

# COTA AUSTRALIA POLICY ALERT

April 2012 No. 6



## Aged Care Reform **A fundamental shift is happening in Aged Care**

**T**he *Living Longer. Living Better.* aged care reform package announced by Prime Minister Julia Gillard, Minister for Mental Health and Ageing, Mark Butler on Friday 20th April creates a fundamental shift in the way aged care services will be delivered and sets the direction for the future.

It is a 10 year reform plan that at its heart focuses on supporting older people to live at home for as long as possible with consumer directed care as its cornerstone. Importantly, the package delivers on many of the issues that older people have been raising for many years.

However there are a number of additional initiatives COTA believes the Government should have included in its reform package to provide greater options and support for older people using aged care services.

This policy alert provides a full summary of the initiatives in the package as well as highlighting what we believe is missing and would ensure the most successful reform of Australia's aged care system, as recommended by the Productivity Commission, the National Aged Care Alliance and COTA.



Brenda Clarke from the ACT with Minister Mark Butler

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NACA representatives Martin Lavery, Catholic Health Australia; Lee Thomas, ANF; Ian Yates, COTA Australia, talking about aged care reform at the National Press Club.

### **Supporting People to Stay at Home - \$955m over five years**

- Creation of a Home Support Program combining the current Home & Community Care (HACC) program, the National Respite for Carers (NRCP) Program, Day Therapy Centres (DTC) Program and the Assistance with Care and Housing for the Aged (ACHA) Program. This brings together all basic care and support services in the one program allowing provision to be benchmarked and unit cost derived. As part of creating the new program service types will be reviewed to ensure best value and optimisation of prevention and restorative care. Priority service types for review are meals on wheels, transport services and home maintenance and modification.
- Over the next ten years Government will provide an additional 80,000 packages with 39,793 coming on line in the next five years. That is 31,637 more than would have been provided under current arrangements. This increase will change the service provision ratio from 113 places per 1000 of the population 70 years plus to 125 places. Within this ratio the community care allocation increases from 27 to 45 places. In the 2012-13 Aged Care Approvals Round 4,900 new packages will be offered to start this process.
- Two new levels of packages will be introduced. A basic package, at a level lower than the current CACP, and an intermediate package between CACPs and EACH. The two new packages will be piloted and evaluated from 2012/13.
- From July 2013 Extended Aged Care at Home Dementia (EACHD) packages cease but are replaced by a new behaviour supplement (10% of the package value) paid for people with dementia receiving any of the package levels. This is a much fairer way to ensure people with dementia receive the care and support they need.

All new Home Care packages will be offered as consumer directed care packages after 1 July 2013 giving older people the opportunity to have more say on the way they receive their care. In due course all packages will convert to being consumer directed.

- In the longer term people will be able to purchase additional or extra services over and above the minimum services provided as part of the packages.

### **Supporting Carers \$54.8 million over five years.**

Adequate support for carers is critical in enabling many older people to stay living in their own home.

- Increased funding for respite and counselling services provided under the NRCP from 1 July 2012. (NRCP is incorporated in the Home Support Program from 1 July 2014).
- Consolidation of respite programs from 1 July 2014
- Establishment of a regional network of carer support centres from 1 July 2014
- Further work to explore new models that provide carers greater choice in using their service entitlements

### **Residential Care \$660m over five years**

- Increase the maximum accommodation supplement for concessional residents from \$32.58 to \$52.84 from 1 July 2014 for aged care homes that are built or significantly refurbished from 20 April 2012.

*"This is a much fairer way to ensure people with dementia receive the care and support they need."*



Age Well comes to parliament house for question time.

This measure is designed to stimulate building of high care beds.

- Removal of the artificial distinction between low and high level residential care. This will be accompanied by a review of the Schedule of Specified Care and Services to create equity by specifying the type of services that must be provided as a minimum to all residents.
- With minimum service levels defined residents will be able to purchase extras, such as food or entertainment options, if they so choose. Residents will be able to purchase optional extra services in all residential care services and, as is the case now, can purchase dedicated extra services in extra service facilities (be that a full facility, wing or room/s). Fees will be approved by the Aged Care Financing Authority.
- New money for a regional, rural and remote viability supplement in recognition of the increased cost of providing services in these areas.
- Residential care will trial CDC approaches in 2012-13.

