



COTA AUSTRALIA POLICY ALERT

August 2011 No. 5

Productivity Commission Report

Final Report on Caring for Older Australians

In April 2010 the Australian Government asked the Productivity Commission to develop detailed options for restructuring Australia's aged care system to ensure it can meet the challenges facing it in coming decades. The Commission released its Draft Report on 21 January and handed its Final Report to the Government on 28 June. The Government released the report on 8 August.

COTA provided a major initial submission that had a significant impact on the Draft Report. We participated in a number of the roundtables held by the Commission in preparation of the Draft Report. We put in two submissions and appeared at two of the public hearings in response to the Draft Report. Overall the Final Report keeps the basic architecture outlined in the draft report which COTA generally supported. The Final Report provides some additional detail around some of the proposals and provides significantly more detail around the transition arrangements.

The Government has not released its response to the Report. The Minister for Mental Health and Ageing is going to hold a series of consumer forums to talk to older people and their carers about what they want from

the reform process, to help inform the development of the Government's response. He has also established an Ageing Expert Reference Group comprised of the leadership group of the National Aged Care Alliance.

The Recommendations

There are 58 recommendations in the Report. We are concentrating here on the key proposals and where the final report differs from the draft. The full report is available at <http://www.pc.gov.au/projects/inquiry/aged-care/report>

Access to care

- Establish an Australian Seniors Gateway to provide information, assessment of both care needs and financial capacity to contribute, identify people's entitlement to services and provide care coordination (Rec 9.1).
- Introduce a comprehensive reablement service to give greater focus to independence, rehabilitation and restorative care (Rec 9.2). This is a new proposal.

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- A trial of more flexible arrangement for respite care including cashing out and extending the range of respite care providers (Rec 9.3). This is a new proposal.
- Replace current system of discrete allocation of community and residential care with a single system of flexible care entitlements (Rec 9.4).
- Ensure aged care facilities are adequately funded for the delivery of sub-acute care services (Rec 9.6).
- Work with State and Territory Government to ensure better in reach of a range of health services into residential aged care (Rec 9.5).
- Ensure that people with a disability as they age continue to be supported by services best able to meet their needs. They should also be given the option to choose to move to the aged care system (Rec 9.7). This is a new recommendation.

Consumers Rights

- Expand aged care individual advocacy, initially through additional funding for the National Aged Care Advocacy Program (Rec 9.4).
- Establish an independent Statutory Community Visitor Program (Rec 15.3). This is a new proposal.

Paying for Aged Care

- Remove the restrictions on the number of community and residential care places and the distinction between high and low care and abolish extra services for residential care (Rec 7.1 and Rec 7.8).
- Remove regulatory restriction on accommodation payments in high care bonds and mandate that providers offer periodic payments as well as bonds and publish the levels of both (Rec 7.2).
- Establish an Australian Age Pensioners Savings Account scheme to allow pensioners to establish an account with the Government using some or all of the proceeds of the sale of their principal residence (Rec 7.3) this replaces the proposal to have an Age Pensioner Bond in the draft report.
- Providers should continue to provide place for supported residents who cannot afford accommodation payments (Rec 7.5).
- The subsidy level for supported residents should reflect the average cost of providing the accommodation based on the average occupancy of 1.5 beds per room (Rec 7.6). This has changed from an average of 2 beds per room in the draft.

- Establish a national scale of care recipients' co-contributions for aged care with a comprehensive means test that includes the principal residence in the assets test (Rec 7.9).
- Establish a Government backed Australian Aged Care Home Credit Scheme to assist older people to make a co-contribution to the cost of their aged care and support (Rec 8.1). This was in the draft report as a government backed reverse mortgage scheme.

Carers

- The Gateway will assess the ends of carers and can approve entitlements to services. Carer Support Centres will operate separately from the Gateway and would undertake comprehensive assessment of carers and would deliver carer support services (Rec 13.1).

Workforce

- The Australian Aged Care Commission should take into account the need to pay fair and competitive wages and appropriate skill mixes when recommending care prices (Rec 14.1).
- Expand accredited courses to provide aged care workers at all levels with the skills they need (Rec 14.2).
- Review aged care related vocational education and training courses and their delivery through registered training organisations (Rec 14.4).

Regulation

- Establish an Australian Aged Care Commission as an independent regulatory agency. This would take responsibility for accreditation and standards and complaints handling (Rec 15.1).
- The Australian Seniors Gateway Agency will establish its own complaints handling and review office (Rec 15.2).

COTA ASSESSMENT

As outlined in our Policy Alert on the Draft Report COTA supports the general directions of the reform agenda outlined by the Productivity Commission. They are consistent with the NACA vision for support and care of older people and COTA's own policy positions on aged care.

The reforms put older people at the centre of the system, giving them more choice and control over what services they use to support them.

The first step in that process is the move to an **entitlement system** with the funding being allocated to individuals based on their assessed needs rather than rationed allocations to service providers. Added to this is the move away from a predetermined mix of service

types and settings to a more responsive system that offers a wider range of services to help meet people's needs.

We believe that these reforms will lead to more care being provided in the community and less emphasis on residential aged care.

