 2014[17].

Older Australians should have confidence that they will receive high quality care in the public system regardless of their financial circumstances or where they live. Older Australians want to know that all public hospitals and staff will provide the highest level of care.

The Productivity Commission's Preliminary Findings Report states that there is scope to improve public hospital services in terms of equitable access, greater choice, quality and efficiency. The report argues that greater user choice and contestability in public hospital services could:

[15] Australian Institute of Health and Welfare (AIHW) 2016b. Australia's hospitals 2014–15: at a glance. Health services series no. 70. Canberra: AIHW. http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129556125

[16] AIHW 2016b *Ibid*.

[17] Australian Bureau of Statistics (ABS) 2016. *Australian Demographic Statistics, Mar 2016*. Cat no. 3101.0 http://www.abs.gov.au/AUSSTATS/subscriber.nsf/log?openagent&31010do002_201603.xls&3101.0&Data%20Cubes&17CCE327B6DEFE39CA2580350017C195&0&Mar%202016&22.09.2016&Latest

- improve patient outcomes
- lower costs, and
- increase choice for disadvantaged groups.

National Seniors supports initiatives that improve patient outcomes, lowers cost and increases choice.

Improving patient outcomes and care quality is a goal that all health consumers would support. Lower costs are also supported as this will enable governments to invest in more and better services in the future. Increased choice is also important provided that this gives consumers greater control over their health care and leads to improved health and wellbeing outcomes.

There are some fundamental issues arising from the Productivity Commission report's suggestion that public hospital patients have the ability to choose. This suggestion is a significant departure from the current model in which public hospital patients have no choice, unless they elect to be treated as a private patient in a public hospital.

Having the ability to choose a hospital or practitioner in the public system has significant implications for patients and the public hospital system and is likely to impact on the private health insurance system as well. While National Seniors support the principle of choice, we are wary of the practical implications of choice on patient outcomes and cost.

Essential to choice is information. In order to be able to make an informed choice, consumers need access to appropriate information and the capacity to evaluate this information.

Unfortunately, consumers do not currently have access to the relevant information about the quality of care in the public health system to assist them in making choices about their care. Current efforts to increase consumer knowledge about health system performance are limited. While consumers are able to search for details about a practitioner on the Australian Health Practitioner Regulation Agency website, this only shows limited information about a practitioner, such as registration status, conditions or reprimands. Most people would not know where to look for this information and even if they did, they would find little that could help them to understand the quality of care a practitioner is likely to provide.

Similarly there is limited information about hospitals that can be used by consumers to inform them about quality of care. The My Hospitals website, for example, does not provide information that is particularly useful to a consumer. While incidence of *Staphylococcus aureus* may be of interest, it is unlikely that many would be interested in the financial performance of a hospital as this tells them little about care outcomes.

The Australian Health Practitioner Regulation Agency and My Hospitals websites have limited information that is relevant for consumers to assess the potential outcomes associated with a particular practitioner or hospital. They do not offer consumers knowledge and information that is useful to them in making decisions about their care.

There are important questions about the level of resourcing which would be required to enable consumers to have access to information relevant to choice. Significant work would

need to be undertaken to develop robust and concise indicators that would enable consumers to easily assess and compare the quality provided by different practitioners and in different hospitals.

This would require a significant upfront and ongoing investment by government to ensure that consumers had the relevant information available. There would also need to be significant investment in the development of systems to communicate this information clearly and concisely.

Choice also creates equity issues arising from differences in the capacity of health consumers. Increased choice relies on consumers with adequate levels of health literacy. While the Productivity Commission's report states that disadvantaged groups are likely to benefit because they have not had access to choice, it is highly possible that disadvantaged groups with poor health literacy will experience greater difficulties in exercising choice and find increasing choice to be a burden.

Given that there are already significant differences in waiting times between states and territories[18] and between metropolitan and rural and remote areas[19] there are also questions about whether greater choice will entrench inequity within the public hospital system. While older Australians would welcome increased choice, they do not want the public health system to become more inequitable as a result.

[18] The median waiting time for elective surgery was between 27 days in Queensland and 55 days in Tasmania in 2014-15. Australian Institute of Health and Welfare (AIHW) 2016c. *Admitted patient care 2014–15: Australian hospital statistics*. Health services series no. 68. Cat. no. HSE 172. Canberra: AIHW. http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129554729

[19] Waiting times for total knee replacement in major cities was 173 days compared to 262 in outer regional areas. AIHW 2016c *Ibid.*