PRODUCTIVITY COMMISSION

RESIDENTIAL AGED CARE SUBSIDIES FINAL SUBMISSION

PREPARED BY:
QUEENSLAND NURSES UNION OF EMPLOYEES

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Introduction

The Productivity Commission is by now aware of the QNU's position on a range of issues associated with the inquiry. The Commission has benefited from the submissions previously provided by the QNU, ANF Federal Office and State branches and the participation of those organisations in the public hearings and it is not our intention to traverse that ground again in this final submission nor to restate the arguments presented.

The purpose of this final submission is to address additional points by way of conclusion to the discussion during the inquiry process.

We are of the view that the Commission is well aware of the QNU's position in respect of the adequacy of current funding levels for the Aged Care Industry across Australia, the adequacy of current funding levels for Queensland, the necessity for accountability of any funding model and the issues associated with the quality and standard of care required by the aged care industry as well as the necessity for that care to be delivered within a nursing framework for residents within nursing homes and for high care residents.

SECTION 1 -
COMMENT ON PRODUCTIVITY COMMISSION POSITION PAPER

1. 1 We note in Section 1.3 paragraph 2, the Productivity Commission recognises the difficulty of developing a funding methodology without "explicitly recognising the quality of care objectives".

We also note in Section 2.1 the Productivity Commission's acknowledgement of the objectives of the Aged Care Act 1997, particularly that which states "promote a high quality of care and accommodation and protect the health and well being of residents".

We note that at Section 3.1 the Productivity Commission recognises that in respect of quality of care that there is a cost associated with the delivery of that care and included in that cost must be the necessity for more experienced staff. (The QNU would say more registered and enrolled nurses).

We therefore are of the view that in any final proposals the Productivity Commission must address its own question contained in box 2.2 under Criteria for Evaluating Funding Approaches, that is, "will the funding approach deliver, funding adequate to provide quality care outcomes for consumers?"

1.2 We note the recognition implicit in the Commission's paper between funding, quality of care, accreditation and the necessity for accountability. (See for example last paragraph page:9, last paragraph page: 10, first paragraph Section 5.2). QNU is concerned as to the weight being attached to the accreditation process as a mechanism for addressing a range of issues and in particular the issue of accountability for expenditure of government funds. The accreditation process is untested in the Aged Care industry and while it is supported by the QNU we have serious doubts as to whether it will be operating to the extent necessary to provide a standard of accountability for government expenditure that the taxpayers are entitled to. (for example we are advised that in New South Wales, in order to meet the accreditation time frame, the accreditation agency in that state will need to review ten (10) Aged care facilities per week between now and the year 200 1. This includes Easter, Christmas, public holidays, etc. This would seem to be clearly an unrealistic expectation on the agency, no matter how well resourced.)

1.3 We also note the Commission's attempts to link the subsidy regime based on a concept of a benchmark level of care with the accreditation processes currently being developed. It is the QNU's view that the philosophy underpinning accreditation is at odds with the development of a funding model that provides only for a minimum standard.

1.4 We note that on page:21 of the Commission's paper that the Commission examines in some detail Aged Care Australia's Latrobe University's 'Relative Labour Cost Study'. The QNU requests in any examination of any such studies that the Commission avoids falling into the same traps as when the original Standard Hourly Rate was developed. That is Latrobe's study appears to use "various notional baskets of staff mix based on rosters provided by homes".

In section 4 of the QNU original submission, we address the history of the Standard Hourly Rate. We impress upon the Commission that in Queensland; in particular the current skills mix ratios should not be considered to be delivering care communicate with those professional nursing care needs required by aged care residents.

1.5 Section 3.4 of the Commission's paper addresses wage trends and productivity and this matter is addressed below.

1.6 Page:42 of the Commission's paper the Commission addresses question of standardisation. In particular the issue of optimum facility size arises from the Commission's discussions. QNU seeks to point out that the size of the facility is but one factor effecting staffing workloads and cannot be considered in isolation from facility layout.

By way of illustration, a facility with spacious rooms for residents with ensuites and one resident per room provides a high (and appropriate) standard, however, can potentially require staff to travel considerably further in the delivery of the care to residents.

As discussed at the Brisbane hearings and elsewhere, nursing staff are already rushing to meet the very basic care needs of residents and the additional distance required to be covered in a facility such as that described as above has a major and significant impact on nursing work loads. It is legitimate to speculate that a high standard facility may require a high level of staff in order to maintain the existing standard of care, let alone bring the care up to a high standard.

Therefore, the Commission needs to be aware of these types of factors if it seeks to develop a funding formula based on an optimum or averaging process.

1.7 Page: 45 of the Commission's paper contains an observation of the Commission "that investment in facilities that will comply with the new standards is occurring under the current subsidy regime".

1.8 The QNU is aware of a number of facilities where, not with standing the fact that investment in capital works is occurring, considerable cut backs in staff hours are also occurring. The fact that proprietors no longer have to acquit the money received from the as being spent on care means there is currently no way to determine whether money saved by proprietors as a consequence of reducing staff hours, is being diverted into capital works or servicing debt that finances capital works.

