SUBMISSION

Caring For Older Australians: Productivity Commission Draft Report

11 March 2011

1. Introduction

This submission outlines the Victorian Healthcare Association's (VHA) response to the Productivity Commission Draft Report, *Caring For Older Australians.*

The VHA agrees to this submission being treated as a public document, and to the information being cited in the Productivity Commission Final Report.

Contact details

Jane Sheats, Research and Policy Officer
Victorian Healthcare Association
Level 6. 136 Exhibition St,
Melbourne, 3000

The Victorian Healthcare Association

The VHA is the major peak body representing the public healthcare sector in Victoria. Our members include public hospitals, rural and regional health services, community health services and aged care facilities. Established since 1938, the VHA promotes improvement of health outcomes for all Victorians, from the perspective of its members.

Context

By 2021, Victoria's population will grow to more than six million - almost a 20 per cent increase since 2008. Of these people, 1.1 million or 17.5 per cent will be aged over 65 - a 50 per cent increase since 2008. Population growth and ageing will create a public healthcare crisis by 2021 unless there is a strong service and capacity strategy to meet future demand. Given the huge financial burden imposed by an ageing population, reform of the aged care funding system has the potential to benefit both Australia's health system and the Australian population more broadly.

Victoria has the highest proportion of Public Sector Residential Aged Care Services (PSRACS) of any Australian jurisdiction. This is not considered a weakness by the VHA; moreover, it is seen as an important adjunct to the viability of rural health services, where the majority of these residential care beds are co-located. Aged Care should not be siloed in these communities. In fact, these services are part of the fabric of many towns and without these services, many community members would have to move larger distances to receive residential aged care. Further, Victoria has strong community involvement and opportunity for innovative programs through its decentralised community governance structures.

Victoria is fortunate to have a highly integrated and well-funded HACC service delivery system. Significant funding is provided to these services by both state and local governments, resulting in an integrated system where local government, the not-for-profit sector and health services operate on the basis of cooperation and partnership. Victoria has demonstrated that productivity and efficiency can be generated through partnerships and decentralised control, rather than a purely competition driven environment. The VHA firmly believes that these drivers should be maintained. This approach benefits communities and enhances the capacity of the

ABN: 54 004 228 111
Level 6, 136 Exhibition Street, Melbourne, VIC, Australia, 3000
Tel: (03) 9094 7777 **Fax:** (03) 9094 7788 **Email:** vha@vha.org.au
www.vha.org.au

service sector as a whole. The VHA believes that this outcome is only achieved when the state health bureaucracies are involved in the distribution of resources to achieve objectives common to a National program.

2. The VHA's Response

The VHA applauds the Productivity Commission (PC) for such a detailed report on aged care in Australia. The VHA broadly agrees with the eight principles to guide future policy change outlined in draft recommendation 4.1.

Paying For Aged Care

The delivery of effective services needs to be underpinned by the funding models that allow client needs to be met. A key barrier in the provision of effective services in PSRACS, particularly in rural Victoria, is the absence of a flexible funding model.

The attachment of bed licences to a facility rather than a service provider reduces the flexibility for agencies with a number of sites and obstructs ageing in place. Services cannot transfer bed licences from one facility to another to meet demand. This can force elderly and frail residents to move to facilities in neighbouring towns, away from friends and family, which dislocates them from social networks. When a place becomes available at the original facility, the resident may then be unwilling to move again.

In determining the allocation of bed licences and aged care packages, careful consideration needs to be given to areas of population growth. The Federal and State Government have shown awareness for future aged care provision in Victoria's high-growth areas. The VHA notes that when allocating beds or community places, government must also have regard for the services that will be needed to support these places. For example, nursing, medical, pharmacy and allied health service availability is integral to care delivery, thus requiring complementary policy approaches to sustain system modelling.

To remain financially viable, services are pressured to ensure that their occupancy remain as close to 100% as possible. This fact inherently prevents health services from effectively managing requirements for respite services due to the long term planning required. Ideally, services should have 5% of bed capacity available for respite care allowing for management of the most urgent respite workload – taking the load off carers and allowing people to stay out of the hospital system for longer.

Access to respite care is affected by funding decisions also. Currently, individuals are entitled to 63 days of respite care annually. The VHA has anecdotal evidence to show that if this entitlement was increased to 90 or 120 days annually, families and carers would have much greater capacity to care for loved ones without resorting to permanent residential care; thereby, keeping people at home and out of residential care for longer.

Draft recommendation 1.2, which encourages the Australian Government to adopt separate policy settings for the major cost components in providing aged care; personal and health care; everyday living expenses; and accommodation, has the potential to further fragment the funding problems inherent within the aged care system. Providing services to older Australians requires a more holistic approach.

