Response to Productivity Commission Draft Report– Caring for Older Australians

Preliminary Comment

There is much to recommend in the Productivity Draft Report and I congratulate the Productivity Commission on the production of such a detailed report and for proposed solutions for making care of Older Australians more equitable, efficient and effective. In addition, I acknowledge the professionalism, ethical and caring way many Providers give quality services to Older Australians. I am therefore only going to comment on a few aspects in the Report that give me concern

The tenor of the Draft Report is that Older Australians must be prepared to pay more for their care if they are in a financially secure position. However, if a person is asked to pay great amounts it discriminates against persons who have deprived themselves during their working life to be in a financially secure position once they have retired. Other groups in the community are not expected to meet increasing costs, eg money from consolidated revenue is used to pay substantial subsidies towards child care even to parents who are able to pay more; money to fund schools is provided independently of parents' financial position; money is given per patient in public hospitals according to medical need and co-contribution from patients is not expected from public patients even if the patient is wealthy. I am not saying that the subsidies should be abolished but it is discriminatory to single out Older Australians as being a burden. On the other hand it is reasonable that persons contribute to the cost of their accommodation and care according their means if they require residential or other care. The question is how much should a consumer or their significant others pay versus how much should their care and possibly accommodation be funded by the Government**.**

Comments on the financial effect of older persons living in the ordinary community

It is generally recognised that older persons wish to remain independent in their own homes as long as possible. Older persons living in the Community are less of a drain on Government funding. In order to stay at home Older Australians require quality of life as described in the Draft Report on pp.70-74 in particular, maintaining independence, control and choice, treated with respect and dignity, social & family contact. In order to achieve quality of life, persons need living standards which meet the need tor suitable accommodation, and adequate care personal care and health care needs. Most of how these aims are to be achieved have been outlined in the Draft Report.

I therefore shall concentrate on just a few aspects of the needs of persons who stay at home. It is worthwhile repeating that <u>the cost to the community of an older person remaining at home is far less than the person moving to Residential Aged Care:</u>

- Some persons would like to move to more suitable accommodation “but have left it too late”. By this I mean they are too overwhelmed with the thought and lack the physical means to pack up their, sometimes extensive, belongings; and if they own their house, prepare it for sale. Could agencies such as Home Help extend their mandate to assist in helping persons fulfil the tasks necessary to move? I believe that Home Help Service (ACT) has a Fresh Start Program and possibly a service such as this could be extended to help those who are considering moving. Possibly a service such as this is available in some parts of Australia.
- The cost of formal aged care community services should not include the family home if the person is living at home. The person requiring these services is providing their own accommodation, which is cheaper to the community than being in residential care. In addition, it is much less disruptive for the aged person to continue to live in a familiar environment. However, if the person wishes to downsize and/ or move closer to supportive family, they may need to be given help to do so (see above) and help in settling into the alternative accommodation. If there is surplus money left after moving the proposed Pensioner Finance Scheme and Government Backed Aged Care Equity Release Scheme would be worthwhile.
- The proposed charges for formal aged care services is even more problematic if two or three persons have lived together in their family home for years, eg Partner, Adult Child or Others in a permanent sharing arrangement. If the value of the house is included, this can affect the finances and ongoing quality of life of the people with whom the dependent person is living. This is particularly so if the other family members/ occupants of the house live for many years after the person receiving care. It seems to me to be unjust that they are deprived of their standard of living on a permanent basis, due to the needs of someone else even if that dependent person is/ was a partner.
- Persons in self care accommodation in Retirement Villages have often entered a loan/licence agreement with the Providers of accommodation and so can not borrow against the amount that is due to them if they leave the accommodation. The agreements on admission are that the incoming contribution or an agreed portion of the incoming contribution is returned when the last person leaves that unit. In some circumstances it is not returned until the person no longer needs the services provided by that Provider. Therefore, for persons with loan/licence agreements, it is not possible for them to use the capital from their unit to finance care at home. If the dependent person has entered into a joint agreement to occupy the unit with a partner or friend, the partner or friend would be left without the support that was planned for his/ her ongoing needs/ quality of life in accommodation suitable for older Australians.
- An Older Australian should remain eligible and only pay the costs that other Australians pay for other services in the home, eg Hospital In the Home, Community Nursing/ Community Options on discharge from hospital and Palliative Care
- <u>I am particularly concerned with the financial situation of Informal Carers of persons assessed as needing High Care.</u> If a person is assessed as being High Care and is staying at home that person and their informal carer/ carers are saving the community the cost of care in a residential facility. In view of this, the needs of these informal carers need to be protected. The various

Carers Association and Respite Care Association are a great support to Carers. In order that the financial needs of Informal Carers in providing High Care Services are adequately recognised, I suggest the following:

(1) Up to two Carers providing High Level Care should be eligible to receive the equivalent of an Age Pension free of means test.

