I CARE FOR AGED CARE

#FEDERALELECTION2019
A Vision for Ageing Well in Australia

Have you ever heard the laughter of a life fully lived?
Or been lost in the stories of someone who has travelled a million roads — and back?

**We have.**

Have you ever seen a person confined to a single room, whose only crime is to grow old?

**We have.**

Have you ever pondered why it is that being old is somehow being less?

**We have.**

In a world of youthful beauty, constant change and shortened use by dates, we have seen how the simple act of stopping to learn, listen to and help our community’s older members, has for many, become too hard.

**We seek to change that.**

We are the people who have the privilege to care for our ageing and we believe, deeply, that access to good care must be easier and that the very notion of caring must change from reactive and daunting — to proactive and inspiring.

We champion the simple ethos of a life well lived.

We want to inspire people to want to care; not feel the burden of having to.

And we strive to enable people to properly care — for their neighbours, friends or family.

Above all, we exist to enhance life through care — from the moment the smallest help is needed to the moment the final breath is taken.

**As aged care professionals** we choose to care; everyday, for every type of human in every type of condition.

**Because ultimately, we believe how we care for our ageing**
**is a powerful reflection on who we are as a nation.**

(From the Aged Care Workforce Strategy: A unifying vision of care)
As aged care providers we believe that how we care for older Australians reflects who we are as a nation.

We believe that aged care matters just as much as health and education.

And we believe that making our aged care system better should be a national priority for all political parties and candidates in the 2019 election.

There are over 10,000 aged care services across Australia, in every electorate, from Dover in the south of Tasmania to Thursday Island off the tip of Cape York Peninsula.

Around 1.3 million older Australians receive some form of care.

Aged care is also a major employer, particularly in regional areas, with 366,000 staff including clinicians, care workers and administrators.

It is a great privilege and responsibility to care for the people who raised us and built our nation.

We are proud that around 9 in 10 people in care are happy with the quality of their services or believe that their services are well run.

We are also proud to have increased care hours despite facing significant financial pressures.

We are accountable for our performance and do not shy away from our responsibility to deliver safe, quality care, with compassion, always. But we are constrained by the fact that funding has not kept pace with rising costs and the growing needs and expectations of older Australians.

In residential care there is a financial emergency with more than 40 per cent of facilities making losses.

It is difficult for providers to consistently deliver quality care or plan for the future while under this degree of pressure.

In home care it is unacceptable that more than 120,000 older Australians are waiting more than 12 months for care, resulting in unnecessary hospitalisations, premature entry into residential care and increased health risks.

We know getting staffing right is the key to quality aged care. However, whether care hours are allocated by providers or through fixed ratios the fundamental barrier to hiring more highly qualified staff is the lack of funding to do so.

Fundamentally this campaign is about ensuring that older Australians can access the care they need and that this care is adequately funded to reflect the actual costs of delivering high quality care and services and attracting and training high performing staff.

And we believe that this is something that everyone should agree on without waiting for the outcomes of a Royal Commission.

We believe that aged care is an issue of national importance.
Why aged care matters
Aged care is an issue of national importance, with:
- 1.3 million older Australians receiving care or support
- 366,000 clinicians, care staff, support workers and administrators employed in age services
- 10,000+ services run by governments, private companies, local communities, small businesses and faith-based organisations
- Around $18.6 billion in Australian Government funding + $5.2 billion in consumer contributions spent on aged care each year

Why we are proud
Notwithstanding the issues we are trying fix in the aged care system, we are proud that:
- A recent independent review (Carnell-Patterson) found the majority of older Australians receive a good standard of care from our aged care system
- Around 9 in 10 people are happy with the quality of their services or believe their services are well run
- Residential care hours are up 9 per cent per resident per day since 2014
- Our system accommodates the needs of older Australians from all walks of life including across remote, rural, regional and metropolitan locations
Why we are concerned
Funding for aged care has not kept pace with rising costs and the growing needs and changing expectations of older Australians:

- In residential care there is a financial emergency that risks compromising quality and continuity of care with an estimated 43 per cent of facilities making losses
- In home care it is unacceptable that more than 120,000 older Australians are unable to access the care they have been assessed as needing
- The number of home care services providers has nearly doubled to meet demand but there are limited new packages for them to deliver

What we need
To better meet the needs of older Australians and to create an aged care system that supports ageing well we need to:

1. Fix the funding emergency in residential care and commit to ensuring funding matches the measured costs of delivering high quality care
2. Fix the unacceptable impact on older Australians by legislating reasonable wait times for home care services
3. Invest in workforce growth and development
4. Have a Minister for older Australians and aged care in Cabinet and develop a comprehensive national ‘ageing well’ strategy
Provider concerns:
Are increasing financial pressures affecting quality?

