



**LASA**  
LEADING AGE SERVICES  
AUSTRALIA  
*The voice of aged care*

# LEGISLATED REVIEW OF AGED CARE 2017

LASA Submission in response to the Tune Review

December 2017

**Leading Age Services Australia**

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Leading Age Services Australia (LASA) is the national peak body representing and supporting providers of age services across residential care, home care and retirement living. Our purpose is to enable a high performing, respected and sustainable age services industry delivering affordable, accessible, quality care and services for older Australians. We represent our Members by advocating their views on issues of importance and we support our Members by providing information, services, training and events that enhance performance and sustainability.

LASA's membership base is made up of organisations providing care, support and services to older Australians. Our Members include private, not-for-profit, faith-based and government operated organisations providing age services across residential aged care, home care and retirement living. Our diverse membership base provides LASA with the ability to speak with credibility and authority on issues of importance to older Australians and the age services industry.

LASA is pleased to provide comment on the Legislated Review of Aged Care. Should you have any questions regarding this submission, please don't hesitate to contact Kate Lawrence-Haynes (General Manager – Policy & Advocacy) on telephone 02-62301676 or email: [katel@lasa.asn.au](mailto:katel@lasa.asn.au)

## Introduction

LASA consulted extensively with its Members on the Report on the Legislated Review of Aged Care 2017 (the Tune Review). Feedback from LASA Members was received from a mix of non-profit and for-profit providers offering residential care, home care and providers delivering care in both settings. V

Overall, the view of LASA Members is that the Tune Reviews findings are a fair representation of the state of the reform agenda in the industry and that the Review’s recommendations generally align with proposals set out in the Aged Care Roadmap. As such, LASA supports or conditionally supports many of the recommendations.

As general feedback on the Review, LASA Members noted that across the board insufficient attention is paid to issues specific to regional and remote Australia and the lack of IT capabilities in the sector is not addressed.

## Recommendations

The table below lists on the left-hand side the Recommendations made in the Legislated Review of Aged Care Report and LASA’s statement and/or new recommendations on the right-hand side.

With supported Recommendations LASA often adds a proposal on how the Review Recommendation could be strengthened. For conditionally supported Recommendations, LASA identifies the changes or additions to the Recommendations, which would cause LASA to give full support. If LASA does not support a Review Recommendation, then an alternative Recommendation is offered.

Tune Report Recommendation	LASA Recommendation
<p><b>R1 That the government review the management policy regarding offline residential care places and, if required, implement changes that maximize their availability to consumers.</b></p>	<p>LASA supports Recommendation 1</p> <p>Further, LASA recommends that the government allocate ‘approved in principle places’ to providers who have an ability to immediately activate them.</p>
<p><b>R2 That the government, in the medium term, continue to maintain control over the number and mix of aged care places (residential care and home care), in line with the improvements detailed in Recommendations 3–10.</b></p>	<p>LASA conditionally supports Recommendation 2, provided LASA’s advice for Recommendations 3 to 10 is taken into account.</p> <p>Further, LASA recommends that block funding be maintained for services where this funding approach is most efficient.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R3 That, as soon as possible, the government discontinue the Aged Care Approvals Round for residential care places, instead assigning places directly to the consumers within the residential care cap, with changes to take effect two years after announcement by government.</b></p>	<p>LASA conditionally supports Recommendation 3</p> <p>However, LASA recommends that the government take a staged approach with the implementation of directly assigning places to consumers. This reform should initially be introduced in regions with mature and functioning markets only. Such a staged approach to implementation would enable industry and government to observe the effects of this reform and to address serious unintended consequences in a timely manner.</p> <p>Structural adjustment support may be necessary to assist some providers to adjust to a consumer directed care environment e.g. support with adaption of systems, consumer information and assistance with placing new offerings to the market and dealing with any issues with government systems such as My Aged Care.</p>
<p><b>R4 That a government announcement on discontinuation of Aged Care Approvals Round (Recommendation 3) be accompanied by appropriate provisions to ensure continuing supply of residential care services in areas with limited choice and competition.</b></p>	<p>LASA supports Recommendation 4</p> <p>However, LASA stresses the importance of government accompanying this reform with sufficient provision for residential aged care providers to continue operating in thin markets.</p> <p>Further, LASA considers it important that reforms ensure adequate supply of aged care for more vulnerable groups.</p>
<p><b>R5 That the government re-balance the distribution of home care packages, by increasing the proportion that are high care packages, without a change in the overall home care ratio.</b></p>	<p>LASA conditionally supports Recommendation 5</p> <p>A number of further adjustment are required to deal with the national queue for home care of over 101,000 people at 30 September 2017. LASA estimates that there are unspent funds of between \$200 - \$350 million that might be partly directed to new packages as long as this does not remove funds that, in fact, need to be spent on existing packages. This will not resolve the queue and investment is likely to be need to meet at least the highest priority needs in the queue.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R6 That the government further increase access to high level home care packages to better reflect current demand by allowing for the temporary allocation of a home care package where there is a residential care place that is not being used.</b></p>	<p>Over time, levers such as adjustment to the Medicare levy may need to be looked at, as well as reform of consumer contributions, as noted in recommendations 12, 15 and 16.</p> <p>If lower packages are to be reduced, this may require more availability of Commonwealth Home Support Packages (CHSP). But CSHP will be reformed and integrated in some way with the home care packages from 2020.</p> <p>LASA conditionally supports Recommendation 6 – note points above.</p> <p>How this would be implemented in practice needs to be looked it and it should not complicate providers planning for residential aged care beds or impact on residential aged care provider viability. LASA recommends that the government integrate CHSP with HCP services before introducing a Flexible Model to Manage Supply. Any responses need to manage demand for both home care and residential aged care places.</p>
<p><b>R7 That the government introduce a level 5 home care package to allow people with higher care needs to stay at home longer, with the level of assistance being no higher than the average costs of care in residential care.</b></p>	<p>LASA supports Recommendation 7. However, this needs to be implemented in a way that does not impact residential aged care viability or reduce access to residential aged care where this is most appropriate for the client.</p>
<p><b>R8 That the government:</b></p> <ul style="list-style-type: none"> <li><b>a) in the short-term, review the existing respite arrangements to ensure that its objectives are being met.</b></li> <li><b>b) in the medium term, in discontinuing the Aged Care Approvals Round for residential care (Recommendation 3), review how best to ensure adequate supply and equitable access to residential respite care.</b></li> </ul>	<p>LASA conditionally supports Recommendation 8a</p> <p>LASA further recommends that the Government include in its review of existing respite arrangements the needs of frail aged carers and investigate the implementation of better respite supports for this emerging carer cohort.</p> <p>LASA conditionally supports Recommendation 8b</p>