In December 2011 in its Mid Year Economic Forecast the government announced an increased provision of \$2.3 billion over the four years of the forward estimates for the unexpected escalating cost of the Aged Care Funding Instrument (ACFI). The government commissioned a review process that it now estimates will result in changes to the ACFI that will create major savings over that period. These changes will address some unusual claiming patterns by providers which at this stage do not seem to be translating into better care for residents or wages for aged care staff. Work will be done to enable ACFI to be more easily applied by independent assessors and for it to be used to determine funding for both residential and community based care.

Normally these savings would be returned to the budget bottom line, back to government revenue. However this package redirects the whole \$1.6 billion of the savings to the reform package.

COTA will monitor this to ensure that the redirection does not compromise the care of older people in residential care. The redirected funding is being used to reorient the system to a focus on care at home and ensuring aged care workers are better paid. This is an important part of creating an aged care system which meets the needs and aspirations of older Australians.

#### **Tackling Dementia \$268.4m over five years**

Currently there are 280,000 people living with dementia and this will rise to almost 1 million people by 2050. It is the third leading cause of death in Australia and is a chronic disease we must address to ensure people can age well. Government will take a proposal for dementia to be a national health priority to COAG. In addition, this package will:

- Expand the scope of the Dementia Behaviour Management Advisory Service (DBMAS) so that health professionals in primary care and hospitals are better equipped to effectively support people with dementia presenting with behavioural and psychological symptoms. DBMAS will also provide support services for people with younger onset dementia;

*“The redirected funding is being used to reorient the system to a focus on care at home and ensuring aged care workers are better paid.”*



April 2012 - The Age Well Blueprint being presented by Chief Executive COTA Australia, Ian Yates AM to (from left) Greens spokesperson Senator Rachael Siewert, the Shadow Minister, Senator Concetta Fierravanti-Wells and Minister for Mental Health and Ageing, Mark Butler.

- Support GPs to make more timely diagnosis of dementia enabling earlier medical and social interventions, reduced risk of premature admission to aged care services and reduced hospital admissions;
- Provide a supplement, via a new “Very High Level” of funding to the behaviour domain of the ACFI to better recognise the costs of caring for residents with severe behavioural problems associated with dementia. This will complement the home care supplement on packages described above; and
- Develop and disseminate nationally agreed principles and protocols for the management of people with dementia admitted to acute care settings so that they are better identified and supported. As part of this co-ordination and support systems will be developed and trialled to enable safe and appropriate hospital service delivery.

The package includes a number of specific initiatives to support people with younger onset dementia:

- Key workers in each state and territory to act as a single point of contact to assist young people with dementia and their carers to navigate the care system and access the care and support they need ;
- Develop and disseminate best practice guidelines, and other resources, to support appropriate models of respite care and support services following a comprehensive review of needs and service gaps; and
- A program to increase dementia awareness in the workplace.

### **Older Australians from Diverse Backgrounds**

The package has a number of initiatives designed to address the ongoing challenges older people from diverse backgrounds experience in accessing the services and support they need.

- Staff training and access to expert assistance, to improve the skills and knowledge of the aged care workforce.
- Consultation with groups representing people with diverse needs to assess the requirement for the development of further tools and/or strategies to support their needs in aged care.

These initiatives total \$24.4 million over five years.

- An additional 200 flexible aged care places for Aboriginal and Torres Strait Islander (ATSI) people.
- Capital assistance to support the construction of new aged care services for ATSI people;
- Linking funding levels for flexible ATSI services to average funding levels in mainstream aged care services for both new and existing aged care places through improved indexation arrangements.

### **These initiatives total \$43.1 million.**

- A new supplement for home care packages to assist on the delivery of more appropriate care for veterans with an accepted mental health condition as well as higher funding for these people in residential care. This will total \$114.8 million over five years.

