

Residential Aged Care: Proposed Alternative Models for Allocating Places

Consultation Survey Questions

Section 1: Current Arrangements

1. What works well under the current residential aged care allocation and places management model for consumers and/or providers?

As highlighted in the many reviews of aged care in Australia that have taken place over the past decade (<https://theconversation.com/weve-had-20-aged-care-reviews-in-20-years-will-the-royal-commission-be-any-different-103347>), the current aged care system needs to undergo significant change. This includes how residential aged care allocation and places are managed. The Australian College of nursing is supportive of the recommendations to discontinue the current Aged Care Approvals Round (ACAR) for residential aged care.

This is a subjective question, depending on customer and provider preferences. For many providers the current system works well because it protects their self-interest and gives them the controlling power. As such, providers only have to 'tick boxes' and are able to keep their facilities running. They continue to receive funding and allocation of places, and consumers (lacking any choice in the matter) continue to use these services.

It has become clear that the current system design is outdated. It is over 22 years old and has served its purpose over time. Since its implementation many changes have taken place in the Australian economy and the consumers of aged care. To improve quality of care and to meet needs of aged care consumers, there is now need for more consumer choice and autonomy. The current system must move towards a demand-driven, Consumer Directed Care (CDC) model, and thus cater for people requiring high-level care as well as consumer preferences.

2. Are there any other issue/s (for consumers and/or providers) with the current model for the allocation and management of places for residential aged care that have not been covered in this paper?

The current system gives providers control rather than consumers, however the strategic direction overall of health and particularly aged care is that of moving towards a more consumer/patient-centered care model with a focus on consumer choice. The current system gives consumers very limited choice. They are only able to select providers which have been allocated places by the government that are currently available. The Australian College of Nursing supports the Productivity Commission review of 2011 recommendations, particularly that the aged care system needs to be "redesigned around the wellbeing of older people and be delivered in ways that respect their dignity and support their independence" (Productivity Commission, 2011, *Caring for older Australians*, vol. 1, p. xix)

As of yet, several key recommendations from the Productivity Commission have not been implemented. In particular, moving to a Consumer Directed Care (CDC) model. The first step in improving quality of aged care is to allow residents and their families the power to make an informed decision about where and how they want to spend their residential care funding. Giving consumers choice is also likely to make aged care providers more competitive and effective. Consumers will choose Residential Aged Care Facilities (RACFs)

that provide quality care and meet their needs. Such RACFs will be allocated more places. This incentivizes providers to focus on meeting consumer needs as any business with a profit-making motive does.

Further, consumer choice incentivizes providers to hire and train staff that will be able to provide this quality care and put into place systems and practices that ensure periodic checks on consumer satisfaction. Currently the aged care workforce consists of many untrained, unregulated staff members that are providing care that should be provided by Registered Nurses. Many RACFs do not have the correct skill-mix to provide quality care and meet the needs of residents, particularly those with high-level care needs. (ACN White Paper *Regulation of Unregulated...*). While, there is the possibility that a Consumer Driven Care (CDC) aged care system may push providers into hiring and training appropriately skilled staff, it is not guaranteed. Providers may continue to hire unregulated, untrained workers to provide care to vulnerable residents with high care needs to cut costs. The Australian College of Nursing calls for regulation of unregulated health care workers. Giving consumers choice will not fix the workforce issue. ACN calls for appropriate regulation and standards to be put in place for providers in maintaining appropriate skills-mix levels of staff based on the care needs of residents.

By giving consumers choice, consumers will also have the ability to themselves apply market pressure on poor performers; it will be increasingly possible by moving towards a more Consumer Directed Care (CDC) model. If one provider delivers poor services, consumers can either switch and spend their money elsewhere or they can make their experience public knowledge, making it difficult for providers to get additional consumers. In a way, consumers having choice opens up a constant monitoring of RACFs by consumers, rather than only periodic inspections by government assessors involving ticking boxes. Currently, consumer dissatisfaction with a facility can sometimes go completely unnoticed. In a system where consumers choose, providers will seek to make consumers happy and consumers are free to 'review' providers online, via word-of-mouth or other mediums. In this way, there will be more information for consumers to make informed decisions, pressuring facilities to provide better care.

