

Every older person should be able to live well, with dignity and independence, as part of their community and in a place of their choosing, with a choice of appropriate and affordable support and care services when they need them.

Aged care services must be high quality and responsive to the diversity of need, with independent monitoring, transparent public reporting and robust accountability.

## CURRENT AGED CARE ARRANGEMENTS

Australians are living longer and we face an ageing population with increasing frailty. It is projected that the number of Australians aged 85 years and over will continue to increase, from 515,700 in 2018–19 (2.0% of the Australian population) to more than 1.5 million by 2058 (3.7% of the Australian population).

Aged care in Australia is a complex system that includes a range of programs and policies designed to support older people. It is a large industry, making up more than 1.6% of the gross domestic product in 2018–19, and delivering services to around 1.3 million people. In 2016 aged care employed over 366,000 paid workers with another 68,000 volunteers.

The Australian Government spent \$21.2 billion on aged care payments in 2019–20.

The current spectrum of care provided ranges from low-level support to more intensive services. It includes assistance whilst living at home with everyday living activities, equipment and home modifications, personal care, health care, as well as aged care accommodation. At 30 June 2020, there were 2,728 residential aged care services, 2,272 home services and 35 National Aboriginal and Torres Strait Islander Flexible Aged Care program services being provided

Successive Government policy has enabled commercialisation within aged care based upon a market economy philosophy. Quality has not been improved by enabling people who use aged care to become ‘consumers’ who ‘direct’ their own care by purchasing services from businesses in a ‘competitive market’ which is not transparent. What has been achieved is growth in the market share of large-scale for-profit providers and high payments for non-profit provider executives and board members.

In the October 2020 budget the Australian Government announced an additional \$1.6 billion for Home Care Packages, yet access to home care packages remains limited. As of 30 September 2020, over 62,000 Australians were waiting for a Home Care Package at their appropriate level, with an average expected wait time of more than 12 months. Consequently, Australians on the waiting list may

be forced into residential care when it would be preferable and more cost effective for them to remain at home.

The COVID-19 pandemic has compounded existing problems and highlighted shortcomings in the sector. As of 01 March 2021, 685 COVID-19 deaths had occurred in residential aged care facilities, representing approximately 75% of all COVID-19 deaths in Australia.

## ROYAL COMMISSION INTO AGED CARE SAFETY AND QUALITY

The Royal Commission into Aged Care Quality and Safety (the Royal Commission) delivered its Final Report on 1 March 2021. The Australian Government set up the inquiry in 2018 following multiple reports and inquiries into neglect, abuse and negligence in nursing homes across the country, including South Australia’s Oakden aged care facility. The Commission received 10,574 submissions and heard 641 witnesses. The Final Report made 148 recommendations across five volumes and more than 4000 pages.

The major themes of the Royal Commission’s Final Report are:

- ✦ A new Act that enshrines a universal right to high quality, safe and timely support and care; enables people to exercise choice and control; ensures equity of access; and provides regular and independent review of the system.
- ✦ A levy on taxable income to finance aged care. Commissioner Briggs proposed that a flat 1% rate for all taxpayers. Commissioner Pagone favoured a proportional approach which would exclude lowest-paid workers but increase dramatically as taxpayers move to higher tax brackets, and an age differential with taxpayers over 40 paying a higher rate of tax.
- ✦ Improved pay, training, and conditions for the aged care workforce.
- ✦ An independent pricing authority to set activity-based funding supplemented by block funding.
- ✦ A competent, vigorous and well-resourced regulator, with new and robust governance arrangements which include new institutions to drive improvement. Commissioner Pagone recommended an independent statutory body, the Australian Aged Care Commission, as system governor, administrator and regulator. Commissioner Briggs recommended maintaining and improving existing arrangements with Health Department reform and a well-resourced and empowered independent aged care regulator. They both recommended a general, positive and non-delegable statutory duty on any approved provider to ensure that the personal care or nursing care they provide is of high quality and safe. Providers, and their directors, would be liable for breaching the new duty if

they fail to comply with quality standards. Families and individual would have the private right to sue for damages if the duty of care was breached.

## AUSTRALIAN GOVERNMENT INITIAL RESPONSE

In response to the Royal Commission's Final Report, the Australian Government committed an additional \$452 million to address immediate priorities, and announced it would develop a comprehensive reform agenda to guide the implementation of the Royal Commission's findings.