- Training to improve the sensitivity of aged care staff to the specific needs of older people in the Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) community. Older people in the LGBTI community will also be included as a special needs group under the Aged Care Act 1997. This will total \$2.5 million over five years.
- A \$7.3 million expansion of the Assistance with Care and Housing for the Aged (ACHA) Program to assist older people at risk of homelessness or who are homeless with accommodation and care targeting regional and remote areas where the incidence of homeless people is highest.

### Paying for Aged Care

The package introduces new fee arrangements for both home and residential care.

COTA has long argued that people receiving the same levels of support who have the same means should pay the same fees and charges regardless of where they live or who delivers their services. The package will make that a reality by addressing the inequity and inconsistency in the current system.

### Home Care

From 1 July 2014 there will be a new means tested care fee for some people on top of the existing basic fee for home care services. This will not affect full pensioners who will continue to only have to pay the basic fee. Some part pensioners and non pensioners will pay fees that are higher than those currently charged. Refer below for a table of fees for different income levels.

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### Residential Care

- Means testing for residential care services will be strengthened from 1 July 2014. Centrelink will undertake the assessment using the same rules that apply for the pension.
- The family home will continue to be exempt from any means testing where there is a protected person (a spouse or dependent adult child) residing in the home. Even when it is counted as an assessable asset (when it is not occupied by a protected person) only the first \$144,500 (2012 prices) is taken into account.
- People with income (on 2012 prices) of less than \$23,543 (single) or \$23,075 (member of a couple) and assets less than \$40,500 will not pay means tested fees.
- Above these thresholds the maximum means tested contribution (on 2012 prices) is:
  - ▶ 50% of income above the income threshold PLUS
  - ▶ 17.5% of the value of the assets between \$40,500 and \$144,500 PLUS
  - ▶ 1% of the value of the assets between \$144,500 and \$353,500 PLUS
  - ▶ 2% of the value of the assets above \$353,500
- There will be an annual cap of \$25,000 on residential care means tested fees.
- Accommodation will be able to be paid for as a lump sum (or Bond) which is fully refundable at the end of the stay in residential care or as a periodic (or rental) payment or a combination of both.
- Residents will be given a cooling off period to decide how they want to pay for their aged care avoiding people having to making decisions at an emotionally fraught time.

Income Range	Basic Fee	Means Tested Care Fee
Full Pensioner Singles - \$23,543 Couples - \$36,499	17.5% of the pension	Not applicable
Part Pensioner/Self Funded Retirees More than the pension but less than \$43,186 (singles) and \$66,134 (couples)	17.5% of the pension (or equivalent income)	50% of total income above the relevant threshold capped at \$5,000 per annum Average fee of \$2,200 per annum
Self Funded Retirees Income greater than \$43,186 (singles) or \$66,134	17.5% of the pension (or equivalent income)	\$5,000 (indexed) + 50% of total income above the relevant threshold capped at \$10,000 per annum Average fee of \$8,800 per annum.

There will be a lifetime cap of \$60,000 across both home care and residential care. This is the maximum any person will be required to pay for their aged care services.

### **Workforce \$1.2 billion over four years**

Having a skilled workforce and enough workers is fundamental to the delivery of quality aged care. For some time now aged care has experienced difficulties in attracting and retaining workers in large part due to the poor pay and conditions. The reform package provides \$1.2 billion over four years from July 2013 as a bridging supplement to support the first step in addressing the pay disparity. After this time it is anticipated that new pricing will enable the ongoing payment of fair and competitive wages.