“We are now not able to give the standard and quality of care our service has always been known for.”

“We are at a tipping point”

“We have and are facing redundancies and increased workloads which undermines the quality of services that we can deliver and our capacity to achieve accreditation”
Fix the funding emergency in residential care and commit to ensuring funding matches the measured costs of delivering high quality care

Residential care is in the middle of a funding emergency, with care costs rising faster than funding and earnings dropping to just $4.40 per resident per day, which equates to a margin of just 2 per cent.\textsuperscript{vii}

That means that the average residential aged care facility that provides 24 hour care, accommodation, catering, cleaning and recreational activities is earning less per resident than typical restaurant makes on a $60 meal for two.

Regional, rural and remote facilities are under even greater pressure, with the average inner regional facility making a loss of $0.70 per resident per day and the average rural and remote facility making a loss of $7.70.\textsuperscript{x}

Prior to modest funding injections by the Government in the last few months, average earnings were forecast to turn negative in 2019.

While Government recognition of the situation facing residential care providers is welcome, an extra $3.30 per resident, per day over 18 months is unlikely to even cover the cost of anticipated wage increases.

There is also no certainty that even this modest increase will be maintained after June 2020, which means there is no commitment to fix this problem.

Despite the funding pressure that they are under, providers have continued to increase the number of hours of care per resident, but this cannot continue indefinitely, and some providers have reported that they are already being forced to cut back on staffing.

The majority of providers make every effort to find efficiencies in back office and administrative functions rather than cutting direct service hours, but this has its own risks with human resource management and information systems accounting for two of the three most commonly failed standards.

Other responses include cutting back on discretionary services such as chaplaincy, looking at terminating enterprise agreements and moving back to the Award, or giving consideration to closing the facility. Furthermore, many providers have shelved plans for refurbishment or construction of new facilities to meet future needs.

One option for small providers struggling to maintain viability in the face of rising financial pressure is to sell to larger operators. However, in the current circumstances even these larger organizations are often reluctant to take on the challenge.\textsuperscript{x}

As with any industry, some facilities are under less financial pressure, but their advantages are usually a function of the specific location or facility. Typically, they are new or refurbished facilities in high income areas where their clients are willing to pay significantly more for accommodation and additional services such as wine with meals. In some instances they are also older facilities with shared rooms and high occupancy that can be run more efficiently, but are unlikely to suit the accommodation preferences of many older Australians. This does not help a facility in outer Western Sydney or a remote town in Western Australia.

In addition to a short-term funding boost, we need a commitment to longer-term reform of funding based on the principle that pay for providers should be based on the measured costs of delivering high quality care, with annual indexation that reflects actual increases in costs.

Agreement to this seemingly uncontroversial principle would represent a significant shift in the way that funding for aged care is currently allocated.
A recent study commissioned by the Government has examined how the resources required to deliver care vary from resident to resident and between facilities. However, a key limitation of this study is that it did not measure how the level of resources (inputs) affected the quality of outcomes that were achieved. The study also measured what providers do now within existing funding constraints rather than what they would choose to do under a better funding model.

To move towards a more appropriate funding model for aged care, research is needed to identify measurable quality indicators that balance reliability, validity, timeliness, cost-effectiveness and the risk of perverse incentives. These indicators also need to be appropriately benchmarked by taking into account factors beyond a providers’ control such as the characteristics of clients/residents or the location of the service. Funding should then be based on the average resources (including the mix of skills) required to deliver services to meet assessed need to the agreed benchmark, taking into account client characteristics and any other relevant factors.

Understanding the impact of resources, skill mix and care models on the delivery of quality care is a pre-requisite to any long-term reform of aged care funding including the consideration of staffing mix and numbers.

**Fix the funding emergency in residential care and commit to ensuring funding matches the measured costs of delivering high quality care... continued**

**What we need**

As a first step, increased funding of AT LEAST $10 per resident per day (about $670 million a year) is needed to put the residential aged care on a sustainable footing while the Royal Commission completes its work – this is roughly triple what the Government has committed to, with additional funding for the behavioral and psychological symptoms of dementia and rural and remote facilities also needed.

In the longer term, a commitment to ensure aged care funding is based on the measured cost and mix of skills required to deliver high quality care.
“Absolutely. Long Term and dedicated Staff have had enough - they are looking to leave the industry - and there is no one to take their place!”

