



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

# MEMBER BRIEFING: PRODUCTIVITY COMMISSION REPORT ON GOVERNMENT SERVICES- AGED CARE SERVICES

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**Leading Age Services Australia**

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## Introduction

The Productivity Commission's 2018 Report on Government Services (RoGS) – Aged Care Services provides data that reflect some of the sector's activity, performance and funding levels. However, most Key Performance Indicators for the sector are still under development and thus unavailable in this report. Once they become available, future RoGS should provide the sector with a useful performance dashboard. The RoGS chapter 14 *Aged care services* can be accessed using following link:

<http://www.pc.gov.au/research/ongoing/report-on-government-services/2018/community-services/aged-care-services>

Care needs to be taken when using RoGS data as the caveats to the data must be read in detail. For example, Table 14A.41 presents the cost per hour of service for CHSP and HACC but caveat B reads *There is no commonly agreed methodology for calculating unit costs and therefore unit costs across jurisdictions are not comparable*. Costs within a state can be looked at but a comparison across states is not possible.

The definitions RoGS 2018 provides can be a further challenge as it is not always clear what service or activity they describe.

RoGS data are a bit like epidemiological data in that it shows up changes and trends but it does not support identification of the reason why a change or trend happens. Also, it is service generated data and may be polluted. The data needs to be interpreted with caution. However, service generated data is still highly useful for alerting us to changes and it enables us to identify trends. Many RoGS tables provide data covering the last 7 to 10 years. LASA had a look through some of the RoGS 2018 data tables, discovered some interesting developments and presents them in this paper.

### How many people received aged care services in 2016-17?

RoGS 2018 defines the target population for government supported aged care as all people aged 65 years and over and Aboriginal and Torres Strait Islander Australians from age 50 years.

In 2016-17, the aged care system provided services to 1,223,753 people across all service types, which amounts to about 32% of all Australians aged 65 years and older<sup>1</sup>. Not surprisingly, the highest number of services was delivered in NSW and Victoria, the states with the largest populations.

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
Residential care-permanent	81 466	63 012	44 039	19 784	21 663	6 150	3 148	581	239 379
Residential care - respite	24 680	14 929	7 454	2 928	6 954	1 528	638	293	59 228
Home Care Levels 1-2	23 353	17299	12 661	5 155	5 619	1 802	951	767	67 428
Home Care Levels 3-4	10 584	7 555	6 535	5 298	2 548	805	750	278	34 218
Transition care	7 783	6 857	4 721	2 395	2 397	623	311	138	25 202
CHSP	208 127	211 243	170 320	6 583	84 878	23 990	12 528	5 162	722 838
HACC <sup>3</sup>	...	...	...	75 460	...	...			75 460
Total all aged care services									1,223,753

<sup>1</sup> In 2016 there were 3.7 million Australians aged 65 years and over according to *Older Australia at a glance*, AIHW, 2016.

<sup>2</sup> RoGS, Table 14A.2

<sup>3</sup> WA continued to deliver services under HACC.

## The increase in people aged 70 years plus was uneven across Australia

Population age is one very important driver of demand for aged care services because people are more likely to utilise aged care services once they reach 70 years of age. However, the rate of increase in the number of Australians aged 70 years plus varies significantly geographically. The table below shows that Australia's population aged at an uneven rate across states and unevenly within states. In some states, the rate of growth in the number of people aged 70 plus in outer regional areas significantly outpaced a state's overall rate of growth for this age group.

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
June 2009	686.0	512.6	363.9	178.6	177.7	52.4	23.4	6.1	2 000.6
June 2017	877.2	665.0	498.8	250.5	218.1	68.2	34.4	10.6	2 622.8
% increase all of state	27.4%	29.8%	37.1%	40.4%	22.5%	30.1%	47.4%	73.8%	31.1%
% increase outer regional	30%	22%	49%	41%	44%	36%	...	79%	38%

Results for ACT and NT may look exaggerated because of their small population numbers.

The percentage increases shown in the table above are astonishing and the increases experienced in the outer regional areas in Qld and SA are very high. As the baby boomer generation ages, the number of older Australians will continue to increase apace, setting a challenge for government and the aged care sector to meet the demand for services.

## A reducing number of aged care places

In view of Australia's increasing number of people older than 70 years it comes as a surprise to see that the number of residential aged care places (or beds)<sup>5</sup> has been decreasing since 2008.