- A workforce Compact will be developed by an independently chaired Advisory Group. The chair of this group will be appointed by Workplace Relations Minister Shorten and the Chair of Fair Work Australia.
- The Compact will include development of a workforce strategy and improving the quality of aged care worker training, including retargeting existing training and workforce development funds.
- Enterprise bargaining will be the primary mechanism for delivering improved wages, working conditions and productivity (e.g. recruitment and retention strategies).
- Providers who sign on to the Compact, have an enterprise bargaining agreement in place which delivers higher wages and take part in a regular Government Workforce Census and Survey will be eligible for a Conditional Adjustment Payment (CAP) equal to 1% of the amount of the basic subsidy in 2013/14, 2% in 2014/15, 3% in 2015/16 and 3.5% in 2016/17. For the first time community care providers will also be eligible for a CAP for meeting these criteria.
- The Advisory Group is required to provide advice to the Minister by September 2012 and the Compact will be approved by the Minister by the end of October 2012.

### **Consumer Support \$30.8 million over five years**

The expansion of advocacy services is absolutely critical to enable people to rightly have a greater say.

- Increased funding will be provided to the National Aged Care Advocacy Program
- Funding for the Community Visitors Scheme will also be increased to expand its scope to include visitors for people receiving care at home and group visits in residential aged care. This will enable increased support for special needs groups including veterans, people from CALD backgrounds and people from LGBTI communities.

### **Research \$91 million over 5 years**

Better access to data and more frequently collected information on people's needs will assist in planning and delivering more effective services to older people.

- Funding for the establishment of an Aged Care Data Clearing House within the Australian Institute of Health & Welfare to improve data availability. The Clearing House will have a focus on geographic and social inequities.
- In addition the ABS Survey of Disability, Ageing and Carers will be expanded and undertaken every 3 years.

### **Better Health Care Connections**

COTA welcomes the recognition that there needs to be effective connections between aged care and health services. The initiatives fall under a number of service type categories.

#### **Palliative Care**

To address the strongly expressed desire of older people to have more control over the circumstances of their death the package will provide \$21.7 million to:

- Provide direct access to specialist palliative care and advance care planning advisory services for aged care providers and GPs caring for older people. The aim is to build better links between aged and palliative care services.
- Expand the Program of Experience in the Palliative Approach (PEPA) to provide training for staff in residential services and home care packages. This will include a range of workshops in every state and territory as well as a monthly newsletter for aged care staff.



The National Aged Care Alliance welcomes the reforms at Canberra Media Conference.

Photo with thanks to Australian Ageing Agenda

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## Primary and Acute Health Care

To decrease the current level of unnecessary hospital admissions from aged care services the package has a variety of initiatives totalling \$58.5 million which will:

- Improve access to complex health care, including palliative and psychogeriatric care;
- Provide seed funding to support aged care services to enter into partnerships with public and private sector health care services and insurers to create models of delivery for short term, intensive health care services that can be replicated by others;
- Support research translation and better evidence-based practice in both residential and home care to create greater innovation in service delivery and integrated care models. This may include for example innovative use of assistive technology or new governance models; and
- Support for multidisciplinary care for older people in aged care services. This will include trialling Aged Care Co-ordinators to provide multidisciplinary care co-ordination and advisory services and testing the use of video consultations to improve access to GPs for aged care residents.

This measure will include consultation on how the ACFI can better support provision of higher levels of specialised care (such as palliative care) including approaches such as the development of a new short term complex health care supplement. In addition funding will be provided for an "establishment analysis of primary health care services to assist Government consider possible improvements in access for people using aged care services".

## Structural Changes and Reform Implementation

To ensure the reformed system operates effectively there are a number of structural changes to the existing system.

### The Gateway \$198.2m over five years

Most notably, and on COTAs recommendation, there will be a new Gateway providing a clear pathway into and through the aged care system. The Gateway will be built over a five year period at a cost of \$198.2 million (including redirected funds from existing information and assessment functions). In 2013 this will see the introduction of the *My Aged Care* website and a national call centre. A national assessment framework, across home and residential care, will also be introduced. In early 2014 a linking service will be introduced to assist vulnerable people with multiple needs to access health, housing, disability, financial and aged care services.

### Aged Care Financing Authority \$26.4 m over five years

This authority, consisting of a committee of experts from industry, consumers and Government, will be established to provide independent advice on pricing and financing

issues. It will make recommendations to Government about aged care subsidies and payments and approve higher fees for accommodation (where justified by the value of the accommodation) and additional services not covered by Government subsidies. This will provide greater transparency on pricing as well as increasing consumer protections.