“We are currently losing money each year and will not be able to continue the cross-subsidisation from our RV profits much longer.”

“The situation is grim... Why would any company invest in aged care in these unpredictable and unsustainable financial circumstances.”
Fix the human tragedy in home care by legislating reasonable home care wait times

Insufficient public funding means that in home care more than 120,000 people have been forced to wait – often more than 12 months – for care that they have been assessed to need.

These long waiting times lead to unnecessary suffering, avoidable admissions to hospital and premature entry into residential care, and potentially reduced life expectancy.

One study shows that compared to people who waited 30 days or less for a home care package, individuals who waited more than 6 months for home care were almost 20 per cent more likely to have died 2 years after entering home care.xi

While interim packages help in meeting some unmet need, survey evidence suggests that those waiting for an interim package still frequently exit into hospitals and residential aged care or pass away.xii

With an average cost per hospitalization of thousands of dollars, forcing people to wait an unreasonably long period of time for home care comes also at a significant financial cost to both state and federal government.

Based on the data available, we estimate that the total value of unmet demand on the home care queue has recently stabilized, even as the number of people on the queue continues to increase. However, the total value of unmet demand remains very large at perhaps $8-9 billion over three years.xiii

Home care providers are also under financial pressure themselves. The leading industry survey shows that earnings for home care providers have almost halved in the last two years to just $3.50 per client per day.xiv As with residential care, these pressures are greater in rural and remote areas.

What we need

Legislation to reduce home care package wait times to no more than three months from the time of assessment to the time an older Australian receives support in their home. Introducing maximum wait times home care packages will provide certainty and stability and establish a clear expectation that those in need of home care will not be forced to wait an unlimited period of time.

To smooth the costs of meeting care needs and reducing the queue, LASA recommends a phasing in of gradually smaller maximum wait times, until the maximum wait time for any package is no more than three months.

To limit the level of unmet demand, this phasing in of maximum wait times should be supplemented by prioritising the queue based on individuals’ means and giving people the option of using their home equity to fund their care needs.

It would be reasonable to invest around $500 million a year in additional funding until wait times fall to an acceptable level.
Angie is 90 years old, on an aged pension and resides alone with her nephew as her carer.

Current health issues include osteoarthritis of the spine, arthritic hips, sciatica, fatigue and oedema in her legs resulting in her having difficulty walking on occasion, instability and issues standing for long periods of time.

Angie has been waiting over 250 days for her level four medium priority home care package.

During this period she has been declined for an Aged Care Assessment Team review on multiple occasions to increase her to a high priority approval.

Angie has become increasingly unable to manage her cooking. Referral for CHSP meal services has not been able to be accommodated due to service unavailability.

The informal carer resources of her nephew has been stretched to its limits in trying to fill the void in unmet care needs above HCP support.

Angie now needs to commence purchasing meals at full cost recovery which she is unable to afford due to expenses for her medication each month, above accommodation and living expenses.

Angie refuses to use heating over winter due to the cost of this.

Angie’s nephew is now wanting Angie to enter residential care due to the lengthy wait for a higher level home care package, and the stress associated for caring for Angie is now impacting on his own health.
Invest in workforce growth and development for the future

Having the right staff with the right qualifications, in the right numbers is fundamental to delivering good quality care and ageing well.

Estimates suggest that by 2050 the aged care sector will need to employ almost a million workers,\textsuperscript{xvi} or almost triple the 366,000 people employed in 2016.\textsuperscript{xvii}

Aged care providers also need to attract new staff as their own existing workforce ages, with the average age of employees at 46 in residential care and 52 in home care.\textsuperscript{xxiv}

The changing needs and expectations of older Australians also mean that expectations for the qualifications of those involved in the delivery of care are increasing, with calls for mandatory registration and training for all staff involved in the direct delivery of care.

In trying attract the workers they need, aged care providers are competing with other growing areas of health and community services for staff with similar skills and work preferences.

However, a key challenge is that staff in aged care receive around 15 per cent less than staff undertaking similar roles in other industries according to analysis undertaken for the recent aged care workforce strategy.

The challenges facing the aged care sector in attracting the workforce they need are amplified in rural and remote areas, where providers already often report experiencing skills shortages.

