

Aged Care Taskforce review into Funding Arrangements for Aged Care

Aged Care Taskforce

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Thank you for the opportunity to comment on the Aged Care Taskforce review into funding arrangements for aged care. Our comments are set out below and structured in accordance with the consultation paper.

Principles

The aged care system should enable and encourage participants to remain in their home for as long as they wish and can do so.

The important proposition here is that the system must support choice. The Aged Care Industry Association (ACIA) is deeply committed to the principle of allowing people to age in their preferred environment, including in their own homes if they so choose. This perspective not only respects the desires of many older Australians but also recognizes the emotional and psychological benefits of being in familiar surroundings.

However, issues such as housing insecurity, especially prevalent among older women, necessitate a flexible approach and a focus on home care should not restrict funding for other care models. What is imperative is funding flexibility that allows for the development of a continuum of care ensuring all elderly Australians receive care and support when and where they need it.

Aged care funding arrangements and their outcomes should be fair, simple, transparent, and sustainable.

The public often gauges the effectiveness of any system by the value it delivers relative to its cost. ACIA considers this principle could be improved by including value for money as a criterion.

In an ideal scenario funding mechanisms would be designed to reward aged care providers who innovate, are more efficient, and deliver better quality services at a lower price.

Incorporating 'outcomes' into this principle also poses challenges, as it suggests that funding arrangements and outcomes are proportional, which is not always the case. Achieving quality outcomes in aged care is not solely about how much funding is applied to each situation but can vary for a variety of reasons, including the quality of management, scale of operations, age and design of residential facilities to name just a few non-monetary considerations.

The concept of sustainable has various implications. While we support the proposition that (overall) the provider cohort must be financially viable and deliver the quality of care aligned with consumer expectation and funding it cannot mean that the taxpayer is bound to support inefficient providers.

Government is and will continue to be the major funder of aged care. Government funding should be focused on care costs. Personal contributions should be focused on accommodation and everyday living costs with a sufficient safety net.

This principle is largely reflective of current arrangements and supported by ACIA.

Government and participant contributions should be sufficient to provide quality and appropriate care delivered by a skilled workforce, allowing and encouraging innovation by the health, hospital and aged care systems.

To meet the growing demand in the aged care sector, it's imperative that the contributions from Government and consumers are not just sufficient to cover costs but also include room for aged care providers to achieve the profits, that build investor confidence in the sector, that underpins growth and redevelopment of what is aged building stock. This is not merely about financial gains; it is about building a robust foundation where the sector can invest in expanding facilities and services, training staff, and adopting innovative practices, ensuring the sector is well-equipped to cater to the increasing needs of an aging population. In essence, without the ability for an aged care provider to achieve a surplus, the sectors ability to scale and maintain high-quality care is compromised.

There should be accountability for funding received from government and participants, how it is spent, and the quality of the services provided.

As the primary funder and regulator, the government must also be accountable regarding the standard of aged care that someone can expect to receive in return for the funding from the Commonwealth and the consumer. Reforms stemming from the aged care royal commission, along with other public commentary, have heightened public expectations of receiving a premium age care experience including five-star hospitality services. However, there is a disconnect between this level of service and what can realistically be delivered within a rationed government-regulated system.

ACIA supports transparency regarding how provider revenues are spent. However, that must be accompanied by a consumer/media education program that ensures there is understanding of 'what the numbers mean'. A review of aged care media (particularly regarding food) over the years reflects a view that more is better. Such an approach does not recognise those providers who are able to provide high quality care efficiently. The Aged Care Quality and Safety Commissioner has publicly reported to the disconnect between expenditure and quality of care and services.

The residential sector should have access to sufficient, and new, capital to encourage the development of new accommodation and upgrades to existing accommodation.

Agreed. There is a clear need for ongoing investment in both new and existing infrastructure.

Consultation Questions

Is Australia's aged care system and how you pay for aged care easy to understand? If not, why not?

