



**Submission  
to the  
Aged Care  
Legislated Review**

December 2016

## About National Seniors Australia

National Seniors Australia is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia with more than 200,000 members and is the fourth largest in the world.

**We give our members a voice** – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

**We keep our members informed** – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

**We provide a world of opportunity** – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

**We help our members save** – we offer member rewards with discounts from thousands of businesses across Australia. We also offer exclusive travel discounts and more tours designed for the over 50s and provide our members with affordable, quality insurance to suit their needs.

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## Introduction

National Seniors welcomes the opportunity to provide a submission to the Aged Care Legislated Review.

Our submission draws on information obtained from engagement with members, including a recent survey of almost 5,000 members regarding the aged care reforms. This member feedback is reflected in our responses to the nine key areas within the scope of the Review.

National Seniors members are supportive of the general direction of reforms but are concerned about certain aspects of the reform process.

There is a need to strengthen processes used to provide information to consumers to enable choice. There is also a strong desire to retain government protections, such as those in place to maintain equitable access and to guarantee bonds.

Ultimately, National Seniors members want to see ongoing improvement in service quality and assurances from government that aged care services will be available when they are needed.

### 1. Whether unmet demand for residential and home care places has been reduced.

National Seniors believes that there is inadequate information available to ascertain if unmet demand has been reduced. A significant problem is the lack of data and robust measures to assess if unmet demand for residential and home care places is being met. Even if data existed, it may be too early to tell at this stage if the reforms are having an impact on unmet demand.

While government has sought to increase the aged care provision ratio to 125 operational places for every 1,000 people aged 70 years and over by 2021-22<sup>1</sup>, the operational ratio has remained relatively unchanged over the past six years. The overall operational ratio was 112.8 places per 1,000 people aged 70 and over on 30 June 2010 and only slightly higher at 113.2 per 1,000 on 30 June 2016<sup>2</sup>.

Between 2010 and 2016 there has been a decline in the residential care setting ratio and a corresponding increase in the home care setting ratio. While this rebalancing between residential and home care is in line with the objective of increasing home care places relative to residential care places, the overall ratio appears to remain stubbornly low.

What is most important for consumers is whether they are able to access the home or residential care they want in a timely manner. This is something that National Seniors members articulate on a regular basis. In this regard, it is important to acknowledge that

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<sup>1</sup> Australian Institute for Health and Welfare 2016. 'Aged care services and places' Accessed online 26 November 2016. <http://www.aihw.gov.au/aged-care/residential-and-community-2012-13/services-and-places/>

<sup>2</sup> Australian Government Department of Health 2016. *2015-16 Report on the Operation of the Aged Care Act 1997* Department of Health: Canberra. [https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/12\\_2016/2015-16\\_report-on-the-operation-of-the-aged-care-act-1997.pdf](https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/12_2016/2015-16_report-on-the-operation-of-the-aged-care-act-1997.pdf)

waiting times for aged care services do continue to exist. While current waiting time data in the Report on Government Services<sup>3</sup> and in Report on the Operation of the Aged Care Act 1997<sup>4</sup> are not necessarily a proxy measure for unmet demand, it could be used to demonstrate deficiencies if the data was collected in more robust ways.

National Seniors believes that if the Australian Government is serious about addressing unmet need then it must fund the development of processes to adequately collect and measure unmet need. Importantly, these measures should be able to demonstrate if unmet need for home care is changing and the impact of this on demand for residential care.

## 2. Whether the number and mix of places for residential care and home care should continue to be controlled.

National Seniors supports increased competition in the provision of aged care services. This can be achieved through a relaxation of the restrictions on places that exist currently.

It is unlikely that government will ever fully remove its control over the number of aged care places available as this could have an unknown impact on the Federal Budget. Government expenditure on aged care is contained by capping the overall number of subsidised aged care places available. This is achieved by allocating aged care places in line with growth in the population aged 70 years or over.

Government has set a target of 125 residential and home care places for every 1,000 people aged 70 years or over by 2021-22<sup>5</sup>. While this is higher than in previous years, it includes a decrease in the proportion of residential aged care places and, inversely, an increase in the proportion of home care places. This shift in the make-up of places is likely to contain government costs overall because residential care is more expensive than home care.