(2) In addition, in recognition of the enormous stress Carers can be under, they should continue to receive these payments for the 63 days per annum that the person with high level needs is in Respite. (As stated in the submission by Juliette Maxwell in submission 528, the number of days allowed under Commonwealth Care Respite Centres and Centrelink need to be aligned to either the financial year or calendar year.)

(3) If the person with high level needs is in an acute care hospital, the time the person is in hospital should not count as respite days. The rationale being that if a person is in hospital, the Carer will need to be liaising with hospital staff on mostly a daily basis and probably spending many hours at the bedside. Similarly, if a person with high level needs is admitted to a hospice. In addition, this should be the case for the first week if the person is admitted to a residential facility on a permanent basis.

(4) If an Informal Carer becomes temporarily sick, that period should not affect any Carer's Pension or the dependent person's days for Respite.

(5) When the person with High Level needs dies, the Carer's Pension should continue for four weeks, post death, to give the Carers some opportunity to arrange the funeral, the person's belongings and legal matters connected with the death. This period would give the Carer a little time to grieve and to reorganise their lives.

(6) Furthermore, when a Carer is relinquishing their caring role through death or permanent residential placement of the person with High Level needs, they should be given priority in being trained or re-trained for employment if they wish to enter or re-enter the paid work force.

Comments on the financial effect of persons living in Residential Care.

In the Draft Report $65 000 per annum is quoted as the highest cost for having a person in Residential Care. Currently most of this is met from Federal Government contributions and from money from the consumer.

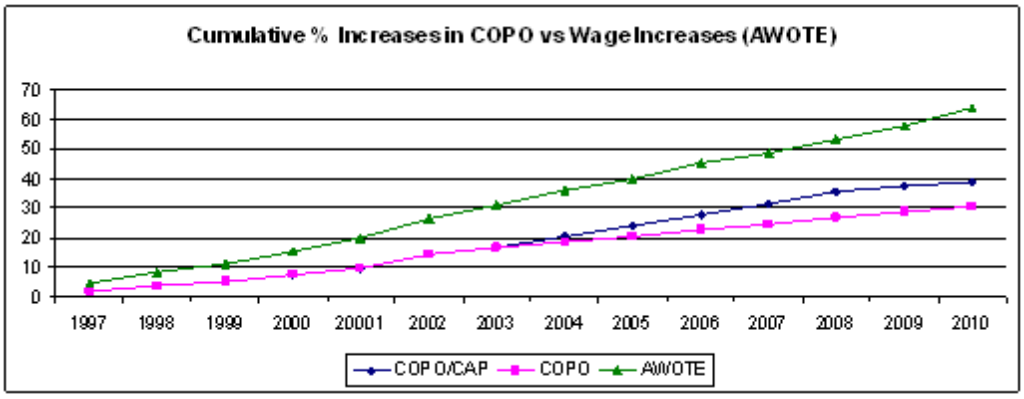
Federal Government funding

The amount of money which the Federal Government is providing for residential aged care is not keeping pace with rising costs.

According to media reports, at least 60% of residential providers are in financial difficulties, because the amount of Government funding they receive does not reflect the true cost of providing ongoing care. Meanwhile, in the ACT, ageing people remain in public hospital beds for inappropriate extended periods due to the shortage of high care residential beds.

In aged care, the basic subsidy rate is adjusted annually in line with movements in the Commonwealth Own Purpose Outlays (COPO). COPO indexation arrangements came into effect in July 1996. The annual adjustment is weighted by the relevant

CPI increase and the Average Weekly Ordinary Time Earnings (AWOTE). The Graph below shows the continuing and widening gap between the average weekly earnings and the COPO indexation applied to aged care funding from the Federal Government. The COPO funding tool used to determine Federal Government funding for residential care was described as unsustainable by the 2004 Hogan "*Review of Pricing Arrangements in Residential Aged Care*". As a result of this review, the Howard Government provided a Conditional Adjustment Payment (CAP), which at least contributed somewhat, to bridging the gap between government funding and the cost of providing residential care, even if it did not fix the fundamental flaw in the funding system. This has been incrementally adjusted annually (although not necessarily at a corresponding rate to AWOTE) until 2010, when any increase was withheld by the Federal Government.



As stated by Palliative Care Australia in the draft Report (page 260) "the current ACFI subsidy for palliative care is around one third of the amount that specialist palliative care services receive". I support Draft Report recommendation 8.3 " The Australian Government should ensure that, through the Independent Hospital Pricing Authority, residential and community care providers receive appropriate case mix payments for delivering palliative and end-of-life care."

I suggest that funding from the Federal Government should include the following:

- Continuation of additional funding to Providers to cover the cost of Concessional Residents and if there is a short fall in costs the Federal Government increase funding.
- Adequate funding be increased annually to cover increased staff costs.
- Providers be adequately funded to provide palliative care and other specialised care.

