

Talking points

Removing the rations

By Linda Belardi

AAA puts an important issue under the spotlight, examines the background and considers the implications. **The issue: should government caps on aged care places be lifted?**

THE QUESTION OF whether the government should end its control of places and move to an entitlement-based aged care system as proposed by the Productivity Commission will feature prominently in the five-year review of the aged care reforms, slated for 2016-17.

At the time of announcing the Living Longer Living Better package, former minister for ageing Mark Butler emphasised the financial risk for government of an uncapped system and said the sequencing of aged care reforms needed to be right.

To get the sector ready for that ultimate goal, Butler argued workforce sustainability, greater transparency and informed choice, and mature competition had to be addressed as a prerequisite.

Three years on, the current Coalition Government is talking up the benefits of a market-based system and has signalled its support for loosening up supply, but within the existing budget.

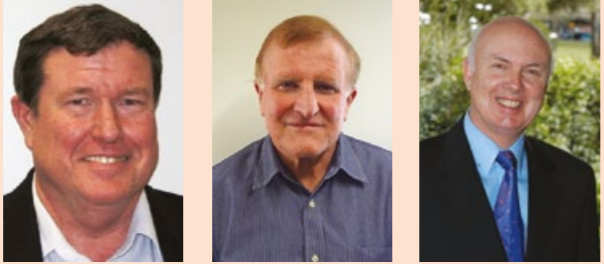
QUANTIFYING UNMET DEMAND

As a first step towards removing supply constraints, COTA Australia chief Ian Yates says accurately modelling the level of unmet need will be critical, and data captured through My Aged Care will help provide the most accurate picture yet.

"For the first time, we will know who has been assessed as in need but is unable to get a service and who is waiting for what level of support," he says.

Nick Mersiades, director of aged care at Catholic Health Australia, says modelling the costs of aged care in a demand-driven system should take into account

WHAT THEY SAID



HAL KENDIG: Demand-driven system will require strong protections against areas of market failure.

BOB DAVIDSON: Removing provision ratios would not guarantee an end to rationing.

GLENN REES: Hope more community care places will force residential to be more responsive.

various scenarios, including more equitable consumer contributions based on capacity to pay assessed on total wealth, greater emphasis on reablement, consistently applied national eligibility assessment, greater contestability in service delivery, greater opportunity to choose home care over residential care and reduced red tape.

There is also debate within the sector as to the extent to which the planned significant growth in the number of home care packages from 66,000 to around 100,000 by 2017, plus an additional 40,000 over the five years to 2021-22, will meet unmet demand.

As further steps are required to get to an uncapped aged care system, it is unlikely that supply caps will be lifted in the short term but it remains COTA's objective, says Yates.

The National Aged Care Alliance is currently developing a new NACA blueprint on the next stage of reform, including how an uncapped system might be



to attract aged care clients by delivering better quality care.

A CONSUMER-DRIVEN SYSTEM

Hal Kendig, professor of ageing and public policy at the Australian National University, says Fifield's consistent public statements on moving to a consumer-driven aged care system are promising directions, which, if implemented, should deliver a more responsive and efficient aged care system.

"Central determination without market signals does not lead to the best use of resources and does not best meet consumer needs and preferences," he tells *Australian Ageing Agenda*.

"There is also a question about does the public want to keep providing funding to service providers that are not as responsive as other organisations."

In a market approach, Kendig says strong-performing providers delivering what people want are likely to increase their market share, while poorer performers will be squeezed out.

Another important change in a market environment is that the financial risk is carried by the provider that now has to prove they have something that consumers will pay for, within an environment of regulatory controls over quality, he says.

The move to a demand-driven system will also require strong protections against areas of market failure where supply is limited such as in rural and remote regions and areas of socioeconomic disadvantage, Kendig says.

To address this, the PC recommended providers continue to be required to provide a

suitable proportion of supported places on a regional basis and these concessional places could also be traded among providers.

Vaughan Harding, CEO of Juniper and president of ACSA, says he supports a move away from a centrally planned aged care system, while maintaining equitable access to services for vulnerable clients and special needs groups.

"Competition has good and bad aspects to it, but it does cause the participants to lift their game and to become more focused back on the needs of the consumer," he tells AAA.

"However, our area of activity is one of human services and you wouldn't want the competitive forces to crowd out voluntary and community-based services, because it is all relationship-based."

THE ENTITLEMENT MYTH

Glenn Rees, chair elect of Alzheimer's Disease International and a former senior bureaucrat, says the idea of an entitlement-based system in aged care is a fiction in the context of finite government resources. While uncapping allocations sounds conceptually appealing, Rees

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holds significant concerns about how it would be implemented.

"I'm concerned that Treasury and Finance can negate entitlement and make it illusionary in so many ways if costs become a threat. For example, by increasing user charges, excluding different types of services, delaying assessments and increasing financial caps to be paid before support kicks in," he tells AAA.

"Entitlement dreams up this notion that somehow there will be a new Valhalla of access to services, well I don't believe it. I don't believe that Treasury and Finance think that way, and the end result for consumers might be a much more difficult world where what government will provide will be much less transparent and very frustrating in

understanding how assessment processes work," says Rees.

"Instead of getting access to more services, the consumer might find themselves squeezed in different kinds of ways."

While the current aged care provision ratios suppress demand, they also provide certainty about government expenditure, he says. "If governments want to increase their commitment let them do so by increasing the ratio preferably by increasing the numbers of care packages."

"My short-term hope is that greater supply of community care places will force the residential care sector to be more responsive to consumers."

Bob Davidson, a researcher on the marketisation of human services and a former

commonwealth department official, agrees the introduction of an entitlement system in aged care would not necessarily guarantee an end to rationing, especially in a constrained budget climate.

"Any government funding is, by definition, rationed. You can ration it as we currently do in aged care by limiting the number of places, or you can ration it by reducing the eligibility and/or the level and type of assistance people can get."

Davidson points to the experience of the UK as a case in point. In that country, local authorities have had to increasingly apply restrictive eligibility criteria to publicly-funded home care, which is commonly now available in practice only to those with the highest needs.

Another issue critical to the functioning of a more market-based system is informed choice, and as a first step, Rees says, consumers will need greater access to information about providers – including the development of quality indicators, which has lagged in the current reforms.

"What does choice mean if you aren't informed about what you can choose between?" ■



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