ABN: 54 004 228 111
Level 6, 136 Exhibition Street, Melbourne, VIC, Australia, 3000
Tel: (03) 9094 7777 **Fax:** (03) 9094 7788 **Email:** vha@vha.org.au
www.vha.org.au

Delivering aged and community care across rural and regional Australia is also hampered by distance. The ability for assessment, nursing, allied health or home care staff to reach disparately located clients is not accounted for by current funding structures. Further, in the current workforce crisis, rural services contracting the provision of health professionals from larger regional centres are forced to bear the cost of their travel time. This reality means that although they bear the cost of a full day's wage, they inevitably have access to a fraction of a day of clinical care.

Government must account for the specific issues of rurality and appropriately fund services to clients who are already suffering inequality of access due to where they reside.

Data Collection

As in other States, over and under supply variations exist in Victoria in the number of aged care and community places available to each district. Local needs are best addressed by local decisions that lead to local solutions. To achieve this, data must be available at the local-level to demonstrate need and structure of service provision rather than the current regional approach.

This data must be available to services so they can plan for correct placement of services and aged care places. The same data must be available to decision makers to educate their policy and funding decisions. Data must be readily available, presented from a wide variety of sources and collected using a systemic methodology.

Workforce

Victorians and their health workforce are ageing rapidly like all other states. As the population ages and the desire to receive services in a variety of settings increases, the pressure on providers of aged care services escalate. Government policy at both a state and federal level has a significant impact upon the way in which public providers operate within Victoria. The state nurses' enterprise bargaining agreement dictates many of the models of care in operation throughout Victoria. A further example is the range of quality and safety projects being undertaken by the Victorian Department of Health are allowing for significant improvements in care.

The sufficiency of current funding is being eroded by increases in staffing and capital costs, which are not matched by funding increases from government. The inability for Victorian PSRACS to staff their facilities with Health Care Assistants, due to the Nurses' Enterprise Bargaining Agreement, places significant costs on PSRACS that are not borne by private providers. A freeing-up of the health workforce – not just nursing – is required to address this issue.

The VHA supports the aim of recommendation 11.3 to improve the skills of care workers and managers through expanding vocational courses and aged care services with teaching roles. There must be ongoing recognition of the need to subsidise the rural and remote workforce.

ABN: 54 004 228 111
Level 6, 136 Exhibition Street, Melbourne, VIC, Australia, 3000
Tel: (03) 9094 7777 **Fax:** (03) 9094 7788 **Email:** vha@vha.org.au

www.vha.org.au

Technology

The VHA asserts that Australia lags behind many other countries in its use of information technology to design better ways to care for its ageing population and improve the quality of life for this population. The VHA encourages a discussion to identify those technologies that enable independent living options and complementary therapies within the care continuum. This should be undertaken in partnership with providers, academia and the private sector.

Care and support

The VHA welcomes the concept of the Australian Seniors Gateway Agency but is concerned at possible duplication of services in low population areas. There are good working relationships between services that are funded and managed by the Victorian Government. Rural and regional health services and community health agencies work in partnership with local government and general practice, and these existing partnerships should be supported and built upon. The VHA is concerned that the report lacks consideration of the strong and necessary links between primary health care and aged care, and new structures should support and enhance these links, rather than provide further system blockages.

The VHA believes that a greater focus on advanced care planning, respecting patient choices and appropriate clinical governance has the potential to improve lifestyle and care provision for ageing Australians. A shift from the current clinically driven model to a person centred approach that respects quality of life and wellbeing should be the ultimate aim of the service system. The focus must be on enlightened independence, not enforced dependence.

3. Conclusions

The VHA welcomes the interest shown by the Productivity Commission into caring for older Australians. The VHA strongly believes that local needs are best met by local solutions. As our communities and health workforce continue to age, government must work to remove the service inefficiencies that hinder high quality, cost-effective patient care.

The VHA calls on all levels of government to work together to improve the health of our ageing community. In particular, the VHA believes a concerted effort is required to ensure **quality** of life and **quality** of care, rather than merely **quantity** of life is supported.

The VHA welcomes the opportunity to provide further information to the Productivity Commission on this, or any other issues relating to health in Victoria.

Trevor Carr
Chief Executive Officer

ABN: 54 004 228 111
Level 6, 136 Exhibition Street, Melbourne, VIC, Australia, 3000
Tel: (03) 9094 7777 **Fax:** (03) 9094 7788 **Email:** vha@vha.org.au

www.vha.org.au