Tune Report Recommendation	LASA Recommendation
	<p>LASA recommends that prior to discontinuing the ACAR the government review the funding for RACF based respite care with view to minimizing the financial risk to providers when offering complex respite care.</p> <p>Further, LASA recommends that some respite places and/or unused occupancy be complimented with a restorative/respite package for older people post discharge from acute hospital care.</p> <p>In both cases the funding for respite care should match demand and the real costs of the provision of best practice care.</p>
<p><b>R9 That the government change the Aged Care Provision Ratio to the population cohort aged 75 years and over, following achievement of the 125 Ratio in 2021–22, to better meet future demand.</b></p>	<p>LASA supports Recommendation 9 in principle.</p> <p>However, LASA recommends that the Federal Government when changing the Aged Care Provision Ratio ensure (1) adequate provision for population cohorts that age early and (2) specifically consider geographical areas with a high population density of older Australians.</p>
<p><b>R10 That the government, in implementing Recommendation 9, consider whether a change in the mix of places within the new Ratio is required to better reflect demand, and that it consider further opportunities for removing supply controls.</b></p>	<p>LASA supports Recommendation 10 in principle.</p> <p>However, LASA recommends that the Federal Government undertake periodic modelling and monitoring of the demand/supply situation for the industry to be well placed to (1) continue to meet demand and (2) operate in a more open market environment.</p>
<p><b>R11 That government and providers work together to determine how to ensure comparability of home care pricing for consumers and how best to publish on My Aged Care.</b></p>	<p>LASA supports Recommendation 11 in principle.</p> <p>However, LASA recommends that the Federal Government consider developing a simple set of parameters for price comparison for consumers, taking care that the choice of parameters does not stifle innovation.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R12 That the government should revise the naming and structure of fees to:</b></p> <p><b>a) Rename the ‘basic daily fee’ as a ‘basic care fee’ in home care.</b></p> <p><b>b) Require that providers charge the ‘basic care fee’ in home care.</b></p> <p><b>c) Require that providers charge the income-tested care fee in home care.</b></p> <p><b>d) Make the value of the basic care fee proportionate to the value of the home care package, retaining an upper limit relating to the value of the single aged pension.</b></p>	<p>LASA supports Recommendation 12 a.</p> <p>LASA <b>does not</b> support Recommendations 12 b and c</p> <p>LASA recommends that providers should have a choice whether they charge the ‘basic care fee’ or the income-tested care fee in home care.</p> <p>LASA supports Recommendation d but considers that this approach to calculating consumer contributions should be modelled so any financial impact on providers can be understood.</p>
<p><b>R13 That the government include the full value of the owner’s home in the means test for residential care when there is no protected person in that home.</b></p>	<p>Despite the Government not supporting this recommendation, LASA supports Recommendation 13 as essential towards sustainable residential aged care. Milder alternatives include increasing the current fixed amount of the family home asset that is included in the asset test (linked to property price movements) or resetting the system so that a fixed part of the value of the family home (e.g. equivalent to a small apartment) is not included in the asset test. The value of the home above this limit would be included so that consumers with valuable family homes contribute more.</p>
<p><b>R14 That the government:</b></p> <p><b>a) Require that providers charge the minimum basic daily fee in residential care;</b></p> <p><b>b) Retain the cap on the value of the basic daily fee in residential care for low means (fully and partially supported) residents;</b></p> <p><b>c) Allow providers to charge a higher basic daily fee to non-low means residents, with amounts over \$100 to be approved by the Aged Care Pricing Commissioner;</b></p>	<p>LASA supports Recommendations 14 a-d</p>

Tune Report Recommendation	LASA Recommendation
<p><b>d) Require that the maximum basic daily fee be published on the My Aged Care website, the provider’s website and in written materials to be given to prospective residents.</b></p>	
<p><b>R15 That the government abolish the annual and lifetime caps on income-tested care fees in home care and means-tested care fees in residential care.</b></p>	<p>Despite the Government not supporting this recommendation, LASA supports Recommendation 15 as essential towards sustainable aged care. If the Government continues to reject this recommendation, then it is essential that the caps are at least increased, and/or removed for higher income consumers.</p>
<p><b>R16 That the government introduce mandatory consumer contributions for services under the Commonwealth Home Support Program (CHSP). Consumer contributions should be standardized according to an individual’s financial capacity.</b></p>	<p>LASA supports Recommendation 16 and further detail on this is provided in LASA’s pre-budget submission.</p>
<p><b>R17 That the government inform consumers of the value of the subsidy that is provided for their care.</b></p>	<p>LASA supports Recommendation 17</p>
<p><b>R18 That the government improve the transparency of fees for residents by requiring providers to publish information on My Aged Care in a way that assists informed choice by consumers.</b></p>	<p>LASA supports Recommendation 18</p> <p>However, LASA further recommends that the Federal Government collaborate with the sector to develop tools for the comparison of care fees in the residential care sector on My Aged Care.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R19 That the government retain and reform the role of the Aged Care Pricing Commissioner by:</b></p> <p><b>a) increasing the maximum accommodation payment, above which approval by the Pricing Commissioner must be sought, from a refundable deposit of \$550,000 to \$750,000 (or equivalent daily payment);</b></p> <p><b>b) implement an automatic link between the future maximum accommodation payment and median house prices; and</b></p> <p><b>c) Expand the Pricing Commissioner’s role to include providing independent assessment of other fees, e.g. additional service fees and uncapped basic daily fees (see Recommendation 8).</b></p>	<p>LASA supports Recommendation 19a</p> <p>LASA conditionally supports Recommendation 19b but the impact of these needs to be investigated, particularly in regional areas where this link may not provide adequate funding. A number of other options of this sort could be looked at.</p> <p>LASA recommends that regular modelling be undertaken to set the right bond limits in regional areas should the Federal Government introduce some form of Recommendation 19b.</p> <p>LASA <b>does not</b> support Recommendation 19c.</p> <p>LASA recommends that prices should be determined by the market with the Government acting as a safety net.</p> <p>Further, LASA recommends that the Federal Government discontinue the Aged Care Pricing Commissioner’s role, as it constitutes an unnecessary impediment to the development of the aged care market.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R20 That the government maintain the Bond Guarantee Scheme, but reform it to improve certainty and to ensure that aged care providers make contributions where the benefits outweigh the costs. This would include that the government:</b></p> <p>a) announce a date after which it will require that non-government residential aged care providers be levied to recoup all of the costs of default events, where the total amount of those events exceeds, say, \$5 million in any fiscal year</p> <p>b) introduce a formal process for notifying the sector of defaults that have occurred that exceed that threshold, and the cost of the levy that will be applied</p> <p>c) declare that the costs to the Scheme of provider insolvency events that were triggered prior to the reform commencement date will not be recouped.</p>	<p>LASA <b>does not</b> support Recommendation 20.</p> <p>LASA recommends that the Federal Government retain the current Bond scheme unchanged.</p>
<p><b>R21 That the government reform prudential standards and oversight, taking account of the recommendations in the independent review of prudential standards conducted by Ernst and Young (EY) to:</b></p> <ul style="list-style-type: none"> <li>• correct gaps in prudential information received by the government</li> <li>• strengthen the standards to improve liquidity, capital adequacy and disclosure requirements</li> <li>• strengthen governance standards.</li> </ul>	<p>LASA has concerns about Recommendation 21 and Appendix 1 is a more detailed analysis of the Ernst and Young recommendations.</p> <p>LASA <b>does not</b> support the Recommendations I1 and I2 relating to Discretionary Trusts proposed in the Prudential Standards Review.</p> <p>Further, LASA recommends that the government consider undertaking prudential support that</p> <ul style="list-style-type: none"> <li>• includes guidance on minimum policies and procedures for prudential management</li> <li>• improves governance and risk management practices</li> <li>• enhances disclosure of financial information</li> <li>• provides clear guidance on any liquidity levels required.</li> </ul>

