

9 November 2021

Committee Inquiry: Aged Care and Other Legislation Amendment Bill 2021

About the Victorian Healthcare Association

The Victorian Healthcare Association (VHA) is the peak body supporting Victoria's public health services to deliver high-quality care. Established in 1938, the VHA represents Victoria's diverse public healthcare sector, including public hospitals, aged care and community health services.

Introduction

On 21 October 2021 the Senate referred the *Inquiry into the Aged Care and Other Legislation Amendment (Royal Commission Response No.2) Bill 2021* to the Community Affairs Legislation Committee for inquiry and report by 16 November 2021. The following submission provides a response to the Committee's invitation to present a written submission addressing issues that may be of relevance to our members.

The VHA is disappointed by the short timeframe given to respond to the Inquiry, especially in the context of the State's current COVID-19 outbreak, which has placed service providers under immense, ongoing pressure. The Bill talks to issues of significant importance to our members and presents an important opportunity to address the shortcomings outlined in the Aged Care Royal Commission to ensure that all elderly Australians have access to person-centred care that upholds their human rights and provides them with dignity, quality, and choice.

The VHA has requested an extension and was granted an additional week to respond. Without ample opportunity to formally consult with members and develop a fulsome submission, this document will focus on three key recommendations for the Committee to consider that highlight our membership's most pressing concerns.

Policy recommendations

- The new pricing model must consider thin markets and the rural/remote context and offer a viability supplement to ensure that no public sector service is worse off under the new model.
- Proposed governance models must be integrated with existing state governance models.
- A commitment building a skilled and compassionate workforce to reduce the pressures currently faced by our members is essential for the success of aged care reforms.

Public sector aged care in Victoria

The Victorian public health system is the largest provider of public sector residential aged care in Australia, with 178 public sector residential aged care services delivering approximately 10 per cent of operational places across the state. Run by small and rural hospitals as well as larger regional and metropolitan health services, public sector providers of residential aged care are often co-located with acute services. Over 89 per cent of all Victorian public sector residential facilities are in regional and rural areas.

Public sector residential aged care services (PSRACS) play a vital role in Victoria's aged care, health, and community services system. Critically, PSRACS fill the gap in residential aged care service provision for vulnerable older Victorians. The PSRACS sector often provides older people who are experiencing socioeconomic disadvantage, living in remote locations, or who have complex care needs with access to services that they would otherwise have difficulty obtaining close to home and established social supports.

In addition to residential care, the state's hospitals and 28 registered community health services deliver Home Care Packages (HCP) and a significant proportion of the Commonwealth Home Support Program (CHSP) in Victoria. These organisations deliver community and home support services, allied health and nursing services and carer supports, providing tailored responses to the unique needs of the communities in which they operate.

AN-ACC funding model

The VHA welcome the transition from the Aged Care Funding Instrument (ACFI) to the Australian National Aged Care Classification (AN-ACC). This transition provides a valuable opportunity to align aged care funding with the Aged Care Quality Standards, which provides a framework to support consumer dignity, choice and support for independent living.¹

Further, the VHA welcome the opportunity to reduce the administrative burden and the time previously required to undertake assessments in-house, which has been a problem associated with the ACFI model. The AN-ACC model has the potential to free up aged care staff to focus on care delivery and instead places the burden of the assessment process on trained assessors, which is potentially a positive shift for the sector. To ensure that this shift is positive, the VHA would like to see a minimum time for assessment set to ensure that potential residents, or residents that need changes to their care plans, are not held back from receiving care, and that services don't miss out on vital funding to enable them to provide care.

While the VHA welcomes some of the positive outcomes that may be associated with the AN-ACC model, we would like to see legislation strengthened to ensure that no services or geographic areas are worse off under the new model. Ideally, we would like to see that services are better off as a result of changes to funding models and that they don't lose flexibility to be able to tailor care to the needs of their communities.