Yet, while this strategy is designed to accommodate more people in the home and keep people out of residential care, it remains to be seen what impact this is having on availability and unmet demand in the residential care setting. National Seniors would be concerned if reductions in the number of residential care places was having a negative impact on availability as this would be in direct opposition to moves to increase control and choice for consumers.

While providers need more flexibility, National Seniors is wary of removing government control if this had a negative impact on equity.

Aged care services are no different from other service areas receiving public funding. Public expectations about basic rights of access necessitate that some form of community service

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<sup>3</sup> SCRGSP (Steering Committee for the Review of Government Service Provision) 2016. 'Aged Care Services' in *Report on Government Services 2016*. Productivity Commission: Canberra. <http://www.pc.gov.au/research/ongoing/report-on-government-services/2016/community-services/aged-care-services>

<sup>4</sup> Australian Government Department of Health 2016. *Op cit*.

<sup>5</sup> Australian Government 2016 '3.3.2 How does the Commonwealth Plan its Allocation of Places?' *Guide to Aged Care Law*. Version 1.10 – Released 16 May 2016. <http://guides.dss.gov.au/guide-aged-care-law/3/3/2>

obligation exists to facilitate access to public services when delivered through non-government or private sector providers.

There are regulations in place, for instance, to ensure equitable access to pharmaceuticals in Australia. Location rules set out in the *Community Pharmacy Agreement*<sup>6</sup> are designed to ensure that pharmacy services are evenly distributed across Australia and ensure equitable access to pharmaceuticals.

The Government attempts to create equitable access to aged care services through a range of means. For example, government allocates places based on the location and distribution of the population<sup>7</sup>. Under the Allocation Principles the Secretary must consider, for example, 'the need to distribute places equitably in each region, and in each State and Territory, as far as practicable'<sup>8</sup>. This principal exists to ensure that there is equitable access to aged care places across the different states and territories.

The Government also controls places to support access for people with special needs. The *Aged Care Act 1997* designates certain people with special needs. For example, "Arrangements established under the Act mean that older people can access residential care, irrespective of their capacity to make accommodation payments"<sup>9</sup>. Accordingly, 40 per cent of the total resident population in a specific service must be fully government supported, as a minimum, otherwise there will be a reduction to the accommodation supplement paid to the provider. This ensures that places are available regardless of means.

National Seniors members are keenly aware that aged care services are not always available when and where they are needed. In response to survey questions about confidence to choose a provider, our members made a range of comments about their choice being constrained by the availability of services:

*I don't think that packages are available in the quantities needed, even if the government is allocating based on population.*

*At the moment there does not seem to be enough choice of providers and the choices are limited because these institutions seem to have limited placements.*

*My experience with my mother made me realise that the providers are so stretched that even gaining access and getting on a list for home care was difficult. In the end my mother went into a facility before we could arrange home care support.*

*I need a provider who has workers who speak Polish and who understand my culture and background. There are very few of these organisations around.*

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<sup>6</sup> Australian Government Department of Health 2015. *Sixth Community Pharmacy Agreement*. May 2015 <https://www.guild.org.au/docs/default-source/public-documents/tab---the-guild/Community-Pharmacy-Agreements/6cpa---final-24-may-201558b59133c06d6d6b9691ff000026bd16.pdf?sfvrsn=2>

<sup>7</sup> Australian Institute for Health and Welfare 2016. 'Aged care in Australia' Accessed online 26 November 2016. <http://www.aihw.gov.au/aged-care/residential-and-community-2011-12/aged-care-in-australia/>

<sup>8</sup> *Allocation Principles 2014* made under section 96-1 of the Aged Care Act 1997 <https://www.legislation.gov.au/Details/F2016C00618>

<sup>9</sup> Australian Government Department of Health 2016. *Op cit*.

National Seniors members are particularly skeptical about the availability of aged care services in regional and rural areas:

*Being in a rural setting I am not sure that I will be able to have much choice. In the past, we have not been able to access need because we live too far away from a Centre.*

*I live in regional Australia. I'm not confident I'll be able to find a service quickly and when and how I want it.*

If deregulation of places was to occur, the market would define service access and providers will have responsibility to ensure that supply meets demand. Rather than having places allocated to them, providers would have to compete in a largely open market for clients, many of which rely on government subsidies to pay for their care.