Tune Report Recommendation	LASA Recommendation
<p><b>R22 That the government improve the functionality and performance of the My Aged Care ICT platform with particular emphasis on improving information-sharing between My Aged Care and other government agency and provider ICT systems.</b></p>	<p>LASA supports Recommendation 22</p> <p>Further, LASA recommends that the Federal Government maintain access to the My Aged Care gateway for people unable to use the ICT platform, for example through the existing 1800 phone number.</p>
<p><b>R23 That the government introduce aged care system navigator and outreach services to assist consumers who have difficulty engaging through the existing channels to effectively engage with My Aged Care. The services should be funded by the government and not be delivered by the government or aged care providers.</b></p>	<p>LASA supports Recommendation 23 in principle but more need to be done to reduce the complexity of the system, rather than adding more complexity and cost.</p>
<p><b>R24 That the government invest in regular advertising and awareness activities for My Aged Care, to explain the process for accessing government-funded aged care services.</b></p>	<p>LASA supports Recommendation 24</p> <p>Further, LASA recommends that regular advertising for My Aged care target the primary health care sector in particular.</p>
<p><b>R25 That the government continues to improve the My Aged Care website for consumers and providers by making the design and layout easier to use and providing information in more accessible, plain-English formats.</b></p>	<p>LASA supports Recommendation 25</p>
<p><b>R26 That the government trial a simplified My Aged Care assessment process for consumers seeking a short-term single, simple service.</b></p>	<p>LASA supports Recommendation 26</p> <p>LASA recommends that direct referrals to CHSP be guided by clear rules and supported by training and appropriate ICT infrastructure.</p>
<p><b>R27 That the government integrate the RAS and ACAT assessment workforces.</b></p>	<p>LASA supports Recommendation 27</p> <p>Further, LASA recommends that the Federal Government, on integrating the RAS and ACAT assessment workforces, fundamentally review the model of assessment for aged care. This review should consider the inclusion of a re-ablement component in the model of assessment.</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R28 That, following review of ACFI, the government integrate residential aged care funding assessment with the combined RAS and ACAT functions, independent of aged care providers.</b></p>	<p>LASA <b>does not</b> support Recommendation 28</p> <p>LASA recommends that the Federal Government retain the current practice that providers of residential aged care undertake their residents' ACFI assessment.</p>
<p><b>R29 That the government and providers work to improve access to wellness and reablement activities to provide greater choice and better support for consumers to live independently, including by:</b></p> <ul style="list-style-type: none"> <li>• increasing access to short-term reablement supports and/or episodic care, rather than the provision of ongoing care, including an increased focus on the use of assistive technology</li> <li>• enabling better integration with other available support systems such as the health care system and community-based support</li> <li>• supporting staff and consumers to better understand and access information about wellness, reablement and restorative care</li> <li>• providing aged care assessors with training on wellness, reablement and restorative care.</li> </ul>	<p>LASA supports Recommendation 29.</p> <p>Further, LASA recommends that the government also</p> <ul style="list-style-type: none"> <li>• undertake steps to establish evidence-based funding for wellness and reablement services</li> <li>• support cost-benefit studies for assistive technologies</li> <li>• phase in wellness and reablement services in a stepwise process</li> <li>• Financially support aged care staff's education and training needs in wellness and reablement.</li> </ul>
<p><b>R30 That the government immediately review the National Screening and Assessment Form.</b></p>	<p>LASA supports Recommendation 30</p> <p>Further, LASA recommends that the Federal Government in reviewing the National Screening and Assessment Form include considerations of evidence, quality and red tape reduction.</p>
<p><b>R31 The government expand the NATSIFACP to better support Aboriginal and Torres Strait Islander people.</b></p>	<p>LASA supports Recommendation 31</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R32 That the government engage with state and territory governments and service providers to review the Multi-Purpose Services (MPS) Program to better align its service delivery model with mainstream aged care programs, where appropriate, to ensure greater consistency of services for aged care consumers and providers, and to consider the location of services to ensure that MPS funding is properly targeted.</b></p>	<p>LASA supports Recommendation 32</p> <p>Further, LASA recommends that MPS funding arrangements and other pertinent rules and regulations be reviewed so MPS providers deliver their services under similar conditions to other aged care providers.</p>
<p><b>R33 That the government review whether further ways of assisting in the delivery of improved services to homeless people are needed in the context of reform to home care and residential care.</b></p>	<p>LASA supports Recommendation 33</p> <p>Further, LASA recommends that funding models be devised that support providers to deliver outreach services to homeless people.</p>
<p><b>R34 That the Australian, state and territory governments work together to resolve current issues with the provision of aids and equipment for older people.</b></p>	<p>LASA supports Recommendation 34</p>
<p><b>R35 That the government give consumers the opportunity to identify as belonging to a population group with special needs as part of their client record.</b></p>	<p>LASA supports Recommendation 35</p>
<p><b>R36 That the government enhance the capacity of My Aged Care to provide information that meets consumers' special needs by:</b></p> <p><b>a) allowing 'pre-qualified' providers to indicate that they have expertise in delivering services to particular population groups; and</b></p> <p><b>b) adding a search function on My Aged Care to allow consumers to search providers by population group.</b></p>	<p>LASA supports Recommendation 36</p>

Tune Report Recommendation	LASA Recommendation
<p><b>R37 That the aged care sector, in collaboration with the vocational education and training, and tertiary education sectors, should act to ensure education and training is responsive to the sector's needs including:</b></p> <ul style="list-style-type: none"> <li><b>a) identifying the scope of training required for on-the-job training, continuing professional development, and specialised training</b></li> <li><b>b) exploring a range of options to deliver what is required, e.g. partnerships, cooperative models or arrangements with existing non-aged-care training providers</b></li> <li><b>c) promoting and encouraging ageing and aged care as a specialisation in nursing education</b></li> <li><b>d) making effective use of allied health workers.</b></li> </ul>	<p>LASA supports Recommendation 37</p>
<p><b>R38 That the aged care sector, in developing a workforce strategy, ensure that the strategy:</b></p> <ul style="list-style-type: none"> <li><b>a) reflects that primary responsibility for workforce rests with providers, with government providing support</b></li> <li><b>b) draws on engagement with relevant sector and interest groups to ensure that all workforce groups are included</b></li> <li><b>c) results in actions that can be sustained by the sector, including particular focus on the areas of pay, education and training, developing retention, recruitment and workforce growth, improving the sector's image, and considering cross-sectoral workforce linkages.</b></li> </ul>	<p>LASA conditionally supports Recommendation 38 a.</p> <p>However, LASA considers that government continues to have a role in the development of policies and programs relating to the aged care workforce.</p> <p>LASA supports Recommendation 38 b.</p> <p>LASA supports Recommendation 38 c, noting that providers' capacity and capability to address the issues is constrained by a range of factors (including funding issues)</p>

## Recommendation 1

That the government review the management policy regarding offline residential care places and, if required, implements changes that maximize their availability to consumers.

There are structural, legislative and funding reasons for residential care places being off-line. LASA Members are of the view that these causes for off-line beds should be considered on a case-by case basis.

Residential care places may be off-line as providers restructure their bed mix to better reflect consumer preferences, which may require significant refurbishment or a new build. A new build takes three years at a minimum from planning, building approval through to project completion.

Another reason contributing to off-line beds is that the higher accommodation supplement (fully supported) falls behind costs for newly build facilities. Funding issues contributing to beds remaining off-line can be addressed by better indexation of the higher accommodation supplement and by consumers who have capacity to pay contributing more.

Private providers propose that 'approved in principle places' be allocated to providers who have an ability to immediately activate them i.e. through expanded capacity but with no approved bed licenses to fill the capacity with residents.

### **LASA supports Recommendation 1**

**Further, LASA recommends that the government allocate 'approved in principle places' to providers who have an ability to immediately activate them.**

## Recommendation 2

That the government, in the medium term, continue to maintain control over the number and mix of aged care places (residential care and home care), in line with the improvements detailed in Recommendations 3–10.

For providers to operate viable businesses the residential aged care facility (RACF) sector's financial and operational underpinnings need to be maintained. The sector is concerned that an early shift to a fully market-driven supply of aged care may result in an oversupply of RAFC places with the associated negative sequelae for residents, staff, suppliers and providers if facilities fail to achieve required occupancy rates and fail.

LASA Members consider the availability of data on current and prospective demand for aged care (residential and home) to be fundamental to the sector successfully transitioning to a demand driven supply of aged care. Is My Aged Care data available for demand modelling purposes if research ethics conditions are met?

Protection from an oversupply of residential aged care places is also a key consideration for capital development, for accessing development capital from banks and the prevention of capital flight from the sector. Too early a shift may cause a 'halt' to capital development.

Members asked:

*“How will banks assess and value loans in a non-ACAR environment?”*

Further economic modelling and input from Members is required, but an initial view is that for low-level care and in regional areas, block funding rather than consumer driven funding may be more appropriate. Block funding can help ensure that key services that may struggle to be viable in an open market have enough certainty to enter into financial commitments such as employing staff and securing volunteers.

**LASA conditionally supports Recommendation 2, provided LASA’s advice for Recommendations 3 to 10 is taken into account.**

**Further, LASA recommends that block funding be maintained for services where this funding approach is most efficient.**

### Recommendation 3

That, as soon as possible, the government discontinue the Aged Care Approvals Round for residential care places, instead assigning places directly to the consumers within the residential care cap, with changes to take effect two years after announcement by government.

LASA supports in principle the discontinuation of the Aged Care Approval Round and implementation of assignment of places directly to consumers. However, LASA believes that the introduction should initially be confined to mature and functioning markets. This way the effects of this reform can be observed and course correction undertaken, if necessary.

LASA takes this stance because Members continue to express concern that this reform may result in an oversupply of RACF places and/or change the mix of providers.

Small or regional operators are concerned that directly assigning places to consumers may make their residential care business no longer viable because many tend to operate on tight margins.

Some individual owners of smaller RACFs express serious concern that the implementation of Recommendation 3 may consolidate the profile of approved providers, resulting in market dominance by a few big entities. This development would diminish the choices available now due to the presence of small, private providers.

A Member said:

*“Small, private providers generally have long standing proprietors, are mature businesses, have significant industry experience, maintain close and caring interests with and in local communities, have long and enduring relationships with their staff, and are generally satisfied with existing returns on capital”.*

Some private providers prefer to see the allocation of licenses under ACAR continued for another five years with bed licenses assigned on a merit basis.