We note that on page:61 of the paper that in preliminary proposal 10, you reject QNU arguments for providers to acquit subsidy payments and we request that you reconsider this position.

SECTION 2 -
QNU'S RESPONSE TO ISSUES RAISED BY PRODUCTIVITY COMMISSION AT THE PUBLIC HEARING IN BRISBANE

2.1 Wages issues: relationship with the acute sector; enterprise bargaining; and the future direction of wage movements.

There has been an historical nexus between nursing wages in the aged care sector and wages in the acute sector. The Queensland Nurses Union has supported this nexus. The nexus is based on a number of factors however significantly the Commission should be aware that the competency and registration requirements of registered and enrolled nurses are identical irrespective of whether they work in the acute sector or the aged care sector.

Some submissions before the Commission suggests that this nexus should be broken as a consequence of the Aged Care industry being a 'price taker' in relation to nurse's wages (see for example Sundale submission). Others however are more realistic, recognising the impact on recruitment, retention and staff morale of the nexus (see for example Aged Care Australia).

The QNU urges the Commission to reject those assertions that the nexus between the two sectors should be broken as they fail to consider in any comprehensive way the operation of the nursing labour market.

2.2 The Commission specifically raised the issue of the direction of wages in the Aged Care sector and whether there was likely to be a convergence or a divergence of wage rates over say the next five years. The QNU believes the response to this question lies in the type of legislative framework that exists within the various jurisdictions that the aged care industry operates.

If enterprise bargaining continues to be the principle method of setting wages and conditions there is in our view little doubt that there will be a continuing divergence of wage rates, both within aged care and between aged care and the acute sector.

By way of illustration, in July 1994 all nurses in Queensland were earning an equivalent wage. The four years of enterprise bargaining since then has resulted in nearly an 11 % gap for a level 1 8h year registered nurse working in a public hospital and the same classification in a doctor' surgery where there has been no enterprise agreement. (The gap for the same classification between aged care and the public sector is 5.3 1% due to an additional and extraordinary award increase in 1996).

To date there has been little penetration of enterprise bargaining in the aged care sector however by way of comparison in private hospitals in Queensland there exists now a 6 to 8% difference in wages between hospitals as a consequence of enterprise bargaining.

2.3 In aged care the principle enterprise bargaining agreements have been with large well resourced organisations. While it is arguable that a number of benefits have flowed from these agreements we note that TriCare with the most marked agreement (not supported by the QNU) suggested at the Brisbane hearings only a marginal tendency towards improvement in productivity. TriCare invested considerably in the enterprise bargaining process engaging a Sydney consultant and funding regular, centralised meetings of multiple representatives from their various sites, as well as engaging legal assistance over a twelve month period before their agreement was narrowly approved by employees. These are resources just not available to the majority of the industry. Since its certification the QNU has continued to represent members and has had cause to take disputes to the industrial relations commission over hours cutbacks.

The QNU is therefore of the view, like some other participants in the inquiry, that the Commission should not rely on enterprise bargaining to provide a mechanism for determining or subsidising through efficiency or productivity dividends, wage increases and funding levels.

2.4 Workplace Health and Safety

The QNU would support a mandatory standard of Workplace Health and Safety being in place and that the failure to achieve that standard would result in some form of funding sanction.

The QNU supports the funding of workers compensation premiums based on a state average with any gains being retained by the proprietor (hopefully to be distributed to the employees).

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Section 3 - ADDITIONAL POINTS QNU SEEKS TO RAISE

3.1 The Concept of a benchmark level of care.

The view expressed in the position paper by the Productivity Commission is that "the starting point for the new regime should be explicit specification by the Commonwealth of the standard to care it wishes to support". Page: 40 (Position Paper). Therefore, it recommends the provision of funding to facilities that support the level of care required to meet accreditation and certification requirements.

In order to achieve this in the subsidy regime the Productivity Commission proposes the concept of a "benchmark level of care" and the development of an underlying cost base to meet the proposed benchmark. The concept whilst capable of achieving "equity" in the standard rate across the nation, in terms of funding allocation, raises for the QNU a number of concerns:

- The recommendation is made without any input into the enquiry of the Accreditation Agency.

- The creation of a funding regime that only funds to a minimum standard of care, is in the QNU's view, at odds with the fundamental philosophy of the Aged Care Reform Accreditation process.

- The underlying principle of Accreditation was to move away from meeting of "minimum" care standards and encourage facilities to strive to continually improve. It is difficult to see where a proposal to fund on "average" costs could encourage the industry as a whole to keep improving.

- It is the QNU's view that this funding methodology will actively discourage any incentive to "improve" facilities and service beyond the minimum.

- Indeed the only place where above average service would be found would be in the "Extra Services" facilities. A further move towards user pays.

- The capacity of the industry to develop "benchmarks of care" requires the development of quality indicators. Whilst some providers have conducted limited internal benchmarking activities . This process has not begun with any significance, within the aged care industry as a whole.

- In order to have 'quality' drive the benchmarks, not expediency, the Commission must be satisfied that sufficiently validated and quantified work on quality indicators is able to occur before proposing funding on a the basis of a "benchmark level of care".

