deeble institute

Deeble Institute for Health Policy Research

perspectives brief

no:16

date: 07/04/2021

title

Translating aged care reform recommendations to action

authors

Dr Chris Bourke
Strategic Programs Director
Australian Healthcare and Hospitals Association
Email: cbourke@ahha.asn.au

Adj Prof Alison Verhoeven
Chief Executive
Australian Healthcare and Hospitals Association

deeble institute
Deeble Institute for Health Policy Research

perspectives brief

the business of aged care

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. For those of us who need some help we expect a choice of appropriate and affordable support and care services. These services must be high quality and responsive to the diversity of need, with independent monitoring, transparent public reporting and robust accountability.

Regrettably, as the Royal Commission into Aged Care Quality and Safety has shown, we are far from this perfectly reasonable ideal in Australia today.

Australians are living longer; our population is ageing and frailty is increasing. Within 40 years the number of Australians aged 85 years and over will rise to more than 1.5 million, an increase from 2.0% to 3.7% of the total Australian population[1].

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 around 1.4% of gross domestic product in 2018–19, delivering services to around 1.3 million people. In 2016 the sector employed over 366,000 paid workers with another 68,000 volunteers[2].

The Australian Government spent $21.2 billion on aged care payments in 2019–20[3].

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[4].

the role governments have played

Successive government policy has enabled commercialisation within aged care based upon a market economy philosophy. People who use aged care have become ‘consumers’ who ‘direct’ their own care by purchasing services from businesses in a ‘competitive market’, but this market has limited transparency and has demonstrated little improvement in quality. What has been achieved is growth in the market share of large-scale for-profit and non-profit providers and high payments for some executives and board members.

In the 2020 budget, the Australian Government announced an additional $1.6 billion for Home Care Packages[5], with an additional $18 million announced in March 2021[6], yet access to packages remains limited[7]. As at 31 December

2020, over 60,000 Australians were approved but waiting for a Home Care Package, with an average expected wait time of more than 12 months. More than 36,000 people were receiving a lower-level package than that for which they had been approved[8]. Consequently, Australians on the waiting list may be forced into residential care when it would be preferable and more cost effective to remain at home.

The COVID-19 pandemic has compounded existing problems and highlighted safety and quality issues in the sector. As of 22 March 2021, 685 COVID-19 deaths had occurred in residential aged care facilities[9], approximately 75% of all COVID-19 deaths in Australia.

In 2018 the Australian Government established the Royal Commission into Aged Care Quality and Safety in response to multiple media 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.

what the Royal Commission recommended

The Final Report of the Royal Commission into Aged Care Quality and Safety was tabled on 1 March 2021 and included 148 recommendations across five volumes and more than 4000 pages.

Major themes in the Royal Commission's Final Report were:

- New legislation 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 raise the $30B needed to properly finance aged care. The Commissioners differed in approach. Briggs proposed a flat 1 percent rate for all taxpayers, whereas Pagone favoured a proportional approach that excluded the 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.

Pagone recommended an independent statutory body, the Australian Aged Care Commission, as system governor, administrator and regulator. Briggs endorsed the existing arrangements with Health Department reform and better resourcing and stronger powers for an independent aged care regulator. Both Commissioners proposed 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 it the duty of care was breached.

a way forward for the Australian Government

The Australian Government needs to take action to reform the aged care sector beyond its immediate response of $452 million for oversight, financial help for struggling aged care residential businesses, and increasing the aged care workforce[10]. The Australian Healthcare and Hospitals Association has published a detailed position statement on the reforms required to translate the Royal Commission's recommendations into action[11]. Following is a summary of these recommendations.

Governance and regulation

Firstly, the Briggs model of governance that separates regulation from administration and management should be selected as it delivers an effective response without the delays and costs of establishing a new bureaucracy. The explicit purpose of this should be to ensure that government funding prioritises the public good, is directly related to safety and quality regulation and addresses areas of market failure. It also keeps ultimate responsibility where it should be – with the Minister.

Regulation also requires major reform. Additional investment will be needed to build the capability of an independent regulator that also has responsibility for standard setting. Legislative change is needed 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 the duty of care is breached. This enables a broader spectrum of regulatory control with accreditation, inspections, education, data surveillance, complaints handling and individual action.

Processes also need improvement, for example, establishing arms-length assessment processes for service providers to ensure independence when determining eligibility and classification for aged care. Requiring a skills mix in the boards that control aged care providers would support better governance

in the sector as well as stimulating a much needed culture change. There is already a precedence for the Commonwealth Department of Health setting governance requirements as part of funding deeds, for example, in relation to membership of Primary Health Network boards.