Further, quality of life and happiness of customers cannot generally be measured using indicators; many aspects of care and happiness are either subjective or immeasurable so that when RACFs are assessed, some aspects important to consumers might not be taken into consideration. Although quality indicators and inspections are very important, consumers should also be able to make their own well-informed decisions with the transparency and access to data and information, as well as consumer choice.

Furthermore, the current system is limiting the market from growing in an efficient and sustainable manner; it is a supply-constrained system where the government controls the number, funding level and location of residential aged care places. The administrative burden on providers and the government to obtain places through the Aged Care Approvals Round (ACAR) is taking away from the resources they could be investing towards infrastructure growth and meeting consumer needs. It is inefficient as it does not allow providers to grow and meet consumer needs and demand (which is constantly growing). The current model neither looks at consumer demand nor allows suppliers to meet consumer demand by adjusting their services or supply.

The demand for aged care services is constantly increasing in Australia, placing significant pressure on Australia's workforce and aged care providers. The current model is economically inefficient, not meeting market demand; this model puts constraints and administrative lags on the system.

References:

Productivity Commission, 2011, Caring for older Australians, vol. 1, p. xix

<https://www2.deloitte.com/au/en/pages/economics/articles/australias-aged-care-sector-economic-contribution.html>

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<https://theconversation.com/its-hard-to-make-money-in-aged-care-and-thats-part-of-the-problem-103339>

3. Are these problems occurring at national level or only in certain areas (e.g. rural, regional and remote) or for particular consumer groups?

Generally, the issues highlighted in the previous questions are a national concern, as they are a result of the system. However, providers in rural areas have a particular set of challenges – which is no different to providers of other business services (e.g. primary health care, schools, retail business) experiencing challenges of being remotely located. So, we need to be clear that these particular challenges are not necessarily due to the allocation of places system – but is an environmental fact of being in a remote region. The issue for any business operating in remote areas is of financial viability – which is impacted by the low numbers and demand / supply considerations, as well as the overhead costs required to operate any business. Aged care service provision (specifically residential) – is a capital-intensive business. If consumers had the funding – there could be a business opportunity for care provision in different settings (e.g. residential level of care provided in their own homes).

4. What evidence supports your view that these are significant issues which need to be addressed?

There have been numerous reviews commissioned by the Government and sector, about 20 review in 20 years, which keep identifying issues that need to be addressed. Of most recent are the reviews mentioned in Page 4 of the discussion paper. Particularly, the Productivity Commission 2011 Review, The Carnell-Peterson Review and the Tune Review. These reviews have not only highlighted that there are significant issues that need to be addressed, but also provided viable recommendations that have been supported by stakeholder groups.

ACN has been supportive of the recommendations of the Legislated Review of Aged Care 2017 (Tune Review). ACN has expressed this support in submissions to the Royal Commission into Aged Care as well. The 3 recommendations from the Tune Review highlighted on page 4 of the discussion paper of this consultation specifically deal with

ceasing ACAR and moving towards a more consumer-centered model for allocation of places in residential aged care. ACN is supportive of these recommendations and the findings of this review.

References:

<https://theconversation.com/its-hard-to-make-money-in-aged-care-and-thats-part-of-the-problem-103339>

<https://theconversation.com/weve-had-20-aged-care-reviews-in-20-years-will-the-royal-commission-be-any-different-103347>

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Section 2: Design Principles of Alternative Allocation Models

1. Are the proposed design principles appropriate? Please elaborate on your response.

For the objectives that have been set out to be achieved the design principles are appropriate.

2. Are there any other principles that you consider should be included?

Page 5 of the discussion paper lists key linkages that need to be considered. One in particular is the proposed RUCS reform, which will help in overall delivery of the Consumer Driven Care (CDC) objective. The RUCS reform will further support consumers who wish to take up or are only eligible for the care component of funding. This could potentially lead to more people receiving a type of aged care service.

Section 3: Model 1 - Improve ACAR and Places Management

1. What are your views on the suggested improvements proposed under this model?

The Australian College of Nursing does not consider this model the preferred option. It is a compromise between goals need to be achieved to improve on the current system. As highlighted previous, there are many underlying issues with the current system, therefore simply adjusting it does not fix the problem for consumers of residential aged care facilities. This Model will not achieve the objectives that have been identified in a number of reviews over the years, which is mainly to empower the consumers in a CDC model. This model will continue to 'protect' providers who remain in the sector because not of the quality of care provided but because the market is artificially constrained.