What we need:

We need Government to invest in the growth and development of the aged care workforce by:

- Creating a voluntary register for aged care workers that can be used by the sector in anticipation of a possible mandatory scheme being recommended by the Royal Commission
- Putting personal care workers on the priority list for skilled migration, particularly if mandatory qualifications are introduced
- Providing an increase in pay to reflect these increased requirements on the condition that there is a commensurate increase in funding
- Funding research to better understand the mix of nursing, care, allied health and other staff that will best meet the individual needs of older Australians
- Supporting the Aged Care Workforce Council to implement the Aged Care Workforce Strategy.
Wages are growing much faster than public funding and needs\textsuperscript{vii}
Cumulative percentage change from 2012-13

Indexation is not keeping up with wage growth\textsuperscript{xvi}
Cumulative percentage change from 2009-10

The baby boomers are hitting retirement but they are only starting to hit aged care\textsuperscript{xxi}
Change in the Australian resident population 1990-2040
Have a Minister for older Australians and aged care in Cabinet and develop a comprehensive ‘ageing well’ strategy

Everyone knows that Australia’s population is ageing.

Medical advances and other improvements in our health mean that Australians are enjoying a longer life, including a longer retirement and more time needing care and other support services. Needs themselves are also changing and becoming more complex.

The wave of baby boomers entering retirement is already well underway, and those born in the first years of that generation are just beginning to enter the later stages of retirement, where they will need significant additional access to health care and other subsidized aged care and support.

Currently, there are around 500 older Australians turning 80 each week (which is around the average age for entry into home care). This figure grows to around 1,500 older Australians turning 80 each week by 2027.

The Intergenerational Reports clearly demonstrate the way that the collection of taxes and the delivery of services will change significantly as Australia gets older. The way that Government is organised needs to change to address this shift.

In the current Government there is a Minister for Senior Australians and Aged Care, but the fact that this not a Cabinet position means that it is too easy for the central decision making apparatus of Government to relegate the interests of the ageing population to a secondary consideration.

We have an ageing Australia, but we don’t have a national ‘ageing well’ strategy, and it will be hard to create one without having aged care at the center of Government thinking and decision making.

At the moment our efforts are focused on providing care and support for those who are sick, frail or socially isolated. We often work in silos with limited integration between areas like primary health, acute care and aged care at both an operational and policy level. We fail to give enough emphasis to reablement or prevention, including the crucial maintenance of physical activity and social connections. Our welfare policies forget about the needs of disadvantaged older Australians as they reach retirement age, and we fail to coordinate the retirement income system with the costs of healthy ageing.

What we need:

The position of Minister for Senior Australians and Aged Care is a key decision maker in the Cabinet, now and into the future and the Government commits to creating and maintaining a comprehensive strategy for ageing well that deals with the integration of aged care and the health system, a greater focus on preventative measures and reablement and the coordination of care and support systems with retirement income and welfare policy.
References

i Department of Health, 2017–18 report on the operation of the Aged Care Act 1997, 2018

ii National Institute of Labour Studies, 2016 National aged care workforce census and survey—the aged care workforce, 2017

iii LASA calculations based on Department of Health, Aged Care Service Information December 2018, 2019

iv Based on Aged Care Financing Authority, Sixth report on the Funding and Financing of the Aged Care Sector, 2018. Assuming ratio of public to consumer spending is constant from 2016-17 to 2017-18.


vi StewartBrown, Aged Care Financial Performance Survey for September 2018, 2019


viii StewartBrown, Aged Care Financial Performance Survey for September 2018, 2019

ix As above

xx Aged Care Financing Authority, Sixth report on the Funding and Financing of the Aged Care Sector


xii LASA survey forthcoming


xiv StewartBrown, Aged Care Financial Performance Survey for September 2018, 2019

xv Names and minor details change to protect the identity of the individual


xvii Productivity Commission, Caring for older Australians, 2011

xviii National Institute of Labour Studies, 2016 National aged care workforce census and survey—the aged care workforce, 2017

xix National Institute of Labour Studies, 2016 National aged care workforce census and survey—the aged care workforce, 2017

xx LASA calculations based on Australian Bureau of Statistics 3222.0 - Population Projections, Australia, 2017 (base) – 2066, [2018

A strong voice and a helping hand

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 accessible, affordable, quality care and services for older Australians.

We represent providers of age services of all types and sizes located across Australia’s metropolitan, regional and rural areas. Consistent with the overall industry profile, 57% of our Members are not-for-profit providers, 33% are for-profit providers and 10% are government providers. Our diverse and representative membership gives LASA the ability to speak with credibility and authority on issues of importance to older Australians and the age services industry.

Our purpose is to enable a high performing, respected and sustainable age services industry delivering affordable, accessible, quality care and services for older Australians.