While increased competition can help to drive improvements in quality, unless providers have the capacity and flexibility to respond to changing demand this could result in under or oversupply of places in certain locations. It could lead to unmet consumer demand on the one hand or compromised viability of providers on the other.

If government removed some of its control over places, there would need to be adequate information available to assist providers to plan and coordinate service offerings. In this regard, there must be adequate information about supply and demand to assist decision making.

Information could be made publicly available to enable providers to better plan for the delivery of services in particular locations. Needs assessments could be undertaken in specific locations to deliver information that providers could use to make rational planning decisions to ensure that supply better matched demand. Competition could still occur within local areas based on quality but in the context of more certainty about supply and demand dynamics.

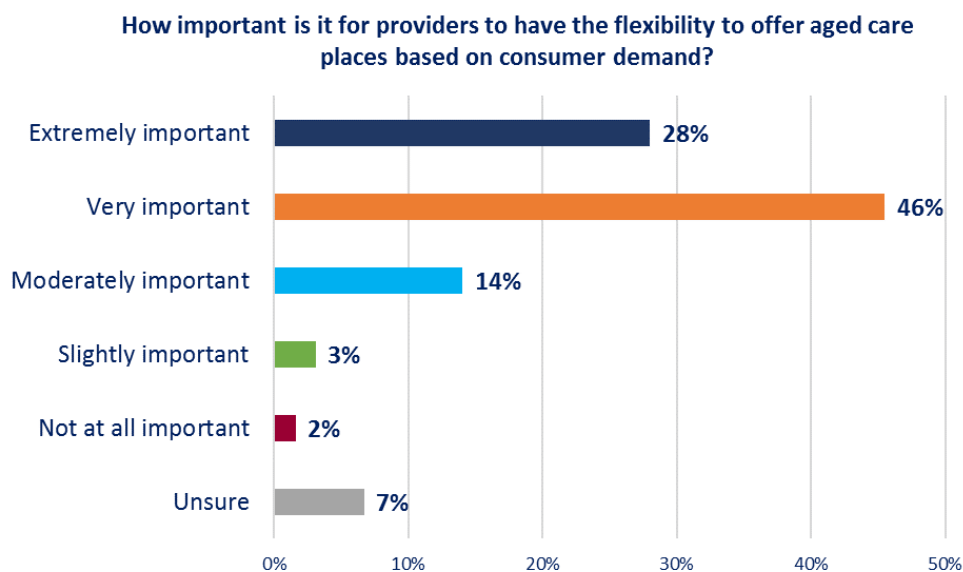
National Seniors believes that the Australian Government has a responsibility to play a role in balancing supply with demand. Any moves to dismantle processes used to allocate places could undermine equity and should only be undertaken with caution and with adequate support and safeguards to ensure that equity is not compromised.

### 3. Whether further steps could be taken to change key aged care services from a supply driven model to a consumer demand driven model.

National Seniors supports moving further to a consumer demand driven model provided that safeguards are in place to ensure equity and quality of care. Consumer directed care should result in a situation whereby the level of care provided reflects the level of need required, otherwise it is no better than a supply driven model.

National Seniors members support giving providers flexibility to offer services based on demand. An overwhelming majority (82 per cent) of our members believe aged care providers should be able to offer aged care places based on consumer demand. This sentiment is reinforced by the fact that as many as 74 per cent of members believed that it is