2. How can this model ensure/encourage adequate supply of and equitable access to residential aged care and residential respite care (aside from increasing funding or revising the funding model), including:

- a. In rural, regional and remote areas and other thin markets?
- b. For consumers from vulnerable cohorts (such as Special Needs Groups, consumers with dementia)?

N/A as ACN is not supportive of this model.

3. Are there variations to this model which should be included in the impact analysis?

The Australian College of Nursing does not support this model. The issues underlying the current Aged Care system will not improve just by regulation, but by encouraging competition and empowerment of the consumers. This will lead to a competitive, efficient

aged care market. Thus, any other variation to model 1 will not be helpful in bringing the required massive change for the betterment of the consumer.

4. **What other key changes could be made to the existing ACAR and/or places management arrangements to encourage a more consumer driven and competitive residential aged care sector?**
5. **In overview, what would be the potential impact of this model (consider benefits, costs and risks) on you or the stakeholder group or organization you represent?**
6. **What do you think might be the impact on the residential aged care sector overall?**
7. **If this model were to be implemented, what are the potential impacts on, linkages or interdependencies with, other programs or reforms in aged care that might impact you or the stakeholder group or organization you represent?**
8. **How could implementation of this model maximise the benefits and minimize risks/disruptions?**
9. **What steps/sequencing and timeframes would be appropriate to facilitate a smooth transition?**
10. **What specific supports or enablers would be required to ensure the changes are understood by all stakeholders and successfully implemented?**
N/A as ACN is not supportive of this model.

Section 4: Model 2 - Assign Residential Aged Care Places to Consumers

1. **Overall, what are your views on this proposed model?**

The Australian College of Nursing supports implementation of Model 2, which entails assigning residential aged care places to consumers and not providers. This move towards a more consumer-demand driven model is on the right track to achieving recommendations made by reviews since 2011.

Looking at feedback at ACAR Impact Analysis forums and feedback of stakeholders to reviews that have been undertaken: a large number of providers who have generally been providing good quality care and have been proactively positioning themselves to remain at the forefront of aged care delivery, did not have any concerns with model 2. Mainly the few providers that did have concerns with this model seemed to want to remain a 'preferred provider' for consumers by default and not on their care and service delivery.

2. **What are your views on the establishment of a queue to access subsidised residential aged care, if the demand from eligible persons exceeds the available places?**

An informal queue system has always existed, consisting of:

Queue 1: Consumers seeking to get approved for receiving subsidized care will apply for an ACAT assessment and wait for their turn to be assessed.

Queue 2: Once approved, consumers seeking to move into residential care will look around and possibly go on a waiting list for a place at a service of their choice.

Under model 2, a formal queue will be established and be quantified. It can then be used as a benchmark. This will be a methodical approach to planning and operationalizing services that will assist in the broader supply/demand aspect of aged care service provision.

3. **What are your views on using date of approval and urgency of need as factors in determining a person's priority (noting these are the factors used in home care)?**

This will benefit and enable targeted delivery of care and services to consumers. The priority could enable distinguishing between consumers who only need care (in their own home setting) or those who need both care and accommodation (in a RACF-like setting). This could be merged into a continuum of care – which enables any type of care be received in any type of setting – a move away from the need to ‘institutionalise’ the elderly.

4. What other factors should also be included in the criteria for prioritising a person in the residential aged care queue?

The assessment process already considers various elements (e.g. current living arrangements, care needs, etc). Some of these criteria could be weighted to give an overall index which places a CR on a prioritisation queue.

5. What are your views on the validity period of the assigned place for residential aged care?

We believe this will not be required if model 2 is implemented. This will increase flexibility and reduce workload for assessors.

6. Where a place is withdrawn, how can we balance the need to allow consumers to re-join the queue while also avoiding creation of perverse incentives for people to join the queue without intention of taking up a place at that time?

This can possibly be done by putting in place a system that puts a consumer back at the end of the queue, if the place is not taken up.

7. What additional information or supports would consumers need to assist them in selecting a preferred aged care home?

Government should fund Aged Care Navigator services, whose role would be to assist and facilitate placement of consumers.

8. What would need to be in place to ensure equitable access to appropriate services when requesting entry to an aged care home i.e. in particular for consumers with limited capacity to pay, consumers from Special Needs Groups and those with dementia?

