



## AGED CARE INDUSTRY COUNCIL 2010-11 FEDERAL BUDGET FACT SHEET



It is an exciting and challenging time for Australia. The Rudd Government has recognised the critical importance of aged care services and the need to reform them as part of its broader health and hospitals agenda. The Third Intergenerational Report reinforces that, with a growing aged population and decreasing tax base, reform is essential. If aged care is operating effectively public expenditure on more intensive and expensive health services can be contained and decreased.

There are a number of issues that must be addressed to ensure a robust and sustainable aged care sector able to effectively support older people and the reform agenda including:

- inadequate indexation driving services further and further behind the real costs of delivering quality care;
- capital funding which does not enable the building of new homes or upgrading/replacing existing facilities to meet the ongoing demand for residential care;
- not being able to provide enough community care to adequately support older people who choose to continue to live at home;
- difficulty in attracting and retaining staff – particularly nurses and care workers – to deliver care to older Australians; and
- inadequate technology infrastructure to take advantage of the emerging e-health revolution which stands to improve both productivity and clinical care for older people.

As a result industry is being forced to take action to “balance the books” to continue operations while trying to provide the level of care older Australians deserve and require. To do this, services are:

- **Reducing the hours of care older people receive.** On average Community Aged Care packages (CACP) previously provided 7 hours or more of support each week but now deliver only 5 hours<sup>1</sup> despite people having increasingly higher levels of need.
- **People missing out on residential aged care** as a result of the introduction of the Aged Care Funding Instrument (ACFI) funding paid to support some people with low care needs has decreased. There are an increased number of persons presenting for admission who attract no government funding at all and aged care services cannot afford to provide care for them.
- **Declining to apply for more aged care beds will ultimately mean** that in future older people who need residential care will not be able to find a bed. Nearly 2000 residential care places were not taken up in 2009-10 and 786 bed licences were handed back in the two years prior because aged care providers can't afford to build them.

Without Government addressing the issues older people's access to these essential services will be ever more limited and there will be ongoing blockages in the health system overall

The full ACIC budget submission is attached for your information. To talk about aged care and what needs to happen in the 2010-11 Federal Budget to prepare for your elderly friends, relatives and constituents care please contact **Greg Mundy on 0416 203 065 or Rod Young on 0419 624 178.**

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<sup>1</sup> Report on Government Service Provision 2009.

## In Summary ACIC Recommends:

- 1 (a)** That a new indexation methodology, which funds the real costs of care, be developed and applied to all aged and community care services.
- 1 (b)** Pending the formulation of the new methodology, as from 1 July 2010, the greater of the Consumer Price Index (CPI) or the All Groups Pensioner and Beneficiary Living Cost Index (PBLCI) for the year ending 31 March 2010 be used to index the Federal Government's aged care subsidies.
- 2.** The creation and adoption of a sustainable capital raising system including the following integrated package of measures:
  - Choice for older people and their families as to how they pay their accommodation costs at no cost to Government. This requires the introduction of alternative payment options, including refundable accommodation deposits for high care;
  - Remove the distinction between high and low care at no cost to Government;
  - Uncapping the daily accommodation charge for high income people and increasing it for those on a medium income so it is equivalent to the average building costs of residential care in the relevant region<sup>2</sup>;
  - Linking government payments (the accommodation subsidy) for concessional residents to the average cost of building residential aged care<sup>3</sup>; and
  - Allowing providers to charge differential room rates based on the quality and type of accommodation at no cost to Government.

A national roundtable must be held during 2010 with key politicians, aged care providers, consumer representatives, senior Government officials and financial experts to agree on solutions to this long standing issue.

- 3 (a)** Providing increased funding for community care services to pay an appropriate (unit) price and enable the level of care provided to better meet existing clients needs. For HACC an overall increase of 20% (or \$297.78m) is required. For packaged care a 10% (or \$90.9m) increase is required.
- 3 (b)** The creation of one community care program (through the merger of HACC, CACPs, EACH and EACHD) under the jurisdiction of the Commonwealth Government.
- 4.** Undertaking a scoping study and national pilot trial of Teaching Nursing Homes (\$4m), and other innovative models, including those that support clinical leadership support (\$900,000) and more effective provision of medical care.
- 5.** Investment in the development and deployment of an electronic medication management solution for aged care, initially targeted to residential care. This would require a total of \$59m over the 2010 -11 and 2011 -12 financial years. Further investment would be required in the following three years.

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<sup>2</sup> Building costs include land, construction, fit out and financing costs which can be obtained from a variety of independent sources including Rawlinsons Survey of building costs and a variety of valuation reports.

<sup>3</sup> As above