This is particularly important in areas defined as 'thin markets', or those with few or no providers, or few participants, such as rural and remote areas of Victoria, where care is often provided by government-run PSRACS or Multipurpose Services (MPS). The Inquiry may wish to consider recognising a supplementary location-based definition of thin markets, as 'any geographic area where the population is disparate and demand for services is not sufficient to support a provider [that] will drive significant gaps in services and supports for participants'.²

In addition, the current financial reporting regime for aged care providers does not reflect the true financial state of many aged care providers, and hence the aged care sector as a whole. Unless the overall funding is reflective of the true costs of service delivery and increased within the sector to reflect the increasing acuity and complexity of resident needs, workforce challenges, administrative burdens and the growing demand for care, the reforms are unlikely to lead to meaningful change within the sector.

There also needs to be effective processes in place to ensure that AN-ACC funding is spent effectively and efficiently to deliver tangible gains for aged care consumers and service providers. The VHA would like to see AN-ACC funding associated with a robust reporting and monitoring system.

Finally, any changes made to aged care funding should be underpinned by principles of transparency, ongoing consultation, and partnership with the sector.

Integration of governance models

VHA members frequently report a desire to see a reduction in the administrative burden associated with their reporting requirements to both state and federal government departments. Members report that they must at times report the same information in multiple systems, or that reporting requirements are unclear and inconsistent. Moving forward, the sector would benefit from integrated governance models to reduce the administrative burden of reporting. This will free providers up to focus on care delivery and sector capacity building.

¹ <https://www.agedcarequality.gov.au/resources/aged-care-quality-standards-fact-sheet>

² Report commissioned by the Victorian Healthcare Association. (2019) 'A review of "thin markets" in regional and rural Victoria related to the transition of funding from Home and Community Care Program for Young People to the National Disability Insurance Scheme'.

Workforce

At the heart of the aged care system are carers looking after people. VHA members report that attracting and retaining a skilled and compassionate aged care workforce is their biggest challenge. This challenge is particularly pertinent in rural and regional areas of Victoria and has been exacerbated by the COVID-19 pandemic. Registered nurses have been recruited into pandemic response work, agency staff and staff recruited through skilled migration visas that previously filled workforce gaps are not available, and both the COVID-19 outbreaks in aged care facilities and the Royal Commission have publicly exposed the challenges faced by the sector, making it a less-desirable employment option for graduate nurses.

Building a skilled and trained aged care workforce to meet the needs of Australia’s ageing population will take considerable time and investment. Central to the success of any aged care reforms must be a commitment to better understanding the aged care workforce (including allied health) and investing in a skilled and appropriately remunerated sector.

Conclusion

There is broad agreement that transformative reform is needed to address the shortcomings of the aged care system and fundamentally change the way aged care services are delivered across Australia. The VHA is supportive of the proposal for a new Aged Care Act and the opportunities for meaningful change that this presents.

While the VHA recognises that aged care reforms are urgent, this important work must be done in a manner that allows all stakeholders sufficient time to give considered feedback on legislation or policy. We would like to see a commitment to the principles of transparency, ongoing consultation and partnership with the sector made and honoured moving forward.

Further, when it comes to changes to aged care funding models, we would like to see the Commonwealth commit to ensuring that no service or geographic area where there are ‘thin markets’ are worse off; ideally services should be better off as a result of reforms. In the Victorian context, this should consider the important role, contribution and needs of PSRACS and MPS.

It is important for the Inquiry to also factor in that current financial reporting mechanisms in aged care don’t reflect the true cost of service delivery and care. For there to be meaningful change in the sector, there needs to be an increase in funding overall to address infrastructure issues, provide high-quality care and to ensure that the aged care workforce is appropriately remunerated for their valuable contribute to our community.

The VHA are appreciative of this opportunity to give feedback to the Inquiry. We urge the Committee to consider the 3 policy recommendations highlighted in the submission and we welcome future occasions to discuss the challenges faced by our members, and opportunities for reform.



For further information contact

Joanna Hatcher
Policy and Advocacy Adviser
joanna.hatcher@vha.org.au
03 9094 7777