We welcome the increased emphasis on **promoting independence** through the specific inclusion of a set of services that promote independence, rehabilitation and restorative care. This is an overdue reform and will assist people to live independently longer and with a better quality of life.

The establishment of the **Australian Seniors Gateway Agency** should simplify the system for both consumers and carers, making it easier for people to find what services they need. Putting assessment and referral into the same services as information should help to ensure people get the right service in a timely way.

COTA is pleased to see that the **needs of older people with a disability** are addressed in the final report. The recommendation mirrors that in the draft report of the Inquiry into Disability Care and Support which we did not support. In our submission to that Inquiry COTA argued that people with a disability should be entitled to keep their disability related support for as long as they needed it but should be able to access additional support that was directly related to the ageing process. We will continue to take that position in our response to Government on both reports.

COTA agrees with the Commission's contention that the move to a flexible, person centred system which is properly funded will meet the needs not just of the mainstream community but also those of people from **diverse backgrounds**. Giving consumers and carers greater choice in service providers and freeing up supply will enable people of with diverse needs to source services from providers who are better equipped to meet their needs as well as encouraging mainstream service providers to offer more appropriate support and care. We welcome the proposals around ensuring additional funding is provided to services supporting people with special needs, through both block funding and additional individual payments as this will help to ensure more equitable access.

COTA is also pleased to see an increased emphasis on **provision of individual advocacy** and supports additional funding for the National Aged Care Advocacy Program as a matter of urgency. We also welcome the new recommendation around the development of a statutory **Community Visitors Program** as this will give additional protections to people receiving aged care services.

COTA welcomes the additional recommendations on the quality of care, particularly the acknowledgment of the need for aged care services to take a more active role in the promotion of advanced care directives and more appropriate funding for palliative and end of life care. These are both issues we have argued for in the context of the review of the ACFI and the current review of the standards.

COTA has in the past welcomed the proposals around a consistent set of **co-contributions for care and accommodation** and continues to do so. We would however emphasise that the new co-contributions should only be implemented after the entitlement based system is implemented and people are able to have access to a wider range of services. We see no benefits to consumers in paying more for the existing range of services.

We believe that the proposals around **accommodation payments**, particularly the mandating of the need to offer a periodic accommodation payment to all consumers and the government backed Aged Care Home Credit Scheme is a distinct improvement on the current situation. We believe that these two measures ensure that nobody will be forced to sell their house and nobody will have to pay an accommodation bond in order to access aged care.

The proposals around **accommodation** have not substantially changed which is disappointing. COTA argued quite strongly in our second submission for the Commonwealth to be given a stronger role in planning arrangements to help facilitate the development of appropriate housing options for older people. We felt there were no incentives currently for the States and Territories to facilitate this kind of development and so the Commonwealth should be given a role.

The Final report provides a more **detailed implementation plan** which brings in the reforms in three stages over 5 years which we would support. The report spells out a series of transition arrangements that seek to protect consumers, by having a set of grandfathering arrangement around co-contributions and access to services and service providers through a phasing in of the reforms around g freeing up supply of places.

We welcome the proposal **to have an intermediate level of community aged care packages** between the current CACP and EACH package (Rec 17.5) as an interim step to improve the provision of community care and will be urging the Government to implement this in the 2012 Budget.

8 August 2011

MEDIA RELEASE

Aged care reform proposals good foundation for improving life for older Australians

Australia's peak aged care consumer organisation COTA Australia said the Productivity Commission's final report, *Caring for Older Australians*, lays a solid foundation for a better future for seniors.

COTA Chief Executive Ian Yates said the final report leaves no room for doubt about the need for long awaited reform of Australia's aged care system.

"Many older Australians know too well the difficulties of accessing care services through a rigid system which fails to meet their needs," Mr Yates said.

"The Productivity Commission's proposal will mean:

- We move from a residential-based to a community-based system with most support and care provided in the home
- We move from a rationed system to one in which people have an entitlement to support and care based on a professional and timely assessment
- No-one will any longer be forced to either sell their home or pay an accommodation bond, although many people will do both because it suits them.

"Older Australians want and need appropriate and timely support to live out their lives in a manner of their choosing and for most people that means support and care at home for as long as possible.

"This report provides a sound starting point for changing the way services are delivered in the short term and well into the future.

"The introduction of a fair funding structure will ensure the system works and can be sustained to address the growing needs of our ageing population with government still paying the bulk of the costs.

"People, young, old and between, all seek to have control over their lives and no more so than when they need assistance to make the most of their life. This report returns control to older people and with it the capacity to maintain their independence, regardless of their financial circumstances.

"Under the proposed changes, consumers will also have a range of options to control how they pay for care services and if needed, specialised residential aged care accommodation. This would now include the option to use the equity in their homes to meet their costs of care and accommodation.

"For many Australians their homes are their major lifetime investment. That investment is not lost if it is used to pay for aged care, but appropriately reinvested to provide what we need, when we need it.

"We will be working with the government and other stakeholders in the coming months to ensure that a progressive package of reform is delivered in the 2012 Federal Budget."

Mr Yates said a flexible and sustainable aged care system is an integral component of a broader more inclusive agenda to foster the ongoing engagement and contribution of older Australians.

Authorised by Ian Yates AM, Chief Executive, COTA Australia