<u>Costs to Persons requiring Residential Care and their Significant Others:</u>
In the report it is stated that providers and consumers collude over bonds so that a person can retain an Age Pension. Whereas I have heard that there is a tendency for some providers to ask for a bond, which the providers think the person can pay, and to only leave the person with the statutory amount of $38 500. There is unequal bargaining in this arrangement as the person requiring care and their significant others are often not in a position to negotiate effectively, eg due to lack of information or the need for urgent perceived placement (eg when a hospital is

pressing for an Older Person to be discharged and the only viable alternative is placement in Residential Care). A spouse of the person being placed can be faced with a greatly reduced financial situation, especially if the two have been in receipt of an Allocated Pension.

In the Draft Report, there is a proposal that the value of the home be taken into account when determining what a person should pay for Residential Care. This is reasonable for a single person but not so if two or three persons have lived together in their family home,
eg Partner, Adult Child or Others in a permanent sharing arrangement. If the value of the house is included, this can affect the finances and ongoing quality of life of the people with whom the dependent person is living. This is particularly so if the other family members/ occupants of the house live for many years after the person receiving care. It seems to me to be unjust that they are deprived of their standard of living on a permanent basis, due to the needs of someone else even if that dependent person is/ was a partner. In addition if a person lives in a Retirement Village under a loan/licence agreement it is not possible to borrow against the unit.

I suggest in respect of bonds, fees and charges that:

- The value of the family home, including a unit in a Retirement Village, should not be included in assets if the dependent person has been living with a partner or others.
- I suggest that the assets of a couple are determined and then the amount halved so as to treat them as two single people financially, and then the age pension non-home asset test (see page xxxiii of report) be applied to the person requiring care. This would avoid the tendency of some Providers to ask for an enormous bond.
- Regarding bonds, the maximum amount that each Provider is asking and how this is determined should be published, together with other ways of payment in place of bonds, and how these payments are determined.
- There needs to be clear information on inclusions for accommodation and care available in particular facilities, together with a rating system to help persons in comparing residential facilities.
- I support the recommendation of persons having a maximum lifetime limit to meet the accommodation and living expenses for care is equitable.
- If the idea of extra services is to be retained, the extra services provided need to be clearly documented and there needs to be monitoring that the extra services are desirable and are being provided. (eg can a person still swallow if provision of gourmet meals or alcohol is being paid for)

Comments on ensuring quality of care for Older Australians who are frail or vulnerable in other ways.

The creation of an Aged Care Regulation Commission (AACRA) as outlined in the Draft Report would appear to have much merit. I would like to emphasis the following:

- The function of this Commission should be publicised through the proposed Gateway to ensure that the general public and those who are receiving care,

and their significant others, know how to voice complaints.

- Persons in Residential facilities are often not able to speak for themselves because of their level of functioning and fear of reprisals, eg that their care will be compromised if they make complaints. Therefore, it is of some concern that mandatory reporting of assaults may be abolished.
- When a facility is being judged for accreditation, the assessors should make themselves available to Residents, and their Significant Others, so that they may have input. Use of the EQUIP model and satisfaction surveys would also assist with Consumer input, but some Residents may be unable to fill in forms.

Workforce issues to educate, train, develop and retain competent staff in Community Aged Care and Residential Aged Care

I commend the ideas in the Draft Report to address these issues.

In particular, Draft Recommendation 11.3, which states that “The Australian Government should promote skill development through an expansion of courses to provide aged care workers at all levels with the skills they need”.

Working with dependent aged persons needs to be made more attractive by those methods as well as providing adequate remuneration for Registered Nurses, Enrolled Nurses and Personal Care staff. There should be formulas as to the number of staff especially Registered Nurses per number of Residents per shift.

There is a need for Doctors and Allied Health Professionals to specialise in Geriatrics, as well as methods to facilitate means to access these professions, eg availability of transport to attend appointments, in addition to team approaches in Aged Care Facilities.
If a facility is able to demonstrate that, due to their care, a person now requires less care, that Provider should receive a substantial financial lump sum payment as an additional incentive for Providers to enhance the functioning of Residents.

Australian Seniors Gateway Agency

I support the establishment of such an Agency.
As a member of ACT Retirement Villages Residents Association I am aware of the submission made by Pamela Graudenz, Vice President of this Association, and I endorse her comments, ideas and suggestions.

Age-friendly housing and retirement villages.

Again I support the comments, ideas and suggestions made by Pam Graudenz, Vice President of Retirement Villages Residents Association (ACT).

Elizabeth Hannan

Resident Councillor for Kangara Waters on IRT Residents' Council.

Member of ACT Retirement Villages Residents Association Inc.

Social Worker

24 March 2011.