Members strongly support the advance notice of at least two years to enable the sector to prepare for places being directly assigned to consumers.

LASA believes that this reform needs to be done with care and in close consultation with the industry. LASA proposes that a staged approach be taken with places directly assigned to consumers in regions with mature and functioning markets. Such a staged approach would enable industry and government to observe the effects of this reform and to address serious unintended consequences. And structural adjustment support may be needed as mentioned below.

### **LASA conditionally supports Recommendation 3**

**However, LASA recommends that the government take a staged approach with the implementation of directly assigning places to consumers. This reform should initially be introduced in regions with mature and functioning markets only. Such a staged approach to implementation would enable industry and government to observe the effects of this reform and to address serious unintended consequences in a timely manner.**

**Structural adjustment support may be necessary to assist some providers to adjust to a consumer directed care environment e.g. support with adaption of systems, consumer information and assistance with placing new offerings to the market and dealing with any issues with government systems such as My Aged Care.**

## **Recommendation 4**

That a government announcement on discontinuation of Aged Care Approvals Round (Recommendation 3) be accompanied by appropriate provisions to ensure continuing supply of residential care services in areas with limited choice and competition.

LASA supports provisions that ensure the supply of aged care service where markets are likely to have weakness such as in some regional areas. To be effective, these provisions need to offer sufficient support for the operational and financial underpinnings for providers. Increased supplements may stimulate investment in regions with limited aged care choices.

It is important that any reforms ensure adequate supply for more vulnerable groups such as Aboriginal people and homeless people.

#### LASA supports Recommendation 4

However, LASA stresses the importance of government accompanying this reform with sufficient provision for RACF providers to continue operating in thin markets. Further, LASA considers it important that reforms ensure adequate supply of aged care for more vulnerable groups.

## Recommendation 5

That the government re-balance the distribution of home care packages, by increasing the proportion that are high care packages, without a change in the overall home care ratio.

LASA supports Recommendation 5 given that demands for higher level home care packages has been demonstrated but overall supply of packages also needs to be improved. Premature exits from home care into residential care due to lack of adequate home support are occurring. The *LASA second home care provider survey report (November 2017)* indicated a rate of 2.7 per cent of premature admissions in the sample of providers surveyed (sample: 5 per cent of all providers). This rate amounted to 217 individuals entering residential care early in the 6 months survey period<sup>1</sup>.

Transparent and timely data is necessary for the efficient planning and delivery of home care services. This data needs to include: (1) wait lists and wait time for ACAT assessments (2) wait-time to allocation and (3) wait time to activation. Real time data is also needed on the number of packages at each level funded and those coming into the system in response to demand. The 15 September 2017 release of wait time data on My Aged Care is not comprehensive enough for industry to understand the market for home care.

Further, Members inform LASA that the number of high care packages can be increased only if sufficient Commonwealth Home Support Package (CHSP) capacity exists in the region to accept Home Care Package 2 (HCP) clients. Overall, Members report unmet demand for both, CHSP and HCP2 services. Members consider that an increase in the proportion of high care packages is feasible only in regions with CHSP capacity to deliver services to clients who would otherwise receive HCP2 services. However, many regions lack a sufficient supply of CHSP services to support HCP2 clients.

***‘Increasing high level packages will work in some areas where the capacity of CHSP providers allows for care to be provided to clients who would otherwise need a HCP2.’***

Overall LASA prefers that the number of higher-level packages be increased and access to CHSP services be reserved for consumers who cannot afford to pay. LASA also refers to its September 2017 submission of its issues paper to the Federal Government *LASA response to Implementation of Increasing Choice in Home Care*<sup>2</sup>.

<sup>1</sup> The *LASA Second Home Care Provider Survey Report* can be accessed on LASA’s website through this link [Home Care Provider Survey Report - November 2017](#)

<sup>2</sup> The *LASA response to Implementation of Increasing Choice in Home Care* can be accessed on LASA’s website through this link: [https://lasa.asn.au/wp-content/uploads/2017/06/LASA\\_ICHC\\_Implementation\\_Issues\\_Paper\\_September\\_2017.pdf](https://lasa.asn.au/wp-content/uploads/2017/06/LASA_ICHC_Implementation_Issues_Paper_September_2017.pdf)

### **LASA supports Recommendation 5**

#### **LASA conditionally supports Recommendation 5**

**A number of further adjustment are required to deal with the national queue for home care of over 101,000 people at 30 September 2017. LASA estimates that there are unspent funds of between \$200 - \$350 million that might be partly directed to new packages as long as this does not remove funds that, in fact, need to be spent on existing packages. This will not resolve the queue and investment is likely to be need to meet at least the highest priority needs in the queue – over time, levers such as adjustment to the Medicare levy may need to be looked at, as well as reform of consumer contributions, as noted in recommendations 12, 15 and 16.**

**If lower packages are to be reduced, this may require more availability of Commonwealth Home Support Packages (CHSP). But CSHP will be reformed and integrated in some way with the home care packages from 2020.**

## **Recommendation 6**

That the government further increase access to high level home care packages to better reflect current demand by allowing for the temporary allocation of a home care package where there is a residential care place that is not being used.

LASA conditionally supports Recommendation 6 noting that this approach may be difficult for providers to implement. A Member says:

*“Seems ad hoc and complex to manage.”*

Members observed that this arrangement would only work for providers offering both, RACF and home care services. For these providers Members could see the positives as consumers can transfer across service types with one provider who can better plan for the management of funds.

Members consider that the integration of CHSP with HCP (Recommendation 5) should be undertaken as a first step, prior to considering introduction of a Flexible Model to Manage Supply.

LASA Members caution that the proposed Flexible Model to Manage Supply proposed in the Tune report may negatively affect the business model of RACF operators. The Flexible Model proposes that unoccupied RACF places trigger the government to release more high-level home care packages within the overall allocation of operational aged care places (section 4.150 and Box 4.4). This re-allocation to high-level home care packages would delay older peoples’ entry into residential aged care, leaving operators of RACFs with vacancies and thus reduced income but a still considerable component of the fixed costs. Members consider that implementation of this arrangement should be supported by data demonstrating a lack of RACF places.

Overall, a more sustainable response to unmet demand in home care packages is required.

**LASA conditionally supports Recommendation 6 – note above comments.**

**LASA recommends that the government integrate CHSP with HCP services prior to introducing a Flexible Model to Manage Supply where data indicate a lack of RACF places.**

## Recommendation 7

That the government introduce a level 5 home care package to allow people with higher care needs to stay at home longer, with the level of assistance being no higher than the average costs of care in residential care.

LASA Members consider it important that funding for a level 5 home care package is equivalent to the financial support received for a RACF placement.

Members support that quality standards are common to both settings. A Member said:

***“We support this as many of our clients require twice daily medication administration which is difficult to achieve on a HCP4”***

LASA further refers to the 21 August 2017 LASA Discussion Paper: *Future reform – an integrated care at home program to support older Australians* submitted to the Federal Government. As noted in this submission on the next tranche of home care reforms, the level 1 packages might be dropped and subsumed into the CHSP. This would result in four more highly funded levels. Any level 5 package needs to be set at the right level of funding, also accounting for additional costs such as absorbing higher insurance premiums.

The viability of residential aged care and availability of residential aged care places needs to be ensured under implementation of this recommendation. A concern for providers of residential aged care is that introducing a level 5 home care package is likely to delay peoples’ entry into RACF, further shortening residents’ length of stay.

**LASA supports Recommendation 7, subject to consideration and management of any impacts on residential aged care viability.**

## Recommendation 8

That the government:

a) in the short-term, review the existing respite arrangements to ensure that its objectives are being met.

Members observe that education for consumers on their respite options should be made available.

Members have suggested that respite care should be divided into two categories: planned respite and emergency respite. Reserving emergency places should make access to emergency respite easier.

Overall, providers have indicated that respite care is in very short supply.

Any review of existing respite arrangements should consider the increasing number of couples where the carer-partner is also frail aged. The HCP system should allow for joint respite planning for couples with a frail aged carer. The review should further address the current disconnect between the MAC Gateway and the CarerGateway to enable planning for joint respite for frail aged carers and their partners. Members say:

*“The rapid increase in frailty of carers is alarming”.*

Members suggested the investigation of new options for the delivery of respite care such as:

- 24hour respite at home services
- Urban respite homes accommodating with perhaps 8 consumers on respite with sleepover staff.
- Extended day care through to overnight care with a sleep-over fit-out.