Funding and pricing

More money is needed for aged care, with an increase in annual expenditure to $30 billion by the Australian Government proposed by the 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. The proposal for a hypothecated levy needs careful consideration: the risk is that with establishment of a levy then nothing more is allocated by the Australian Government beyond that which the levy raises. Furthermore, pumping more money into a system that is already highly commercialised could boost private profits with public money. If there is political appetite in the long term for a flat aged care levy on taxable income, along the lines proposed by Commissioner Briggs, it must be integrated with a funding model that promotes public good. The transparency of use of Australian Government funding by aged care providers also needs improvement.

Independent pricing for aged care by establishing an independent authority or expanding the functions of the Independent Hospital Pricing Authority to include this role is needed. This should encompass a needs analysis to identify areas of market failure, where increased financial support is required to meet service provision, safety and quality goals.

Clinical care

General practice healthcare in aged care requires additional investment with a holistic focus through new MBS items specifically aimed at 'bundled care' for aged care residents, including MBS items for specialist nurse practitioners and other team members including allied health. Pharmacist-led medicine management should also be enabled through allocation of part of the bundled funding. Telehealth can be used to improve access to psychiatric services.

The lessons of years of failure in the provision of healthcare in aged care should also be applied to the development of oral health schemes. This could commence with 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 would 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.

Commissioning processes provide a level of transparency and accountability that has been clearly absent in the aged care sector so far.

Workforce

Finally, more money is needed, not just to increase aged care staff numbers, but to improve their pay and employment conditions along with supporting workers to improve qualifications, become appropriately qualified and receive professional development opportunities. This would be particularly valuable in the areas of palliative care and dementia support. Rural generalist pathways that augment the aged care skills of health practitioners should be supported. A registration schemed for personal care workers, as proposed by the Commissioners, would be an additional impost on a workforce that is one of the lowest paid in the country. Implementing such a scheme would inevitably act as a barrier to attempts to increase the workforce as additional regulatory burdens are imposed on individuals rather than the employers who profit from their labour. Whilst the employment of registered nursing staff in residential aged care services 24 hours a day is recommended, the impact of any mandatory staffing ratios on the viability of services particularly in rural and remote areas also needs careful consideration.

conclusion

The Australian Government has a responsibility to all Australians to ensure the findings of the Royal Commission are translated to actions – and this must happen with urgency. The May 2021 Commonwealth budget is an opportunity to start the shift from a market-oriented approach to aged care to the human rights approach advocated by the Royal Commission. The safety and wellbeing of older Australians depends on positive decision-making now; we cannot continue to perpetuate 20 years of policy failure any longer.

references

1. https://agedcare.royalcommission.gov.au/publications/final-report-volume-1
2. https://agedcare.royalcommission.gov.au/publications/final-report-volume-1
3. https://agedcare.royalcommission.gov.au/publications/final-report-volume-1
4. https://www.agedcarequality.gov.au/sites/default/files/media/ACQSC_AR2019-20_FULL_FINAL.pdf
5. https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/record-investment-in-home-care-packages-continues
6. https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/respect-care-and-dignity-aged-care-royal-commission-452-million-immediate-response-as-government-commits-to-historic-reform-to-deliver-respect-and-care-for-senior-australians
7. https://www.afr.com/wealth/personal-finance/what-good-aged-care-looks-like-after-the-royal-commission-20210311-p579wa
8. https://www.gen-agedcaredata.gov.au/www_aihwgen/media/Home_care_report/Home-Care-Data-Report-2nd-Qtr-2020-21.pdf
9. https://www.health.gov.au/resources/covid-19-cases-in-aged-care-services-residential-care
10. https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/respect-care-and-dignity-aged-care-royal-commission-452-million-immediate-response-as-government-commits-to-historic-reform-to-deliver-respect-and-care-for-senior-australians
11. https://ahha.asn.au/sites/default/files/docs/policy-issue/aged_care_position_statement_-_extended_april_2021.pdf

Accessed 6 March 2021.

contact

Adj AProf Rebecca Haddock
Director, Deeble Institute for Health Policy Research
Australian Healthcare and Hospitals Association
Email: rhaddock@ahha.asn.au

Suggested citation
Bourke C and Verhoeven A. (2021). Deeble Perspectives Brief No 16. Translating aged care reform recommendations to action. Australian Healthcare and Hospitals Association, Canberra Australia.