The current aged care system presents numerous challenges for individuals and families trying to understand what care options are available and the associated costs. Given the sector's complexity, an entire industry has emerged, dedicated to trying to demystify things. Yet, even with guidance from financial planners, families often find themselves even more confused, particularly regarding the treatment of assets and expected payments. For aged care providers, and especially for residential facilities, a significant challenge is training admissions staff to clearly explain the different fee structures. Additionally, creating and managing accounting systems that handle various payment methods isn't simple.

While ACIA supports the consideration of alternate funding models, caution must also be shown in moving too far away from the traditional tax-transfer system which might make matters even more complex and difficult to understand.

What does “fairness” in aged care funding and care services look like?

Fairness dictates that everyone, irrespective of financial status, cultural background, or geographic location, should have access to aged care services. Viewing this through a lens of equity, it is imperative that underserved and vulnerable groups—such as indigenous communities, LGBTQ+ seniors, the homeless, and those experiencing cognitive decline—receive equitable, person-centred aged care services.

When assessing an individual's ability to make co-contributions based on income and assets, the approach must be reasonable and consistent. For example, under the current system, two individuals with identical asset values might receive varying levels of government support based solely on how those assets are held e.g. home or cash assets

Is funding for Australia’s aged care system sustainable? If not, what is needed to make it sustainable?

Aged care providers play a critical role in delivering essential care and support to older Australians.

However, without adequate revenue, aged care providers face challenges in maintaining, let alone enhancing, the quality of care they provide. Insufficient funds can force compromises in care quality, staff shortages, outdated equipment, and facilities that do not meet the needs or expectations of an ageing population.

To ensure system sustainability, it is imperative that revenues for aged care providers be increased. This does not merely mean a one-off financial boost but rather a comprehensive review and restructuring of the funding model. Such a model should consider the current needs of the aged care sector, project future demands, and ensure that providers have a steady and sufficient stream of revenue which includes the ability to achieve a surplus.

What costs do you think consumers in aged care should contribute to and to what extent? How is this different for care, compared with everyday living expenses or accommodation?

Everyday living expenses encompass a range of costs, including food, utilities, laundry transportation, entertainment, personal care items, and household/garden maintenance, as well as accommodation costs like rent or mortgage. ACIA believes that aged care residents who have the financial capacity should cover a significant portion, if not all, of these costs, just as they would if living independently. However, it is important to highlight that in communal settings, due to economies of scale and group services, everyday living expenses are likely to be less than for someone living alone.

What does quality and appropriate care mean to you?

Quality and appropriate care means providing safe, timely, and compassionate support. It emphasizes accessibility for all, upholds evidence-based and clinically sound practices, and centres on the unique needs and preferences of each person, ensuring they are at the heart of every decision.

What does innovation in aged care mean to you? How can funding support it?

Innovation in aged care is not just about introducing new methods or tools; it is about recognizing that the traditional one-size-fits-all approach is no longer sufficient. Everyone has distinct needs and preferences, which can be better addressed through tailored aged care solutions. Many of these solutions may be facilitated by the adoption of advanced technologies. Funding plays a pivotal role, especially when there is a need to encourage external vendors to explore innovative ideas or develop aged care-specific technologies. A prime example is the Aged Care Research and Industry Innovation Australia, established through a Commonwealth Government Grant. This organization leads the advancement of the aged care workforce capability by promoting and facilitating innovation and research.

What is the role of Government versus private investment in funding upgrades and constructing new facilities? Is the role different in rural and remote locations?

Refundable Accommodation Deposits (RADs) have been instrumental in supplying capital for the development of new residential facilities and the refurbishment of older ones. And while there is currently no viable alternative to RADs, any replacement would need a comprehensive, long-term transition plan. If the government did decide to intervene in the market through direct investment in new accommodation or other mechanisms than it must ensure competitive neutrality to maintain a level playing field for all stakeholders.

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