A review of DSS DEX data may provide an insight into the demand and supply of CHSP funded respite services.

### **LASA supports Recommendation 8a**

**LASA further recommends that the Government include in its review of existing respite arrangements the needs of frail aged carers and investigate the implementation of better respite supports for this emerging carer cohort.**

**Funding for respite care should match demand and the real costs of the provision of best practice care.**

b) in the medium term, in discontinuing the Aged Care Approvals Round for residential care (Recommendation 3), review how best to ensure adequate supply and equitable access to residential respite care.

Providers report that the supply of respite beds is scarce and finding a respite care bed is very labour intensive, involving much ringing around. LASA Members who are RACF providers report that current funding arrangements constitute a disincentive to making places available for complex respite care. Members observed:

*“The financial risk associated with complex respite is high”.*

Thus, for residential aged care providers, the current arrangements for the provision of residential aged care results in a risk/return equation that is too much weighted towards risk. The reasons for this situation are:

1. respite care is not funded to include accommodation cost; and
2. providing complex respite care to respite residents requiring comprehensive support may result in financial loss.

LASA Members propose following solutions:

1. Respite residents with means should contribute towards accommodation as permanent residents do, for example by paying a daily room rate.
2. Abolish low care respite but retain high care respite care.
3. Some respite placements could be complimented with a restorative/reablement package. Such places would take pressure off the hospital system. Any unused occupancy could be transferred towards such restorative/reablement placements.
4. Other funding incentivising the provision of residential respite may lift the attractiveness of providing residential respite.

**LASA conditionally supports Recommendation 8b**

**LASA recommends that prior to discontinuing the ACAR the government review the funding for RACF based respite care with view to minimizing the financial risk to providers when offering complex respite care.**

**Further, LASA recommends that some respite places and/or unused occupancy be complimented with a restorative/respite package for older people post discharge from acute hospital care.**

**Funding for respite care should match demand and the real costs of the provision of best practice care.**

## Recommendation 9

That the government change the Aged Care Provision Ratio to the population cohort aged 75 years and over, following achievement of the 125 Ratio in 2021–22, to better meet future demand.

LASA supports this change to the Aged Care Provision Ratio in principle as it reflects the demographic changes observed in the population requiring aged care.

Any risk of under-provision for people under 75 years would need to be managed. There must also be adequate provision ratios for specific groups that age 'early' e.g. Aboriginal people and homeless people.

Further considered should be geographical areas with a high density of older Australians such as the regions to which older Australians like to retire.

**LASA supports Recommendation 9 in principle**

**However, LASA recommends that the Federal Government when changing the Aged Care Provision Ratio ensure (1) adequate provision for population cohorts that age early and (2) specifically consider geographical areas with a high population density of older Australians.**

## Recommendation 10

That the government, in implementing Recommendation 9, consider whether a change in the mix of places within the new Ratio is required to better reflect demand, and that it consider further opportunities for removing supply controls.

In line with matching demand for aged care to aged care supply, LASA supports this. LASA Members consider that ongoing, periodic modelling and monitoring of the demand/supply situation would be beneficial for the industry to be well-placed to (1) continue to meet demand and (2) operate a more open market environment.

**LASA supports Recommendation 10 in principle.**

**However, LASA recommends that the Federal Government undertake periodic modelling and monitoring of the demand/supply situation for the industry to be well-placed to (1) continue to meet demand and (2) operate in a more open market environment.**

## Recommendation 11

That government and providers work together to determine how to ensure comparability of home care pricing for consumers and how best to publish on My Aged Care.

LASA supports Recommendation 11 in principle but acknowledges the existing tensions between (1) providers competing on diverse and innovative offerings and their associated pricing and (2) the clear comparability of care products for consumers. LASA Members also caution that such comparison of pricing does not account for variations in care quality.

Further, not all consumers are responding positively when being asked to select from a wide range of care choices. Consumers can experience having to make a choice as overwhelming and react with distress to this task. A Member said:

*“We remain concerned about the risk to older Australians who have insufficient informal carer support to help them navigate the complex system. Consumers struggle to navigate the new world”.*

Considering the above drawbacks, LASA Members proposed following ways of supporting price comparisons by consumers in the MAC service finder:

1. Simplification should be the key principle in setting parameters for comparison.
2. Industry could develop a template of key questions for consumers to ask when choosing a provider.
3. Select a number of set comparison items and legislate that providers must provide pricing on these items. These items could be expressed as a percentage of the funding for basic care package components.
4. Alternatively, pricing for set items could be expressed as an hourly service rate and the percentage taken for an administration fee.

An unintended consequence of setting a number of comparison items for price comparisons maybe a stifling of innovation in the design of care packages.

Members believe that consumers and their families should be educated about the questions they should be asking providers.

**LASA supports Recommendation 11 in principle.**

**However, LASA recommends that the Federal Government consider developing a simple set of parameters for price comparison for consumers, taking care that the choice of parameters does not stifle innovation.**

## Recommendation 12

That the government should revise the naming and structure of fees to:

- a) Rename the 'basic daily fee' as a 'basic care fee' in home care.
- b) Require that providers charge the 'basic care fee' in home care.
- c) Require that providers charge the income-tested care fee in home care.
- d) Make the value of the basic care fee proportionate to the value of the home care package, retaining an upper limit relating to the value of the single aged pension.

a) LASA supports Recommendation 12 a) as an easy to understand term for fees to be paid supports consumer choice.

For b) and c) LASA Members are concerned that many older people would choose to go without services if providers are compelled to charge a basic care fee. For the most vulnerable groups any fee may preclude their access to home care services. Members considered following groups as most vulnerable: homeless people, people suffering domestic violence, drug and alcohol issues or serious and continuing mental illness. A Member said:

***“We do not support the mandatory charging of the basic fee as many pensioners on high care packages have very high medication costs, transport costs and rent costs”.***

Members consider one advantage of not having to charge the basic care fee that consumers commence services with little or no fee and as care needs increase they start to contribute to cost with experience of the value of care they receive.

However, Members are also concerned about any legal duty of care they may have towards consumers who opt out of the home care system to avoid fees as their contribution increases in line with higher levels of care required.

The Review proposes in section 5.45 to change the daily basic fee to be proportionate to the value of the home care package. In this case the basic care fee for a level 1 package is proposed to be \$1.66 per day. Members are concerned that collecting low consumer fees (such as the level 1 fee above) may cost more than the value of these funds collected.

If charging the fee does not remain discretionary for providers then a simplified and streamlined process for determining financial hardship should be introduced. The form for accessing the financial hardship supplement should be reviewed. Currently the financial hardship application takes too long and requires a degree of financial expertise that many pensioners do not have. Particularly people from the marginalized populations mentioned above are unable to undertake this application process because it is too complex.

LASA Members consider simple claims processes for collecting client contributions and subsidy claims a high priority. Further, they are concerned about a risk of having to manage outstanding debt if consumers cannot afford to pay or fail payment for other reasons. Members propose as one option that providers not be involved in the collection of fees, as it becomes another administrative expense in a tight fiscal environment.

LASA supports d) in principle as this arrangement is sensible and fair for the consumer as well as the taxpayer. This arrangement could provide more transparent and seamless messages on the pathway between home care and residential aged care. Modelling of this approach to calculating consumer contributions will be required to understand any financial impacts on Members.

**LASA supports Recommendation 12 a.**

**LASA does not support Recommendations 12 b and c**

**LASA recommends that providers should have a choice whether they charge the 'basic care fee' or the income-tested care fee in home care.**

**LASA supports Recommendation d but considers that this approach to calculating consumer contributions should be modelled so any financial impact on providers can be understood.**

## Recommendation 13

That the government include the full value of the owner's home in the means test for residential care when there is no protected person in that home.

LASA supports that people with the means to support their aged care should do so. Members contend that there are clearly consumers accessing 'partially supported' resources who have the means to co-contribute at a higher level. The means test should ideally include the former principal place of residence if there is no protected person living there.

LASA Members consider that a longer-term funding sustainability approach is required. Consideration should be given to the negative consequence of excluding the full value of the owner's home from the means test on the future sustainability of the aged care system. Members say:

***"Who is going to fund aged care? Where is the money going to come from?"***

Industry and government should work together on this, potentially through the new Department of Prime Minister and Cabinet Taskforce that is looking at age care issues generally.