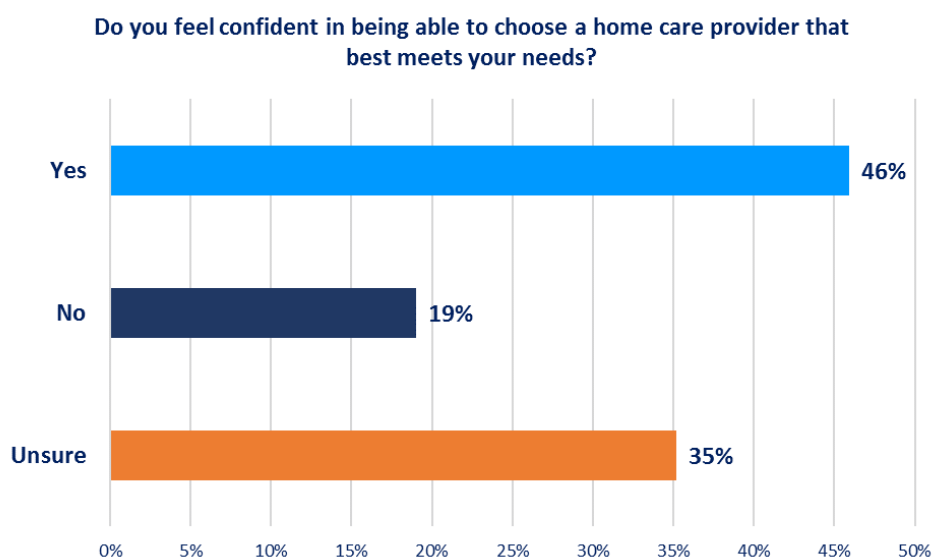
extremely or very important for providers to have the flexibility to offer aged care places based on consumer demand.



Source: National Seniors member survey, December 2016

National Seniors believes that consumers must be provided with up-to-date, accurate and comparable information on facilities and have access to clear and simple frameworks for evaluating the quality of service offerings, based on measurable indicators relating to consumer satisfaction, including quality of life and quality of care, to ensure that consumers are able to exercise choice.

Of concern is that 19 per cent of members responding to the survey did not feel confident in being able to choose a home care provider that best meets their needs, regardless of whether they had used My Aged Care or not. A notable 35 per cent of members said they were unsure.



Source: National Seniors member survey, December 2016

There are a range of reasons why our members are not confident in choosing a provider. Most notable among these is the fact that many are confused by the current system. For example, members made the following comments in response to choosing a home care provider:

*Can be a complex system as you do not know what you may need in the future and if this can be provided under that home care provider.*

*I am very alert for my age but found the paper work confusing.*

*The area is so complex and mind boggling. It needs to be simplified.*

*You have to do too much research on pricing, complaints, unsuitable choices etc.*

*We need help to understand paper work. It is hard to understand what it is all about.*

Members commented specifically that the current system does not deliver sufficient and clear information to help them make informed decisions about providers:

*I can't get straight answers - everyone tells a different story.*

*Providers do not advertise what they can offer and you don't know unless you ask.*

*The My Aged Care database is only alphabetically listed. My Aged Care staff do not have the knowledge of knowing which service provider is good or not so they cannot advise the client. The client is not well equipped to ask important questions like: does the service provider pass ISO standards, are they regularly accredited, are the care workers subcontracted and many more questions that will safe guard the client.*

*The trouble with greater competition is that the consumer does not have adequate information to make an "informed" choice.*

*Confidence is based on two things: my own ability, but then also whether or not I receive accurate and trustworthy information. That's the bigger challenge!*

A central theme emerging from members' comments was that people have limited confidence in exercising choice because of the significant difficulties they face in comparing between the providers in terms of price, quality and service offering:

*From my experience in trying to get help for my mother, it is extremely difficult to access and compare information about providers.*

*From my partner's and my experiences of aged care, chosen by our mothers, no two facilities have the same cost structure, and even if they did, they're nigh on impossible to understand in their entirety.*

*There are so many providers that have come on to the scene, many of whom are not always marketing appropriately. Making a wise choice is almost impossible, especially when feedback is that many do not live up to the service promises that are made.*

*It is very difficult to choose between providers. Often they present as offering very similar services, and you don't really know what they will be like in practice.*

*The providers do not clearly articulate their point of difference and frequently use subcontractors (some good, some bad).*

Members were very conscious of the impact of physical and mental capacity on the decision making process and were cautious about their confidence to choose a provider if capacity



was diminished. In this regard, some survey responses highlighted the importance of family members helping to make decisions in situations of diminished capacity, while others raised concerns about not having family support:

*Some care recipients in the community have varying stages of dementia and therefore may not make an informed choice without family support.*

*At this stage of my life yes but I do not need care yet. I cannot say whether I will be confident about my choice when the time comes. I know my aged mother would be baffled and would rely on her children to do this for her. I have no children to undertake this task.*

*If the consumer is not able to choose and has no family support, who can direct them to make the right decision to suit their needs.*

A number of National Seniors members made it clear that the only way to know what providers offer and whether the service was good, is through first-hand experience or through information from others with first-hand experience. Members believed that experience was critical because the information provided about a service does not necessarily match the reality.