## AHHA POSITION

The Australian Government must take steps to reform the aged care sector, across the following domains:

### SYSTEM GOVERNANCE

- ✦ Implement the Commissioner Briggs model of governance which separates regulation from administration and management.
- ✦ Provide significant additional investment to build the capability of an independent regulator that also has responsibility for standard setting.
- ✦ Establish an independent pricing authority or expand the functions of the Independent Hospital Pricing Authority to include this role.

### FUNDING

- ✦ Increase expenditure for aged care at the levels proposed by the Royal Commissioners. This must not be offset against other areas within the health portfolio given the significant demands on the sector due to the pandemic response.
- ✦ Significantly increase funding to improve access to home care packages, ensuring that people receive packages at their required level without delay.
- ✦ Ensure government funding explicitly prioritises public good, is directly related to safety and quality regulation and quality improvement, and addresses areas of market failure.
- ✦ Improve the transparency of Australian Government funding expenditure by aged care providers.
- ✦ Undertake a needs analysis to identify areas of market failure, where increased financial support is required to meet service provision, safety and quality goals.
- ✦ Introduce, in the long term, a flat aged care levy on taxable income, along the lines proposed by Commissioner Briggs, integrated with a funding model that promotes public good.

### PROVIDER-LEVEL GOVERNANCE

- ✦ Legislate for stronger regulatory actions relating to provider and director duty of care; a more responsive and effective independent complaints mechanism; and

a family and individual private right to sue for damages if duty of care is breached.

- ✦ Support better aged care service governance by requiring a skills mix on boards.
- ✦ Establish arms-length assessment processes for service providers to ensure independence when determining eligibility and classification for aged care.

### SAFETY AND QUALITY

- ✦ Develop standards and national quality indicators for aged care services (including clinical and personal care), with measurement, monitoring, and public reporting made mandatory for all aged care service providers. These should align with health standards and indicators developed by the Australian Commission on Safety and Quality in Health Care.
- ✦ Support aged care providers to introduce standardised tracking of health outcomes and cost of care.

### CLINICAL CARE

- ✦ Invest in general practice healthcare in aged care with a holistic focus through new MBS items specifically aimed at 'bundled care' for aged care residents. This should include MBS items for specialist nurse practitioners and other team members including allied health. Enable allocation of part of the bundled funding for pharmacist-led medicine management.
- ✦ Support rural generalist pathways to augment the aged care clinical skills of health practitioners.
- ✦ Improve access to gerontology and psychiatric services through greater use of telehealth.
- ✦ Establish a Residential Aged Care Dental Scheme for the 200,000 people who live in residential aged care and receive the age pension or qualify for the Commonwealth Seniors Card using a bundled payment model focussed on patient outcomes. This should be allocated to a single public or private accredited dental care provider per aged care residential facility, using a commissioning process through their local Primary Health Network.

### INTERFACE WITH HEALTH AND DISABILITY SERVICES

- ✦ Fund information systems that embed interoperability requirements to enhance communication between aged care, and health and disability services and providers.
- ✦ Support better connections between aged care residential facilities and public hospitals through telehealth.

### PERSONAL CARE

- ✦ Ensure people living in residential aged care receive timely and appropriate primary and specialist care when required, are provided with nutritious food and

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receive adequate personal and mental health support to live comfortable and meaningful lives.

## WORKFORCE

- ✧ Through increased funding commitments improve pay and employment conditions for aged care staff along with supporting workers to improve their qualifications, become appropriately qualified and receive professional development opportunities (particularly in the areas of palliative care and dementia support).
- ✧ Ensure funding is available to support the employment of registered nursing staff in residential aged care services 24 hours a day.
- ✧ Carefully assess the impact of mandatory staffing ratios on the viability of services particularly in rural and remote areas.

## YOUNG PEOPLE IN RESIDENTIAL AGED CARE

- ✧ Reduce the number of younger people being accommodated in residential aged care by ensuring they receive access to appropriate accommodation and care services, supported by system coordinators.

## ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES

- ✧ Support aged care services to deliver care to Aboriginal and Torres Strait Islander people that is flexible, adaptable, and culturally safe.