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	AUST
2008	87.2	88.0	85.4	83.4	95.2	85.9	76.8	95.0	87.3
2017	79.9	80.7	74.4	66.2	85.5	73.8	73.8	64.6	77.9
% change	-8.4%	-8.3%	-12.1%	-20.1%	-10.2%	-14.1%	-4%	-32%	-10.8%

The drop in the number of aged care places relative to the number of people aged 70 years and over may reflect a variety of causal factors:

- People may remain healthier, requiring services later in life;
- more care is being delivered in the home care setting; and/or
- demand for residential care is not being met.

To the question how well the demand for aged care places is being met the RoGS 2018 report provides a mixed picture. As of 30 June 2017 the occupancy rate for RACFs was at 91.8 per cent, the lowest over the 10 years of reported data<sup>6</sup>, which may indicate some spare capacity. Another indicator as to how well the demand for aged care is being met are long waits in hospital for patients classed as 'maintenance care'.

<sup>4</sup> RoG, 2018, Table 14A.1

<sup>5</sup> Places are defined as: *A capacity within an aged care service for the provision of residential care, community care or flexible care in the residential care context to an individual (Aged Care Act (Cwlth)); also refers to 'beds' (Aged Care Consequential Provisions) Act 1997 (CWLTH), s.16)*

<sup>6</sup> RoG, 2018, Table 14A.13

These patients are eligible for aged care and are waiting for a placement in a residential care facility or home care<sup>7</sup>. Here RoGS data indicate a drop in waits longer than 35 days from 14.6% of all people waiting in 2009-10 to 11.8% in 2015-16 across Australia<sup>8</sup>. It could be inferred though that, if very long hospital waits for aged care services still exist, there are likely to be continuing bottlenecks in aged care provision.

### Avoidable hospital admissions as adverse events in residential aged care

RoGS 2018 indicates that plans exist to include reporting on adverse events in residential aged care such as *Hospital leave days from residential aged care for preventable causes*<sup>9</sup>. LASA has looked into the issue of preventable hospital admissions for older people and discovered that the ‘preventability’ of admissions in older people is not clear-cut and still under debate<sup>10</sup>. However, it is thought that hospital admissions of older people for Chronic Obstructive Pulmonary Disease (COPD), diabetes complications, heart failure, cellulitis and kidney and urinary tract infections may be preventable<sup>11</sup>. LASA continues to follow work on this quality indicator in residential aged care as more data and other information become available.

### Changes in government expenditure on aged care services 2011-12 to 2016-17 and 2015-16 to 2016-17

The table below shows government expenditure for all of aged care programs for the five years from 2011-12 through to 2016-17. The left column displays government real expenditure per person eligible to be assessed for aged care (age 65 years plus or 50 plus years if Aboriginal or Torres Strait Islander) for different programs within the aged care portfolio. The right column shows total government real expenditure for the various aged care programs.

<sup>7</sup> Data include completed hospital separations with a care type of maintenance care for people aged 65 years or over and Aboriginal and Torres Strait Islander persons aged 50–64 years, with a principal or additional diagnosis of Z75.11 or Z74.2. The code Z75.11 is defined as “person awaiting admission to residential aged care”. The code Z74.2 is defined as “need for assistance at home and no other household member able to render care”.

<sup>8</sup> RoG, 2018, Table 14A.31 Public hospital separations for care type ‘maintenance’ for people eligible for aged care.

<sup>9</sup> Other adverse events proposed for reporting are indicators included in the *National Aged Care Quality Indicator Program* (NQIP) such as pressure injury, use of physical restraint and unplanned weight loss.

<sup>10</sup> Falster, M and Jorm, L. A guide to the potentially preventable hospitalisations indicator in Australia. Centre for Big Data Research in Health, University of New South Wales in consultation with Australian Commission on Safety and Quality in Health Care and Australian Institute of Health and Welfare: Sydney; 2017

<sup>11</sup> National Health Performance Authority 2015, Healthy Communities: Potentially preventable hospitalisations in 2013–14, p.79.