*Consumers by and large would choose a provider on the recommendation of a friend, family or other person. Once used you may choose never to use them again. Very difficult to make an informed decision without experience and without that experience the importance of the decision is not relevant. Important to have the choice but require exposure/experience/reliable knowledge about the provider.*

*No good having options without detail and referrals from friends on their experiences.*

*Unless you know someone who has tried them it's just pot luck.*

Members commented that, while it would be ideal to have systems that can enable consumers to share their experience of a provider, it can be difficult for consumers to provide feedback about this experience.

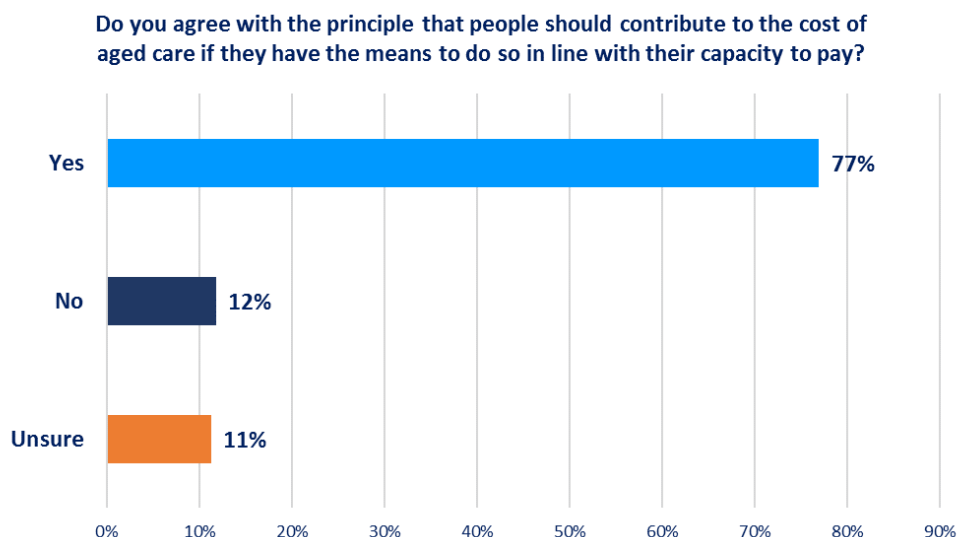
*If I want to choose a restaurant or a hotel I am able to look at reviews from other consumers to help me make a decision. However, many consumers of aged care are not computer literate or have health issues that prevent them from giving feedback.*

Given that consumer demand models rely on appropriate levels of competition as a means of driving quality, it is important that there are adequate levels of choice. Unfortunately, provider choice is not always available.

While greater consumer choice will be made available in home care from 27 February 2017, there is still skepticism among National Seniors members as to whether there will be significant choice available. In particular, members relayed ongoing fears about the availability of aged care services in rural or regional locations. Given that the current supply driven model is struggling to deliver places in rural, regional and remote areas, it is questionable if a consumer demand model will be much better.

#### 4. The effectiveness of means testing arrangements for aged care services, including an assessment of the alignment of charges across residential care and home care services

National Seniors supports means testing arrangements. There is overwhelmingly support among members (77 per cent) for the principle that people contribute to the cost of aged care if they have the means to do so, provided that it is in line with their capacity to pay.



Source: National Seniors member survey, December 2016

Means testing is acceptable provided that those unable to pay are not penalised. It is also acceptable if those with the capacity to contribute to the cost of their care do so at levels that do not impose unrealistic financial burden.

Unfortunately, there has been a number of changes to means testing rules and tightening of tax rules targeted at part-pensioners and low-income self-funded retirees in the past five years. Collectively these changes have eroded the financial position of people in this situation. While individually these changes may appear minimal, when combined they are creating a situation in which part-pensioners and low-income self-funded retirees are potentially paying a high and unsustainable contribution towards the cost of their care.