**LASA supports Recommendation 13.** If the Government is committed to rejecting this, milder alternatives include increasing the current fixed amount of the family home asset that is included in the asset test (linked to property price movements) or resetting the system so that a fixed part of the value of the family home (e.g. equivalent to a small apartment) is not included in the asset test. The value of the home above this limit would be included so that consumers with valuable family homes contribute more.

## Recommendation 14

That the government:

- a) Require that providers charge the minimum basic daily fee in residential care;
- b) Retain the cap on the value of the basic daily fee in residential care for low means (fully and partially supported) residents;
- c) Allow providers to charge a higher basic daily fee to non-low means residents, with amounts over \$100 to be approved by the Aged Care Pricing Commissioner;
- d) Require that the maximum basic daily fee be published on the My Aged Care website, the provider's website and in written materials to be given to prospective residents.

LASA supports the introduction of mechanisms for consumers who can afford to pay to make a greater contribution to their cost of aged care. Operators should be able to charge additional fees consistent with the mix of services chosen by the consumer.

- a) LASA supports greater client contributions in principle to facilitate transparency of benefits and costs of clients' services received. However, there may be practical difficulties such as enforcing the payment of client contributions and/or the cost of administering low co-payments.
- b) Although more funds are required for the system LASA notes that protections for low means clients are important. For non-low means residents LASA Members support that prices should be set through competition.
- c) LASA Members agree that providers should be able to determine the basic daily fee but caution that this requires alignment with Schedule 1 – Care and Services for Residential Care Services. Further, the relationship between the basic daily fee and ACFI needs clarification. Acceptable inclusions of additional services require definition. Members say:

*“The current system is not sustainable.”*

- d) While publication of the basic daily fee may assist some clients, there will be differences in providers' offerings and this may be confusing for prospective clients. (See also LASA Member response to Recommendation 11)

**LASA supports Recommendation 14 a**

**LASA supports Recommendation 14 b**

**LASA supports Recommendation 14 c**

**LASA supports recommendation 14 d**

## Recommendation 15

That the government abolish the annual and lifetime caps on income-tested care fees in home care and means-tested care fees in residential care.

A Member said:

*“Better to make people who can afford to leverage the value of their super or home to pay for their care and relieve pensioners from having to pay daily basic fee.”*

LASA Members support abolishing annual and lifetime caps on income-tested care fees in home care and means-tested care fees in residential care. LASA notes that this change would help to direct more funds into the system and improve equity for care recipients.

**LASA supports Recommendation 15. If the Government continues to reject this recommendation, then it is essential that the caps are at least increased, and/or removed for higher income consumers.**

## Recommendation 16

That the government introduce mandatory consumer contributions for services under the Commonwealth Home Support Program (CHSP). Consumer contributions should be standardized according to an individual’s financial capacity.

LASA supports consumers contributing to the cost of care according to a standardized means tests and fee structures. There should be standardized approaches to client contributions across CHSP, Home Care Packages (HCP) and residential care – these should create a consistent understanding and expectation of how clients contribute to their care according to their means. A Member said:

*“Agree, CHSP fees must be compulsory for those who can pay and reflect to some degree the true cost of the service”*

A proper CHSP fee system would remove the incentive to use CHSP in preference over HCP. This issue also relates to the second tranche of Home Care reforms and the possible later integration of CHSP and HCP.

LASA pre-budget submission (December 2017) has extensive commentary and recommendations on home care consumer contributions.

**LASA supports Recommendation 16**

## Recommendation 17

That the government inform consumers of the value of the subsidy that is provided for their care.

LASA agrees that consumers should be fully informed about the government subsidies received for the cost of their care. Understanding the government subsidies may assist consumers to adjust their care and lifestyle expectations to the financial support providers receive to deliver services.

**LASA supports Recommendation 17**

## Recommendation 18

That the government improve the transparency of fees for residents by requiring providers to publish information on My Aged Care in a way that assists informed choice by consumers.

LASA Members are anxious to learn more about the details for this requirement, for example, do the fees for bus trips have to be published? Members are further concerned that a requirement to publicly report an extensive range of fees will generate a high workload when updating these fees. A further concern is whether any published misinformation about prices may result in a penalty. A Member said

*“A market for private consumer information products is likely to emerge as an extension of MAC”.*

Members propose as a method for comparing prices that the government create a standardized care scenario to which providers respond with an itemized quote.

Members note that updating the pricing information on MAC should be made easy to do.

Price comparison products are likely to emerge as demand for aged care services increases.

**LASA supports Recommendation 18**

**LASA further recommends that the Federal Government collaborate with the sector to develop tools for the comparison of care fees in the residential care sector on My Aged Care.**

## Recommendation 19

That the government retain and reform the role of the Aged Care Pricing Commissioner by:

- a) increasing the maximum accommodation payment, above which approval by the Pricing Commissioner must be sought, from a refundable deposit of \$550,000 to \$750,000 (or equivalent daily payment);
- b) implement an automatic link between the future maximum accommodation payment and median house prices; and
- c) expand the Pricing Commissioner's role to include providing independent assessment of other fees, e.g. additional service fees and uncapped basic daily fees (see Recommendation 8).

LASA considers that prior to any reform the role of the Aged Care Pricing Commissioner should be reviewed and refocused. Aim of the review should be the identification and removal of any unnecessary impediments to the development of the market for aged care services.

- a) Overall LASA supports raising the maximum accommodation payment for which approval by the Commissioner must be sought to \$750,000 as increased capital for development is welcome.
- b) Linking the maximum accommodation payment to median house prices may assist to ensure proper funding in some cases. However, it may also result in inequities for regional and remote providers as lower house prices may not translate to lower capital costs for accommodation.

Further, the linkage to median house prices could be problematic as it introduces an element of uncertainty to the maximum accommodation payment, which may impact investment planning. If the government decides to accept this recommendation, then modelling may need to be undertaken in regular intervals to set the right bond limits in regional areas. A Member noted:

*"It is not an incentive to improve service offerings".*

- c) LASA does not support an expansion of the Pricing Commissioner's role, as the market should determine prices with the Government acting as a safety net. LASA Members believe that the central mechanism of the Pricing Commissioner regulating accommodation prices may act as a countervailing force to improving aged care offerings.

**LASA supports Recommendation 19a**

**LASA conditionally supports Recommendation 19b.**

**LASA recommends that regular modelling be undertaken to set the right bond limits in regional areas should the Federal Government introduce Recommendation 19b.**

**LASA does not support Recommendation 19c.**

**Rather, LASA recommends that prices should be determined by the market with the Government acting as a safety net.**

**Further, LASA recommends that the Federal Government discontinue the Aged Care Pricing Commissioner's role, as it constitutes an unnecessary impediment to the development of the aged care market.**

## Recommendation 20

That the government maintain the Bond Guarantee Scheme, but reform it to improve certainty and to ensure that aged care providers make contributions where the benefits outweigh the costs. This would include that the government:

- a) announce a date after which it will require that non-government residential aged care providers be levied to recoup all of the costs of default events, where the total amount of those events exceeds, say, \$5 million in any fiscal year
- b) introduce a formal process for notifying the sector of defaults that have occurred that exceed that threshold, and the cost of the levy that will be applied
- c) declare that the costs to the Scheme of provider insolvency events that were triggered prior to the reform commencement date will not be recouped.

LASA Members are unanimous in their view that the Bond Guarantee Scheme should remain as is. Members consider that government's underwriting of the Scheme enables prospective residents to make lump sum payments with confidence. Members said:

***"New prudential and auditing requirements are minimizing the likelihood and severity of risks of default".***

LASA notes that an Ernst and Young Report to government has proposed amendments to the prudential standards. While LASA has some issues with these proposed changes, sensible refinements to the prudential standards could be one way to manage the government's exposure to financial risk under the Bond Guarantee Scheme.

**LASA does not support Recommendation 20.**

**LASA recommends that the Federal Government retain the Bond scheme in place, unchanged.**

## Recommendation 21

That the government reform prudential standards and oversight, taking account of the recommendations in the independent review of prudential standards conducted by Ernst and Young (EY) to:

- correct gaps in prudential information received by the government
- strengthen the standards to improve liquidity, capital adequacy and disclosure requirements
- strengthen governance standards.

LASA supports a prudentially well governed aged care sector but would want Member input on the specific approaches proposed by government.

