

WA BAPTIST HOSPITAL AND HOMES TRUST INC

BAPTISTCARE

Response to the Productivity Commission's Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services

Draft Research Report June 2009

Introduction and Background

Baptistcare (WA Baptist Hospital and Homes Trust Inc.,) is a community benefit, not-for-profit (NFP) organisation with nearly 40 years experience of working in the aged and community care sectors. It was established in 1972 by local Baptist churches who saw a specific need for residential aged care services in the community. From these beginnings has grown a significant organisation which presently offers the community 223 high care and 277 low care places in 12 facilities located in 10 metropolitan and rural locations within Western Australia.

In addition to its residential services for older people, Baptistcare operates community services through its 203 Community Aged Care Packages (CACPs), 209 Veterans Home Care (VHC) packages, and at the same time, it services other community aged care clients that are not part of the CACP and VHC programmes. Baptistcare also has a range of independent living apartments in communities in Perth and regional WA.

Baptistcare also has a strong profile in the provision of family services, including residential, home and community based choices for people suffering and recovering from mental illnesses and people living with disabilities together with their families. Thus Baptistcare is a significant community service provider with extensive experience in a range of services carried out in a wide variety of community locations with a diverse geographical spread. Services stretch from Kalbarri in the north to Albany in the State's south. We can speak with solid experience about rural, regional and remote service provision and metro-centricity in service perspectives.

Importantly, Baptistcare's character, service choices and values' base are informed and grounded in its Christian origins which inform its commitment to its Vision, Mission and Values. These speak clearly on its motivations and continuing future engagement in the community in a range of services.

Response to the Draft Recommendations

2.1 To enable the Australian Government to reduce the burden associated with regulation and price controls, and to improve the quality and diversity of aged care services, it should explore:

- **Options for introducing more competition in the provision of aged care services**
- **Removing the regulatory restriction on bonds as a source of funding for high care facilities**

The supply of aged care services – quality, type and numbers combined with the high demand for these services requires providers and government to be able to create a market that is diverse, robust and flexible in its solutions and responses. It is currently structured with such a heavy burden of regulation, compliance and control mechanisms that providers do not have any chance of operating appropriately to meet the demand. This heavy regulatory and compliance driven system coupled with the pricing controls and funding limitations do not deliver any real benefits to the community. This must change given the change in demographics and the expectations that will shift over the next few decades. At

the moment, aged care residential providers are unable to respond and will not survive if the system is not changed significantly. While this is not necessarily part of the Productivity Commission's remit in this review, it is impossible to comment on the regulatory restrictions at an operational level without having a view on the systemic structural issues that are inherent within this first recommendation. If the regulatory and commercial arrangements were adjusted appropriately, it would result in a more realistic and improved business environment, such that more competition will occur naturally. Baptistcare would also add, however, that our perspective is informed by its Values and Vision and the clear commitment it has towards its clients and the determination to provide a quality of life within the services rather than simply a predetermined quality of care.

Baptistcare would also agree with the removal of the regulatory restrictions on bonds as a source of funding for high care facilities. There will need to be a transition period and range of processes to enable this to occur without restricting or losing services to the clients. This will be particularly important in regional, rural and remote areas. There are also artificial distinctions created between high and low care that is very unhelpful. We should rather be talking about a continuum of care or seamless services that enable individuals and their families to access services in multiple points concurrently or consecutively as their needs require.

2.2 Draft Recommendation

Contingent upon the introduction of more competition in the provision of aged care services outlined above in Draft Recommendation 2.1, the Australian Government should abolish the 'extra service' residential care category. In the interim, where there appears to be unmet demand for such 'extra service' places in a particular region, the Department of Health and Ageing should consider freeing up the regional cap subject to the requirement that there is not an unreasonable reduction of access for supported, concessional or assisted care recipients.

The setting of the fees and approval processes are very rigid and can sometimes take up to two years in advance to be established, depending on the allocation and capacity to build the facility, during which time circumstances change, sometimes quite considerably from the initial application. The Government claws back money based on the fee set, not on the fee charged which is very unhelpful. The Gold Coast is the only place in Australia where the 15% cap has been reached, elsewhere has not and this reflects the inappropriateness of the category and cap. The whole system has been kept very 'pure' and so if a concessional resident ends up with an 'extra services' bed, they are not eligible for services. The provider should be able to offer extra services and negotiate appropriate fees with their residents and their families. Based on this assessment, Baptistcare believes that the extra service category should be abolished, however, the abolition of the extra services should not be contingent on the introduction of more competition.

2.3 Draft Recommendation

The Department of Health and Ageing should conduct a publicly available evaluation of the current police check requirements to explore whether the benefits of the existing regime could be achieved in a less costly manner.

Baptistcare support a review of the current system as it is expensive to maintain and does not provide the certainty and assurance that is sought by its implementation. This appears to be a risk mitigation system for the Department and does not deal with protection for residents. It is our view that the Government's own Impact Assessment of the Cost was not done properly and the cumulative impact of this requirement was not taken into account. In addition, there are varying requirements and processes between States and Territories, which causes additional administrative burdens.