When the new legislation came before parliament, National Seniors recommended that a detailed evaluation be undertaken to ascertain the impact of means testing arrangements for home care recipients. The requirement that part-pensioners and self-funded retirees pay 50 per cent of their income (in excess of the total assessable income free area) on the cost of home care services needs to be analysed to ensure that those affected are maintaining acceptable quality of life and that there are not any undue impacts arising from this. National Seniors would be concerned if older people or their carers refrained from engaging home care services because of the requirement to make an unreasonable co-contribution to the cost of care.

While National Seniors acknowledges that there are annual and lifetime caps to protect older people, we would question if these limits are effective and reasonable. Annual caps, for example, are set for part-pensioners and self-funded retirees as a standard amount which

does not necessarily reflect the specific circumstances of individuals who may have widely different means. These caps should be reviewed.

## 5. The effectiveness of arrangements for regulating prices for aged care accommodation

Under the *Aged Care Act 1997*, the Minister determines the maximum amount of accommodation payment that a residential aged care provider may charge. The current maximum amount a provider may charge is \$550,000 either as a Refundable Accommodation Deposit (RAD) or as an equivalent Daily Accommodation Payment (DAP). A provider may apply to the Aged Care Pricing Commissioner for approval to charge an accommodation payment above this maximum.

The failure of some providers to meet the requirements set out within the *Fees and Payments Principles* raises questions as to why they might be reticent to do so and the efficacy of the legislation to compel them to do so.

Given that the My Aged Care website is the primary site used to search for information about residential care options, it is likely that providers are being forced to provide the relevant information to the Secretary, as per the legislation, because failure to do so would block them from being listed on the My Aged Care website. We assume that a provider's information will not be uploaded to the My Aged Care website unless it meets the requirements set out in the legislation.

There is no such pressure to do the same with regards to the requirement to publish the same information on their own website. There are, for example, no sanctions within the legislation to force a provider to do this and no gatekeeper insisting that this be done.

Given that providers appear compelled to list the information on the My Aged Care website and that the My Aged Care website is the main place a prospective resident or carer will use to locate and compare providers, is it useful to oblige a provider to also list the required information on their own website?

Feedback from our member survey suggests that consumers would prefer to have more information available to them on the My Aged Care website and for there to be consistent criteria provided on the website to enable easier comparison between providers. National Seniors believes that the My Aged Care website should provide adequate information to consumers to enable them to shortlist preferred providers, who can then be contacted or visited to finalise the decision making process. Currently this is not the case.

National Seniors suggests that alternative approaches could be considered. One such alternative would be to amend section 19 (1) of the *Fees and Payments Principles* to require that providers maintain a direct link to the information held on the My Aged Care website on their own website. This would negate any need to legislate that a provider publishes certain information on their own website, which clearly is not occurring across the board. A sanction would need to be introduced in the legislation to ensure that this occurred.

National Seniors also believes that it is essential that accommodation payments set by providers are judged against consistent criteria. National Seniors believes, for example, that

it would be useful to amend section 19 (1) of the *Fees and Payments Principles* to include a requirement to publish a picture of the accommodation and facilities provided.

Pictures of properties for rent and sale are offered as a standard marketing tool in the housing market as a means of enabling renters and buyers to compare the quality of the housing offered without having to physically inspect the property. This enables prospective buyers and renters to avoid significant search costs and provides simple means of shortlisting those that require closer inspection. The residential aged care sector should be no different. The fact that providers routinely avoid showing pictures of rooms and facilities indicates that the quality is less than desirable.

This will provide prospective residents and their families with a better understanding of the accommodation being offered. It will help improve their capacity to determine if the accommodation meets the payment price. As a number of members have noted, the My Aged Care website should act as a way to short list providers.