Government real expenditure on aged care services by program type per person aged 65 yrs and over (Australia) <sup>12</sup>		Government real expenditure on aged care services by program type (2016-17 dollars) Australia	
Assessment & Information Service	\$ per person	Assessment & Information Service	Total expenditure (\$million)
2011-12	34.95	2011-12	115.9
2016-17	49.77	2016-17	193.8
% change	+42.4%	% change	+67.2%
2015-16	34.94	2015-16	131.8
2016-17	49.77	2016-17	193.8
% change	+ 42.4%	% change	+47%
Home Care & Support Services		Home Care & Support Services	
2011-12	1 086.97	2011-12	3 603.7
2016-17	1 137.81	2016-17	4 430.6
% change	+4.7%	% change	+23%
2015-16	1 163.79	2015-16	4388.9
2016-17	1 137.81	2016-17	4430.6
% change	- 2.2%	% change	+0.1%
Residential Care & Flexible Care Services		Residential Care & Flexible Care Services	
2011-12	3 121.57	2011-12	10 349.1
2016-17	3 251.14	2016-17	12 659.9
% change	+4.15%	% change	+22.3%
2015-16	3 258.38	2015-16	12 288.0
2016-17	3 251.14	2016-17	12 659.9
% change	- 0.2%	% change	+3%
Workforce and Quality & Ageing and Service Improvement		Workforce and Quality & Ageing and Service Improvement	
2011-12	79.62	2011-12	264.0
2016-17	31.32	2016-17	122.0
% change	-60.7%	% change	-53.8%
2015-16	63.25	2015-16	238.5
2016-17	31.32	2016-17	122.0
% change	- 50.5%	% change	-49%
Total expenditure on Aged Care Services		Total expenditure on aged care services	
2011-12	4 323.12	2011-12	14 332.7
2016-17	4 470.04	2016-17	17 406.4
% change	+3.4%	% change	+21.4%
2015-16	4 520.37	2015-16	17 047.2
2016-17	4 470.04	2016-17	17 406.4
% change	- 1.1%	% change	+2.1%

<sup>12</sup> RoGS, 2018, Table 14A.4, pages 1 & 2

The data in the table above show a substantial re-allocation of funds between program types, clearly indicating a significant shift in the priority government assigned to different programs.

The program *Assessment and Information Service* benefitted from an almost 70% increase in Government real expenditure between 2011-12 and 2016-17 (most likely the development of MAC). This increase may have been designed to keep pace with the growth of the ageing population, as it remained steady at a 42% increase per head of eligible population between 2011-12 and 2016-17.

By comparison, the funding for *Home Care and Support Services* did not keep pace with the growth in the eligible population as shown by a drop of 2.2% between 2011-12 and 2016-17.

Government real expenditure for *Residential Care and Flexible Care Services* experienced solid increase in funding of 22.3% in the last five years. However, per head of eligible population funding increased only 4.15% between 2011-12 and fell by 0.2% between 2015-16 and 2016-17.

Total government expenditure for *Residential Care & Flexible Care* rose 3% between 2015-16/ 2016-17. Rises in CPI would most likely have absorbed any of this increase in funding.

RoGS 2018 does not make quite clear which programs fall under the program type *Workforce and Quality* and *Ageing and Service Improvement*. On page 14.7 the RoGS report describes these programs as follows:

*Governments fund 'Workforce and Quality' and 'Ageing and Service Improvement' programs to monitor compliance with the accreditation and quality frameworks, and ensure appropriately skilled staff are available to deliver home and residential care services and to address care issues associated with a predicted rise in the prevalence of dementia.*

*Workforce and Quality and Service Improvement* suffered a more than 50 per cent cut in Government real expenditure between 2011-12 and 2016-17. Even recently, in 2015-16/2016-17 did this program suffer a further 49% cut. Some of these cuts may have arisen from the government reducing its support for workforce training, such as ending the *Aged Care Workforce Vocational and Education Training Program* from March 2016.

Between 2011-12 and 2016-17 government real expenditure on Aged Care Services per head of eligible population rose by just 3.4%. In 2015-16/2016-17 funding per head of persons aged 65 years plus dropped slightly (-1.1%) but expenditure for all programs in aged care rose by 2.1%.

The expenditure data show minimal funding increases or even slight reductions in funding for programs involving delivery of aged care services. *Assessment and Information Services* programs have consistently experienced significant increases in funding. By contrast, the programs *Workforce and Quality* and *Ageing and Service Improvement* experienced constant and severe cuts. LASA will seek clarification from government about the cuts to aged care programs shown in the table above.

## Conclusion/ Recommendations

This Member Briefing presents only a small selection of the data available in the RoGS report. To date, some of RoGS's data remain of limited usefulness because they have significant caveats attached. Other data that would be desirable to have because they give an insight into the overall performance of the sector such as *waiting times*, *affordability* and *addressing client needs* are not yet available. Some definitions are ambiguous, such as the definition of 'aged care place' footnote number 4 above. In the future however, as work on these data collections progresses, RoGS may well become a key data set for the sector to watch.