- It must resist the urge to accept small scale benchmarking activities and then attempt to apply them across the industry.

- To be effective in ensuring a funding subsidy regime that supports Accredited 'quality' care - the development of quality indicators must have their basis within the maturation of the Accreditation process within the aged care industry. The determination of 'quality indicators' to inform the 'benchmark level of care' will take time to develop.

The QNU strongly urges the Commission to seek the Accreditation Agency's input into the overall enquiry process and in particular the development of quality indicators that inform any benchmarking process proposed.

3.2 The Requirement for Validation of Funding through Documentation.

The Productivity Commission raised with the QNU the issue of 'who' should be documenting within Aged Care. The QNU in its original submission explores the issue of 'documentation for funding accountability' in some detail.

The QNU once again states that professional documentation undertaken by registered nurses in aged care is already required to meet stringent professional and legal outcomes. Such nursing documentation is required to provide evidence within many legal and professional forums.

In addition professional nursing documentation is required to ensure a written record of the care provided and planned for clients, is undertaken.

The legislated requirement for Registered Nurses to undertake the planning, assessment and evaluation of nursing service provided within aged care is contained within the "Quality of Care" Amendment Principles Section 3.8.

The QNU's view is that where a registered nurse undertakes the minimum professional documentation consistent with a nurse's duty of care - then it is an inefficiency to impose an additional 'validation' requirement by government.

The "validation for funding" regulation has created, within Aged Care, a burdensome documentation culture unique to this sector of health care. In order to cope with this regulation and its additional workload, the activity of documentation falls increasingly to those workers who are not legally or professionally prepared to undertake this work. This puts client care, registered nurse accountability and importantly the written record at risk of continuing to be a 'record' to *meet government regulation not of client care.*

The QNU seeks that in the presence of a Registered Nurse undertaking the professional assessment, planning and evaluation of resident care and the resultant written record being completed by that Registered Nurse, the requirements for validation of funding through documentation be removed.

3.3 Special needs Funding

The Productivity Commission raises the concept of 'special needs' funding:-

- The QNU supports the recognition of rural and remote facilities in the matter of costs associated with locality.

- The QNU is of the view that, in order to provide a sufficient funding, that delivers a standard of care that meets Accreditation and that focuses on meeting individual resident outcomes, the funding tool used to identify individual resident care needs must be efficient enough to capture care needs of all residents.

- To create pockets of extra funding external to the funds received through the RCS is to clearly identify weaknesses in the Resident Classification Scale (RCS).

- The R.C.S. must be efficient enough to identify 'all' needs of resident care.

- An obvious weakness of the R. C. S. is the funding of 'relative care' not 'actual' care needs.

- The Commission must test the efficacy of the R.C.S. in the identifying and measuring of *actual* care needs before making further recommendations on 'special needs' funding.

3.4 Transparency and Accountability - in order to achieve the delivery of funds sufficient to meet the nursing and personal care needs of residents.

As stated in the QNU's original submission, the need for funds to be made available to provide for resident care is vital in order to deliver a minimum standard of care.

Under Section 8-3 of the Aged Care Act 1997 -'Suitability of people to provide aged Care "Sub section (c), the applicant's ability to meet relevant standards for the provision of aged care is identified.

Section 8- 3 (2) & (3) states that the Secretary may consider suitability of the applicant in the context of key personnel. Such key personnel are inclusive of the person in charge of the nursing service. In nursing homes this person is predominantly the Director of Nursing or nurse in charge of the service, however *so termed*.

The Act clearly identifies that to be "suitable" such key personnel must have the ability to meet the relevant standards for the provision of aged care.

At this time, the absence of a legislated quarantining of funds and/or authority of the nurse to access those funds from the provider, for the purpose of meeting care needs, clearly inhibits the ability of that nurse to ensure standards are met.

The QNU monitoring of the impact of Aged Care reform over the past 12 months has clearly shown that nurses in charge of the nursing service, in some facilities, are at the mercy of the providers priorities with respect to funding allocation.

The QNU seeks the Productivity Commission recommendation that the authority to access sufficient funds for the provision of aged care, in particular for the provision of nursing and personal care services, is legislated in the context of *key personnel*.

The QNU believes that such changes can occur with the Quality of Care Amendment Principles.

3.8 The unique role of State Government Nursing Homes within Queensland.

The QNU acknowledges the Productivity Commissions recommendation of the removal of the deduction arrangements for State run homes. However, the QNU restates its previous position that state run facilities within Queensland provides a unique service within the state. A service that provides care for those residents deemed to be unsuitable for the private sector.

Residents of state government nursing homes have extensive and often expensive long term care requirements. Residents can require extensive treatment regimes such as major wound management, complex tracheostomy care and long term infectious diseases management. There are also clients suffering from acute brain injury where they are unable to coexist within a private residential care environment, because of their excess verbalising.

The ability to move such residents from the acute sector to the residential aged care sector is dependent upon the availability of a residential care bed, most often only found within state government nursing homes.

It is the QNUs experience in State Run facilities that they are unique settings and must in addition to the already proposed removal of the deduction arrangements be an exception to the rule for the special needs funds.