2.4 Draft Recommendation

The Aged Care Standards and Accreditation Agency should redesign the unannounced visit programme using a risk management approach that focuses on under-performing aged care homes. The current performance target of at least one unannounced visit per home per year should be abolished and the overall number of visits (including announced and unannounced visits) should be reduced.

Baptistcare supports the redesigning of the way accreditation is handled and this is one of those areas of activity that this organisation endorses, Baptistcare has put in a submission to the review of the accreditation system and includes detailed commentary on alternative options that could be considered. The Agency needs to review its risk management approach and change the system. The Agency is not independent of Government which uses Accreditation and the Unannounced Visit Programme as a punitive, retributive measure that costs the Agency and the organisation significant sums of money. The perception of the methodology is as important as the reality and there needs to be a great deal of work done on this issue.

2.5 Draft Recommendation

The Accommodation Bond Guarantee Scheme ensures the refund of accommodation bonds to aged care residents in the event that a provider becomes insolvent. Given this Government guarantee to residents, the Australian Government should amend the prudential standards to remove the requirement on aged care providers to disclose to care recipients or prospective care recipients:

- **A statement about whether the provider complied with the prudential standards in the financial year**
- **An audit opinion on whether the provider has complied with the prudential standards in the relevant financial year**
- **The most recent statement of the aged care service's audited accounts**

Baptistcare endorses this recommendation.

2.6 Draft Recommendation

The Australian Government should amend the Residential Care Subsidy Principles 1997 to remove requirements on aged care providers to lodge separate written notices with the Secretary of the Department of Health and Ageing demonstrating compliance with Conditional Adjustment Payment reporting where such information is accessible from documentation already provided to the Department.

Baptistcare endorses this recommendation.

In addition, Baptistcare believes that an additional recommendation needs to be considered in relation to the General Purpose Financial Reports which do not give the appropriate, relevant details required for benchmarking, a Special Purpose Report is needed for that and these too have their limitations.

2.7 Draft Recommendation

The Commonwealth, state and territory governments should resolve any outstanding issues with the proposed community standards and reporting processes and implement the National Quality Reporting Framework as soon as possible, consistent with the methodology and principles supporting Standard Business Reporting.

Baptistcare endorses this recommendation and, urges the Government to look at support for IT/software developers to assist the sector and service providers.

2.8 Draft Recommendation

The Australian Government should introduce amendments to the Age Care Act 1997, and Aged Care Principles as necessary, to provide a clearer delineation of responsibilities between the Department of Health and Ageing and the Aged Care Standards and Accreditation Agency regarding monitoring of provider compliance with the accreditation standards.

Baptistcare supports this recommendation. There is a perception that there is a lack of clarity between the two organisations and the protocols between the two organisations are not public.

2.9 Draft Recommendation

When a provider has notified police concerning a missing resident it must also contact the Department of Health and Ageing. Reporting to the Department is primarily concerned with addressing longer term systemic problems that may be contributing to residents going missing. The Australian Government should amend the missing resident reporting requirements in the Accountability Principles 1998 to allow providers to report to the Department on missing persons once every twelve months (including any action taken). It should also be stipulated that those homes where more than a threshold number of residents have been reported missing need to inform the Department at the time this threshold is exceeded. This recommendation would not impact on the reporting of missing residents to state police services by providers.

There are significant time pressures on providers to give information, that is often duplicated and additional within a very short time when reporting missing residents. Again, the issue of risk mitigation by the Department needs to be raised. Baptistcare supports this recommendation but would go further and would support a recommendation that did not require providers to report to the Department. Residents going missing should be treated the same as any other care requirement and simply be monitored in the same way that the delivery of care is monitored.

2.10 Draft Recommendation

The Department of Health and Ageing, in consultation with relevant state and territory government departments, should use current reviews of the accreditation process and standards to identify and remove, as far as possible, onerous, duplicate and inconsistent regulations.

The regulatory and accreditation overburden needs to be reduced and restructured to enable a move away from a system that cultivates a focus on the system to one that focuses on the quality of life for people living in Residential Aged Care Facilities. Baptistcare endorses this recommendation.

2.11 Draft Recommendation

The Australian Government should abolish the annual fire safety declaration for those aged care homes that have met state, territory and local government fire safety standards.

Baptistcare endorses this recommendation.

2.12 Draft Recommendation

The Department of Health and Ageing should submit a Proposal for Change to the Australian Building Codes Board requesting the privacy and space requirements contained in the current building certification standards be incorporated in to the Building Code of Australia. Newly constructed aged care facilities would then only be required to meet the requirements of the Building Code of Australia. Once all existing residential aged care facilities have met the current building certification standards, those standards should be abolished.

Baptistcare endorses this recommendation.

2.13 Draft Recommendation

The Australian Government should allow residential aged care providers choice of accreditation agencies to introduce competition and to streamline processes for providers who are engaged in multiple aged care facilities.

Baptistcare endorses this recommendation.

In conclusion

Baptistcare welcomes the opportunity to have input into the draft research report by the Productivity Commission on the Annual Review of Regulatory Burdens on Business. This is the latest in a long line of reviews and reports over the last two years commissioned by the Government and it is with some urgency that we stress that there needs to be a significant overhaul of the aged care system, particularly in residential care, but also into the connections with community aged care and a shift from the medicalisation of the model of care towards a social model of service that focuses on quality of life as well as care.