Current arrangements are in place to ensure that means-testing takes place and concessional residents do not have to pay beyond their financial capacity. These could continue to apply and providers subsidy could be increased to make up for the ‘lost’ subsidy from concessional consumers.

9. As an existing approved provider: Would you consider changing your business, service or workforce model if these reforms proceeded? If so, how?

Any reasonable provider would consider making some changes to their operations for any change that happens in the sector. This question was also asked of providers at the ACAR Impact Analysis forums. The providers present said yes, they would need to make changes. As discussed, a consumer choice and demand driven model is likely to put pressure on providers to make changes to improve quality and try to meet demand.

10. As an existing approved provider: How would you ensure your aged care home/s remain competitive and attractive to consumers?

This does not directly apply to the Australian College of Nursing as we are not an Aged Care Provider. However, because aged care service provision would become one continuum of

service provision – rather than the current setup which operates in silos, they are likely to make efforts become competitive and attractive to consumers.

Some of the larger and forward-thinking residential providers have already started expanding/focussing on the home care service provision. They see this as the way of the future.

- 11. As a provider of private residential aged care or other seniors accommodation: Would you consider applying to become an approved provider under the Aged Care Act 1997 to offer subsidised care if these reforms proceeded?**

Not Applicable

- 12. What features in the model, or the broader system, would be required to support providers to operate sustainably in a competitive market? For example, how could innovation and differentiation in service and accommodation offerings be facilitated?**

Within this model, the consumer is the 'king'. As mentioned previously, when choice rests with consumers, providers who want to remain in business will need to ensure their operational model puts the consumer first. It is no different to say a restaurant – where to be successful, the customer, their experiences, etc enables the business to exist or shut shop.

- 13. For those providers who are dependent on capital financing, what role does the ACAR system play in supporting their ability to obtain that financing?**

Not Applicable.

- 14. What might be required to ensure the residential aged care sector remains an attractive investment for financiers and lenders?**

- 15. How can adequate availability of residential aged care services be supported (aside from increasing funding or revising the funding model): a) in rural, regional and remote areas and other thin markets? b) for consumers from vulnerable cohorts (such as Special Needs Groups, consumers with dementia)?**

- 16. Is it possible to attach conditions to being an approved provider, and could these conditions be specific to locations or particular consumer groups?**

- 17. What would be the overall potential impact of this model (consider benefits, costs, and risks) on you or the organisation or stakeholder group you represent?**

- 18. What do you think might be the impact on the residential aged care sector overall?**

- 19. If this model were to be implemented, what are the potential impacts on, linkages or interdependencies with, other programs or reforms in aged care that might impact you or the stakeholder group or organisation you represent?**

- 20. How could residential respite care places be distributed, and to whom, if residential aged care places no longer exist?**

- 21. What are your views on how to manage extra service status under this model?**

- 22. How might the allocation, eligibility criteria and/or administrative provisions (e.g. terms of repayment) for capital grants allocated through the ACAR need to change to best support the needs and objectives of a more market-based model?**

- 23. How could implementation of this model maximise the benefits and minimise risks/disruptions?**

24. What steps/sequencing and timeframes would be appropriate to facilitate a smooth transition?
25. What specific supports or enablers would be required to ensure the changes are understood by all stakeholders and successfully implemented?

Section 5: General Views

1. **Aside from the two proposed models, how else could we encourage greater consumer choice and a more consumer driven market in residential aged care?**

We could take model 2 further – i.e. a voucher (or Medicare) system where each consumer is given an allocation of funds. They can use funds to pay for any services as required.

2. **Do you have any other overall comments you wish to provide?**

- There are a number of papers by various organisations that all support the freeing up of places from providers to a consumer driven system.
- Current system of places and the Aged Care regulatory instruments are outdated and need to be revamped to meet the needs of a totally different cohort of consumers from those of the early 1990's when these instruments were developed. The quality standards have been revised to meet a consumer driven focus and have come into effect from 1 July. This is only one part of the equation.
- The Royal Commission is finding various issues – which all point towards the fact that the system of aged care provision is not consumer centric enough. The system needs to continue to move towards a complete Consumer Demand Driven model as recommended by the Tune Review (Legislated Review of Aged Care 2017).
- Self-preservation and trying to continue to manage a function that has been traditionally done will always be an issue i.e. will sections of the government (allocations and Places Management teams) want to give away what they have always done?

References

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