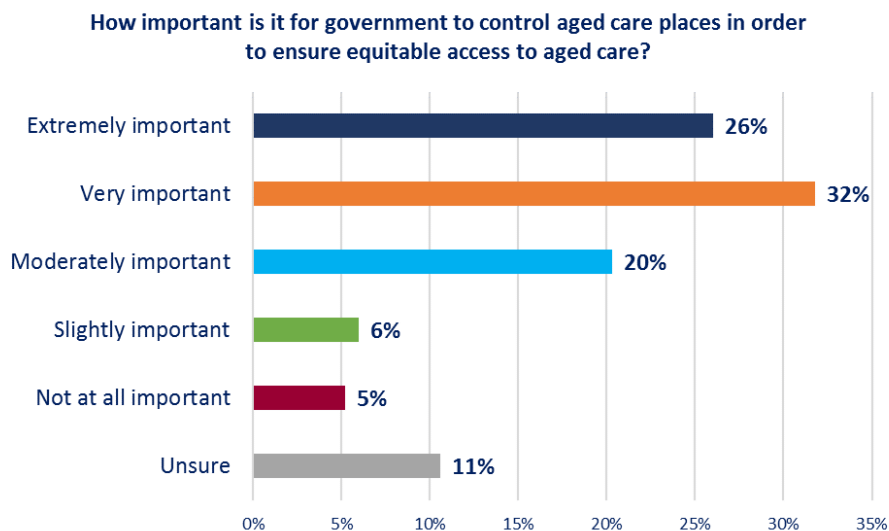
The capacity of the My Aged Care Gateway to assist the shortlisting process is critical because consumers, whether the prospective resident or carer, will ultimately have to visit a provider in person to gain an adequate indication of whether the service is suitable. Many members commented that this was the case when asked about choosing a provider.

Regardless of whether residents pay for accommodation via a RAD or DAP or whether government pays, a significant amount of money changes hands for accommodation. In this regard, National Seniors believes that the cost of accommodation should reflect the quality of the accommodation and this requires greater transparency and comparability when consumers assess accommodation options.

## 6. The effectiveness of arrangements for protecting equity of access to aged care services for different population groups

National Seniors supports arrangements to ensure equity of access to aged care services. All older Australians should have access to aged care services regardless of their personal circumstance. National Seniors members are concerned about equity and want government to ensure equitable access.

Around 58 per cent of members responding to the survey believe it is extremely or very important for government to control aged care places in order to ensure equitable access to aged care. Only 5 per cent of members responded that it was not at all important for government to control places to maintain equitable access.



Source: National Seniors member survey, December 2016

There are a number of arrangements in place to ensure equity in aged care. Means testing ensures that those on low incomes are not disadvantaged from accessing care and those with the means to do so pay accordingly. Differentiated subsidies and supplements are also used to provide funding based on higher need or higher costs, for example:

- Dementia and Cognition Supplement
- Veterans' Supplement
- Oxygen Supplement
- Enteral Feeding Supplement
- Respite Supplement
- Homeless Supplement
- Viability Supplement
- Accommodation Supplement

It is currently unclear if these arrangements are effective in protecting equity across different population groups. This goes to the aforementioned data issues relating to measurement of unmet need.

Another issue is the need for constant review and refinement of funding arrangements. The recent move to increase the Viability Supplement for rural and remote providers demonstrates the ongoing need to monitor and review such arrangements to ensure that equity is being maintained.

There are also fundamental questions about the sustainability of funding arrangements which have implications for equity. National Seniors share concerns about the constant change that occurs with regards to funding arrangements as governments introduce or withdraw funding in response to crises or to meet budget shortfalls.

While aged care should not be immune from changes, there is a need for a level of stability to ensure that providers have the capacity to meet the needs of consumers. In return for greater stability, providers should be required to be more transparent about their financial situation. National Seniors believes that providers should be required to provide greater information about their affairs to demonstrate if funding arrangements are sustainable and

equitable. Any entity receiving public funding should have their financial affairs open to public scrutiny.

## 7. The effectiveness of workforce strategies in aged care services, including strategies for the education, recruitment, retention and funding of aged care workers

There is currently no clear strategy to educate, recruit, retain and fund aged care workers within the aged care sector. National Seniors believes that a comprehensive workforce strategy is required which addresses issues related to training, skills, qualifications, registration, accreditation, career structure and advancement, remuneration and funding.

The trend towards replacing highly skilled nurses with lower skilled unregistered and unaccredited carers with limited career advancement opportunities does not bode well for a sector facing significant demand and competition for labour in the future.

These challenges can only be addressed with planning and coordination. Ultimately, the Government must work with the sector to establish a comprehensive workforce strategy that brings together all the elements required to attract and retain a future workforce. Quality of care to consumers should underpin the development of the strategy.