LASA proposes that the Federal Government's major thrust of prudential reform should include:

- Improved governance and risk management practices
- Provision of some clarity and guidance about minimum level of liquidity
- Tightening of permitted use of financial products
- Enhanced disclosure: e.g. mandatory disclosure of how funds are invested
- Other mandatory disclosures.

Members said:

*'More guidance on liquidity levels would be helpful'*

LASA notes that the Prudential Standards Review undertaken by Ernst and Young includes recommendations to allow no new discretionary trusts (Recommendation I1) and to phase out discretionary trusts in a 5-10 year period (Recommendation I2). LASA opposes these recommendations and questions whether there is any real evidence of actual problems with discretionary trusts. In this context, LASA further refers to the low rate of call on the Bond Guarantee Scheme. Further, LASA questions the need for government to intervene in dictating corporate structures in a market-based model, as this appears to be over-reach.

Standard minimum policies and procedures for providers' prudential management endorsed by government would provide clear guidance, greater consistency and minimize subjectivity.

**LASA has concerns about Recommendation 21 and Appendix 1 is a more detailed analysis of the Ernst and Young recommendations.**

**LASA does not support the Recommendations I1 and I2 relating to Discretionary Trusts proposed in the Prudential Standards Review.**

**Further, LASA recommends that the government consider undertaking prudential support that**

- **includes guidance on minimum policies and procedures for prudential management**
- **improves governance and risk management practices**
- **enhances disclosure of financial information**
- **provides clear guidance on any liquidity levels required.**

## Recommendation 22

That the government improve the functionality and performance of the My Aged Care ICT platform with particular emphasis on improving information-sharing between My Aged Care and other government agency and provider ICT systems.

LASA supports this Recommendation, particularly information sharing between: AACQA and ACCC; Centrelink and the Electronic Health Record.

LASA welcomes improvements to the functionality of My Aged Care. However, My Aged Care as a single, ICT based Gateway constitutes an access barrier for those consumers who have no internet access or little or no computer skills. A Member said:

***“This will work for families who are computer savvy but so many of our pensioner clients do not have computers”.***

LASA welcomes the work currently underway to improve My Aged Care including the \$20 million funding announced by Minister Wyatt to enhance the My Aged Care information system, especially for rural, regional and remote clients.

**LASA supports Recommendation 22**

**Further, LASA recommends that the Federal Government maintain access to the My Aged Care gateway for people unable to use the ICT platform, for example through the existing 1800 phone number.**

## Recommendation 23

That the government introduce aged care system navigator and outreach services to assist consumers who have difficulty engaging through the existing channels to effectively engage with My Aged Care. The services should be funded by the government and not be delivered by the government or aged care providers.

LASA supports such an initiative in particular as it may assist vulnerable consumers e.g. the homeless. Further, this recommendation aligns with the Roadmap by enabling consumer choice.

**LASA supports Recommendation 23 in principle, but more need to be done to reduce the complexity of the system, rather than adding more complexity and cost.**

## Recommendation 24

That the government invest in regular advertising and awareness activities for My Aged Care, to explain the process for accessing government-funded aged care services.

LASA is pleased to note the advertising of the My Aged Care currently being undertaken. LASA Members propose that the advertising of My Aged Care should also specifically target health professionals in the primary health care sector. It could also more effectively target consumers, carers and providers.

**LASA supports Recommendation 24**

**Further, LASA recommends that regular advertising for My Aged Care target the primary health care sector in particular.**

## Recommendation 25

That the government continues to improve the My Aged Care website for consumers and providers by making the design and layout easier to use and providing information in more accessible, plain-English formats.

LASA endorses government actions supportive of consumer choice.

**LASA supports Recommendation 25**

## Recommendation 26

That the government trial a simplified My Aged Care assessment process for consumers seeking a short-term single, simple service.

LASA Members support direct referrals to specific CHSP services. Direct referrals should be guided by clear rules and supported by training and appropriate ICT infrastructure for referral, receipt and client registration processes.

**LASA supports Recommendation 26**

**LASA recommends that direct referrals to CHSP be guided by clear rules and supported by training and appropriate ICT infrastructure.**

## Recommendation 27

That the government integrate the RAS and ACAT assessment workforces.

LASA Members support the integration of the RAS and ACAT assessment workforces as efficiencies may be achieved. They also believe that such integration would provide the government with an opportunity to fundamentally review the model of assessment for aged care.

A LASA Member proposes an alternative model of assessment, which includes a re-ablement component. The inclusion of an enablement component allows the rating of clients' assessed needs to not only move up the scale, but also down as their needs reduce following re-ablement. This model should also include an exit from the system if and when the client no longer requires support.

LASA Members express concern about the potential conflict of interest if providers of aged care also undertake assessment services for aged care, such as RAS assessments. Assessors employed by an organisation also offering aged care may use the assessment as an opportunity to attract consumers to the aged care services their employer provides.

**LASA supports Recommendation 27**

**Further, LASA recommends that the Federal Government, on integrating the RAS and ACAT assessment workforces, fundamentally review the model of assessment for aged care. This review should consider the inclusion of a re-ablement component in the model of assessment.**

## Recommendation 28

That, following review of ACFI, the government integrate residential aged care funding assessment with the combined RAS and ACAT functions, independent of aged care providers.

LASA **does not** agree with the introduction of external assessment into residential aged care. LASA considers sufficient safeguards for government to be in place through the established auditing processes<sup>3</sup>. Members said:

*“Timeframes do not support engagement of an independent ACFI assessment workforce”.*

LASA Members consider external assessments to have the propensity to be untimely and inaccurate, posing significant clinical and financial risks for the reasons listed below:

- Assessments conducted during quick assessor visits may be clinically inaccurate because of the limited time spent observing the resident.
- Clinically inaccurate assessments commit providers to delivering poor quality care, as payments do not support residents’ actual care requirements.
- Potentially much costly time may be spent disputing inaccurate assessments to gain the funding required to meet residents’ cost of care.
- Delayed assessments mean delayed payments.
- Providers cannot be assured of external assessors’ competence, nor the government’s ability to deliver a reliable assessment service.

Members said:

*“Assessments should be completed in real time with funding flowing immediately”.*

LASA believes that evidence-based assessments by facility staff with good knowledge of the resident completed in real time, is best to ensure residents’ quality of care.

Providers consider it essential that they have certainty on how the system will work into the future.

**LASA does not support Recommendation 28**

**LASA recommends that the Federal Government retain the current practice that providers of residential aged care undertake their residents’ ACFI assessment.**

<sup>3</sup> LASA refers to its document entitled *Member feedback ‘Alternative aged care assessment, classification system and funding models’* August 2017 provided to DoH to give Members’ wider view of aged care assessment and funding. <<https://lasa.asn.au/wp-content/uploads/2017/06/15-8-17-LASA-Member-Feedback-to-UoW-report-final-final.pdf>>

## Recommendation 29

That the government and providers work to improve access to wellness and reablement activities to provide greater choice and better support for consumers to live independently, including by:

- increasing access to short-term reablement supports and/or episodic care, rather than the provision of ongoing care, including an increased focus on the use of assistive technology

LASA considers that reablement funding should be evidence-based so sufficient hours of therapy are made available to ensure the older person can improve rather than just maintain function. LASA notes that evidence about the effectiveness of reablement is available<sup>4</sup>. Research using service data may yield insight into the extend of therapeutic intervention required to reable the older person. A Member said:

*“To date some minimal therapy is available for clients however, it is usually enough for maintenance rather than reablement”.*

LASA supports improved access to short-term wellness and reablement services and acknowledges that these services offer providers opportunities to innovate.

The full promise of assistive technologies is still evolving and major upfront investment in ICT infrastructure is required. At this point in time, the labour-saving potential of assistive technology in the delivery of direct care appears to be greatest for the home care sector. Remote monitoring of vital signs and video conferencing between service providers and care recipients can significantly cut carer travel time. However, consumers may not have the technology readiness yet.

In residential care, assistive devices may save more on carer skill than carer time. For example, wearable devices monitoring residents’ hydration status save the skill to assess hydration but not the time required to encourage and or assist a resident to drink the fluid necessary.

Monitoring through motion sensor technology can alert staff when residents with a high risk of falling move from their chair or bed. However sufficient numbers of carers need to be available to provide a timely response to the alarm raised to prevent a fall or other injury<sup>5</sup>.

LASA Members are monitoring developments in assistive technology but remain unconvinced that true returns on investment are realisable at this point of technological development.