### Australian Aged Care Quality Agency \$16.6m over five years

This Agency replaces the current Aged Care Standards and Accreditation Agency. It will accredit and monitor both residential and home care services from 1 July 2014.

To support a greater focus on quality, national aged care quality indicators and a rating system will be published on the *My Aged Care* website. These indicators will be in place for residential aged care from 1 July 2014 and home care from 1 July 2016. They will provide meaningful information on which consumers can compare services and make decisions.

In addition the Aged Care Complaints Commissioner will be given greater power to ensure the independence of the Complaints scheme.

This will provide greater transparency in the quality of aged care services.

### Aged Care Reform Implementation Council \$15.2 m over five years

This Council will be established from 1st July 2012 to drive implementation and further development of aged care reform. It will be chaired by an eminent person and its membership will include consumer, industry and experts on ageing and aged care. Having such a driver will be critical to keeping reform on track.

### Planning

Aged care planning regions and HACC planning regions will be reviewed to ensure aged care services are delivered where they are needed most.

### Five Year Review

There will be a five year review to assess the progress of the first phase of reform and the pathway ahead.

## What's NOT in the reform package?

There are some important recommendations of the Productivity Commission that unfortunately did not make it into this reform package.

### Consumer Entitlement

COTA proposed that the aged care system move from a provider funded system to one based on consumers being assessed, receiving an entitlement to support based on that assessment, and themselves determining how best to use it.



Prime Minister Julia Gillard with Minister Mark Butler launch Living Longer, Living Better in Parliament House.

Photo with thanks to Australian Ageing Agenda

This package does not sufficiently advance this reform. Care packages and beds will still be rationed, although there will be more of them. However they will still be allocated to providers not consumers. The Government's view is that workforce constraints and budgetary constraints prevent the immediate introduction of entitlement.

While COTA accepts that this is Government's view it does not accept that aged care should not operate as an entitlement based system. COTA will continue to advocate strongly for this throughout the implementation process and as a minimum will expect that the government set a definite goal of turning the aged care system into one based on entitlement after the five year review of this package.

#### **Family Home & the Australian Aged Care Home Credit Scheme**

Government did not elect to incorporate the family home into assessing people's means for paying for aged care. This has resulted in more stringent income testing as the basis for increasing consumer payment for aged care services. There is a need to increase both Government and consumer payments to ensure services are on a financially sustainable footing to meet people's needs.

Not including the family home, or introducing the Australian Aged Care Home Credit Scheme (either Government or commercially run) limits people's choices of how to pay for their care. A significant number of people want to be able to bill up care costs against their estate. COTA will continue to advocate for people to be able to use this asset in paying for aged care services.

#### **Australian Pensioners Home Savings Account**

Government has not implemented this recommendation from the Productivity Commission report. Introduction of such a savings account would have addressed the

disincentives in the current system for people to downsize to more suitable accommodation. Given the housing challenges older Australians face this is a lost opportunity. COTA will continue to raise the need for innovative approaches to support older people make sensible housing decisions that enable them to remain in their own home and community independently for as long as possible.

#### **Full Gateway**

COTAs original Gateway concept was a local and readily identifiable physical location staffed to be able to provide information and support for people navigate the system. The Government has committed to a Gateway that at this stage is only electronically and remotely enabled through a call centre and website. These will be valuable additions to the service system but will not meet the need for a physical presence and real interaction for people. COTA will continue to advocate strongly throughout the implementation for the Gateway concept to be expanded as originally envisaged.

#### **CONCLUSION**

This package is an excellent beginning.

It isn't a lot of new money but it is strategic and makes structural shifts that set the system up well for the future. COTA supports the overall intent and package initiatives while being disappointed that the reform hasn't created the Gateway in the way it was originally envisaged or moved the system to an entitlement basis. COTA will continue to press for these as part of the reform implementation process. We will work with all politicians to ensure the acceptance and implementation of this important reform package.

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