

LASA July 2019 financial risk survey – key findings

Following recent reports of failures in aged care services, Leading Age Services Australia (LASA) surveyed its Members about the financial performance of their organisations and the potential implications for service delivery. The survey was distributed to approximately 600 CEOs of LASA Members and was completed by 170 respondents servicing at least 70,000 older Australians.

Key findings

- For the March Quarter of 2019, 45% of organisations reported a loss and only 15% of organisations reported a comfortable surplus.
 - Breaking responses down by service type, 56% of pure residential care providers ran a loss of some form, compared to 25% of pure home care providers, and 41% cent of mixed service providers.
- Conditions have worsened for the overwhelming majority of organisations over the last year, and providers expect this deterioration to continue in the next 12 months.
 - 84% of organisations say that over the last 12 months operating conditions have gotten much worse (51%) or a little worse (33%).
 - 79% expect conditions over the next 12 months to get much worse (44%) or a little worse (34%).
- 80% of organisations strongly agree (61%) or agree (19%) that funding constrains their ability to deliver the care their clients expect.
 - Impacts described include constraining choice (e.g. meal options), limiting staff skills and qualifications, and creating excessive workloads that result in burnout.
- If conditions do not improve in the next 12 months:
 - 15% said it was likely or very likely that they would have to close services (this falls to 12% for organisations that only offer residential care).
 - 41% said it was likely or very likely that they would have to reduce direct care staff.
 - 52% said it was likely or very likely that they would have to reduce non-care direct service staff.
 - 55% said it was likely or very likely that they would have to reduce back office staff.
 - 62% said it was likely or very likely that they would have to reduce investment.
- 32% of providers were approached to take over another service or its clients in the last 12 months but only 13% said yes to any of these requests.
 - Among those who received a request, 70% said financial risk was an issue most of the time or always compared to 66% for quality problems in the service seeking take over.
- If another service closes in a region that they operate in 84% of providers were willing to take on consumers while 87% were willing to take on staff who had lost their jobs.

Commentary

- Survey responses show a significant and ongoing deterioration in financial conditions consistent with StewartBrown's Aged Care Financial Performance Survey for March 2019 and ACFA report for 2017-18.
- Four out of five providers believe current financial pressures constrain their ability to deliver the care their clients expect, including reducing choice in areas such as meals, limiting the mix of staff that can be employed, and creating staff turnover and burnout.
- Unless Government takes urgent action the ability of providers to consistently meet the needs of those they care for will be further compromised. Furthermore, there are likely to be service closures, job losses and further reductions in investment in services and infrastructure.
- Providers report that they have generally been unwilling to take over struggling services that have approached them, but they are willing to consider taking on staff or clients from failed services.
- There may be some sample bias in these results as performance among respondents to this survey appears to be slightly worse than the results reported by StewartBrown, but this would not change the key messages, and these organisational level results cannot be directly compared with StewartBrown's reports on facility/service level performance.

Sample characteristics

Characteristic	Sample percentage
metropolitan services	49%
regional services	34%
rural services	29%
remote services	29%
residential care services only	55%
home care services only	19%
CHSP ¹ services only	2%
both residential and home care	24%
government owned	5%
not for profit	66%
private	28%

Contact

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¹ Commonwealth Home Support Programme