LASA believes that government could support the process of adopting assistive technologies for example through funding cost-benefit studies. Such studies would address providers’ information deficit when considering the cost of purchasing and implementing such technology.

<sup>4</sup> Hardy, S.E. & Gill, T.M. 2004 Recovery from disability among community-dwelling older persons. JAMA vol. 291, no. 13, pp.1596-1602.

Lewin, G.F, Alfonso, H.S., Alan, J.J. 2013 Evidence for the long term cost effectiveness of home care reablement programs. Clinical Interventions in Ageing vol.8 pp.1273-1281.

<sup>5</sup> <http://www.icarehealth.com.au/blog/assistive-technology-improve-dementia-care/>

- enabling better integration with other available support systems such as the health care system and community-based support

The Review raises the issue of integrating wellness and reablement services delivered by aged care services with other support systems such as the health care system and community-based support. But the Review does not discuss how to achieve this integration. Members need to understand how their service delivery fits into the overall scheme of health care delivery, particularly within the primary health care sector.

- supporting staff and consumers to better understand and access information about wellness, reablement and restorative care

LASA Members consider the introduction of reablement and wellness approaches to constitute a major change in the philosophy and practice of aged care. For this reason, LASA advocates for (1) a stepwise process of implementation and (2) appropriate consumer assessment\* and (3) government support for providers to train staff in the reablement and wellness approach. Further, health professionals the primary health care system should also receive education in the wellness and reablement approach, so they become an educational resource to consumers.

- providing aged care assessors with training on wellness, reablement and restorative care.

LASA supports that assessors be well trained in wellness, reablement and restorative care as accurate assessment is essential to the delivery of quality services.

\*(see also LASA response to Recommendation 27 above)

**LASA supports Recommendation 29.**

Further, LASA recommends that the government also

- undertake steps to establish evidence-based funding for wellness and reablement services;
- support cost-benefit studies for assistive technologies;
- phase in wellness and reablement services in a stepwise process; and
- financially support aged care staff's education and training needs in wellness and reablement
- facilitate education about the wellness and reablement approach to health professionals working in the wider primary health care system.

## Recommendation 30

That the government immediately review the National Screening and Assessment Form.

LASA supports any steps that would contribute to improving the quality of assessments of consumers' care needs. Evidence, quality and red-tape considerations should be built into the review of the National Screening and Assessment Form as in LASA's view assessments should be evidence-based, of good quality, efficient and effective.

**LASA supports Recommendation 30**

**Further, LASA recommends that the Federal Government in reviewing the National Screening and Assessment Form include considerations of evidence, quality and red tape reduction.**

## Recommendation 31

The government expand the NATSIFACP to better support Aboriginal and Torres Strait Islander people.

LASA supports this Recommendation in principle. LASA supports that Indigenous consumers can access the aged care they need closer to home. However, it is important that these funds are well targeted and that outcomes are monitored.

**LASA supports Recommendation 31**

## Recommendation 32

That the government engage with state and territory governments and service providers to review the Multi-Purpose Services (MPS) Program to better align its service delivery model with mainstream aged care programs, where appropriate, to ensure greater consistency of services for aged care consumers and providers, and to consider the location of services to ensure that MPS funding is properly targeted.

In a market-based aged care system, LASA considers a degree of competition between Multi-Purpose Services and mainstream aged care services to be healthy in principle. However, Multi-Purpose Services should be delivering their services under funding arrangements, rules and regulations similar to those of mainstream services.

**LASA conditionally supports Recommendation 32**

**Further, LASA recommends that MPS funding arrangements and other pertinent rules and regulations be reviewed so MPS providers deliver their services under similar conditions to other aged care providers.**

## Recommendation 33

That the government review whether further ways of assisting in the delivery of improved services to homeless people are needed in the context of reform to home care and residential care.

The Aged Care Roadmap includes equity of access as one of the key features for the aged care system. LASA considers that providers delivering services to homeless people require better financial support for their work. Additional support is required because homeless people tend to have poor health and age early, have little or no financial or other material resources and often lack family support. Further, LASA supports that funding models be devised that support providers to deliver outreach services to homeless people.

**LASA supports Recommendation 33**

**Further, LASA recommends that funding models be devised that support providers to deliver outreach services to homeless people.**

## Recommendation 34

That the Australian, state and territory governments work together to resolve current issues with the provision of aids and equipment for older people.

Some consumers receiving reablement services may require easy access to subsidized aids and equipment. LASA considers that it should be made easy for people to access the aids and equipment required to support their reablement effort.

**LASA supports Recommendation 34**

## Recommendation 35

That the government give consumers the opportunity to identify as belonging to a population group with special needs as part of their client record.

Being able to identify as belonging to a special needs group supports consumer choice when selecting services.

**LASA supports Recommendation 35**

## Recommendation 36

That the government enhance the capacity of My Aged Care to provide information that meets consumers' special needs by:

- a) allowing 'pre-qualified' providers to indicate that they have expertise in delivering services to particular population groups; and
- b) adding a search function on My Aged Care to allow consumers to search providers by population group.

LASA supports this recommendation as it enhances access to and choice of 'special needs' services for people belonging to special population groups. Members have advised LASA that people belonging to some 'special needs groups' in addition to information about 'special needs providers' also require access to a process of supported consumer choice.

LASA Members consider that business planning to meet the requirements of 'special needs groups' would have to rely on detailed data about these groups' demand for activities and supports.

**LASA supports Recommendation 36**

## Recommendation 37

That the aged care sector, in collaboration with the vocational education and training, and tertiary education sectors, should act to ensure education and training is responsive to the sector's needs including:

- a) identifying the scope of training required for on-the-job training, continuing professional development, and specialised training
- b) exploring a range of options to deliver what is required, e.g. partnerships, cooperative models or arrangements with existing non-aged-care training providers
- c) promoting and encouraging ageing and aged care as a specialisation in nursing education
- d) making effective use of allied health workers.

LASA notes that the Aged Care Workforce Strategy Taskforce (the Taskforce) commenced work in November 2017. Much of Recommendation 37 falls into the remit of this Taskforce.

LASA convened a National Workforce Forum for its Members in November 2017 and LASA's response to Recommendation 37 is informed by Members' discussions at the Forum.

Members consider that the training of aged care workers is currently inadequate and that improvements in training is of highest priority.

For a) and b) Members considered that industry needs to work with the training sectors from VET through to universities to explore options

- to lift the standard of training and education and
- for new modes of delivery.

Aged care staff should be upskilled at every level and remunerated accordingly.

c) Providers believe that the nursing model for aged care being taught should be re-focussed from clinical care to ageing well. New models of care delivery should be relationship-based rather than task-focussed. Funding for the aged care sector needs to be sufficient to reward aged care skills.

d) LASA supports the effective use of allied health professionals in aged care.

Recommendation 15 in LASA's 2018-19 pre-Budget submission (December 2017) also covers workforce matters.

**LASA supports Recommendation 37 a**

**LASA supports Recommendation 37 b**

**LASA supports Recommendation 37 c**

**LASA supports Recommendation 37 d**

## Recommendation 38

That the aged care sector, in developing a workforce strategy, ensure that the strategy:

- a) reflects that primary responsibility for workforce rests with providers, with government providing support
  - b) draws on engagement with relevant sector and interest groups to ensure that all workforce groups are included
  - c) results in actions that can be sustained by the sector, including particular focus on the areas of pay, education and training, developing retention, recruitment and workforce growth, improving the sector's image, and considering cross-sectoral workforce linkages.
- 
- a) LASA continues to see a role for government in considering the workforce in the development of policies and programs. Government regulation of education and design of the education market are critical in this area.
  - b) LASA supports that the Taskforce engages widely with all stakeholders.
  - c) LASA notes that as providers are not operating in a true market and are constrained by government funding, this limits their ability to attract and retain suitable labour. See also Recommendation 37 c above.

The negative perception of the sector was identified as an issue of very high priority by members at the LASA National Workforce Forum. To make sustainable changes to perceptions, LASA considers that cultural change within the sector and supports such as better training are required.

**LASA conditionally supports Recommendation 38 a.**

**However, LASA considers that government continues to have a role in the development of policies and programs relating to the aged care workforce.**

**LASA supports Recommendation 38 b.**

**LASA supports Recommendation 38 c, noting that providers' capacity and capability to address the issues is constrained by a range of factors (including funding issues)**