Aged care should not operate as the sector of last resort for unqualified workers unable to get jobs in other sectors of the economy. It should provide an attractive profession-focused career pathway for those wanting to support older people to receive quality care.

Further information on workforce issues can be found in a recent submission made by National Seniors to the Inquiry into the Future of Australia's Aged Care Workforce<sup>10</sup>.

## 8. The effectiveness of arrangements for protecting refundable deposits and accommodation bonds

The value of bonds held by providers is growing significantly every year. The total value of aged care accommodation bonds was estimated at \$18.2 billion in 2014-15. This was a 16.6 per cent increase on the previous year.

While the bond pool is spread across the sector and managed by individual providers, there is always a risk that a provider may default, requiring government to take action to repay a resident's lump sum accommodation payment. The government's Accommodation Bond Guarantee Scheme (the Scheme) provides the current mechanism to ensure that bonds can be repaid should a provider become bankrupt or insolvent.

To reduce the risk of default, Government requires that aged care providers meet prudential standards. Prudential requirements include an Annual Prudential Compliance Statement

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<sup>10</sup> A copy of this report can be downloaded

<http://www.nationalseniors.com.au/sites/default/files/National%20Seniors%20-%20Future%20of%20aged%20care%20workforce%20inquiry%20-%20Mar%202016.pdf>

(APCS). Providers are required to demonstrate compliance with the Prudential Standards and accompany this with an independent audit opinion. Prudential regulations include standards on liquidity, record-keeping and disclosure.

The Aged Care Financing Authority is currently undertaking a review of the Scheme and the feasibility of alternative arrangements<sup>11</sup>. National Seniors is aware of recommendations made in reports from the Productivity Commission and National Commission of Audit to change the mechanism used to provide a guarantee.

While there will always be a risk of default, it is important to note that the number of defaults has so far been quite limited. The scheme has only been activated eight times since it was introduced in 2006 at a total cost of \$42.7 million as at July 2015<sup>12</sup>. Most recently the Guarantee Scheme was triggered in 2013–14, resulting in payments of almost \$8.6 million for three separate incidents in the 2014–15 financial year period but was not triggered in 2014–15<sup>13</sup>. While the Government has the capacity to use the industry levy as a means to recoup the costs of providing the guarantee they have not chosen to do this thus far.

National Seniors believes that lump sum accommodation payments should continue to be guaranteed by government. In recent surveys of our members, there was an overwhelming consensus that the Australian Government should continue to guarantee accommodation bonds.

Ideally, both government and providers should share any costs associated with refunding lump sum accommodation payments if a provider became bankrupt or insolvent.

Government should bear a degree of the cost of the guarantee as a means of encouraging it to further strengthen prudential standards. This is important because risk of bankruptcy and insolvency can be lessened by the existence of strong prudential requirements backed by government's capacity to monitor compliance.

It is also important that government share a burden of the cost of providing a guarantee because it is the key funder of aged care services. The risk of provider bankruptcy and insolvency will depend on the sustainability of funding models and the capacity of these models to adequately reflect the cost of providing care. Government should not be shifting the cost of recovering bonds when it may be partly at fault through changes to funding. Government should review funding models to ensure that providers are able to operate sustainably into the future.

Providers should also bear a degree of the cost of providing a guarantee because this will encourage the sector to strengthen their financial management practices. It is important that

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<sup>11</sup> Letter from Hon Sussan Ley MP to Ms Lynda O'Grady Chairman Aged Care Financing Authority 4 November 2015.

[https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/11\\_2015/response-letter-from-minister-ley-work-program.pdf](https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/11_2015/response-letter-from-minister-ley-work-program.pdf)

<sup>12</sup> Australian Government Department of Finance 2016. *Commonwealth Consolidated Financial Statements* Commonwealth of Australia: Canberra.

<http://www.finance.gov.au/publications/commonwealth-consolidated-financial-statements/>

<sup>13</sup> Australian Government Department of Health 2015. *2014-15 Report on the Operation of the Aged Care Act 1997* Department of Health: Canberra.

[https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/11\\_2015/final\\_final\\_typeset\\_version\\_-\\_sent\\_to\\_printer\\_20\\_nov\\_2015.pdf](https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/11_2015/final_final_typeset_version_-_sent_to_printer_20_nov_2015.pdf)

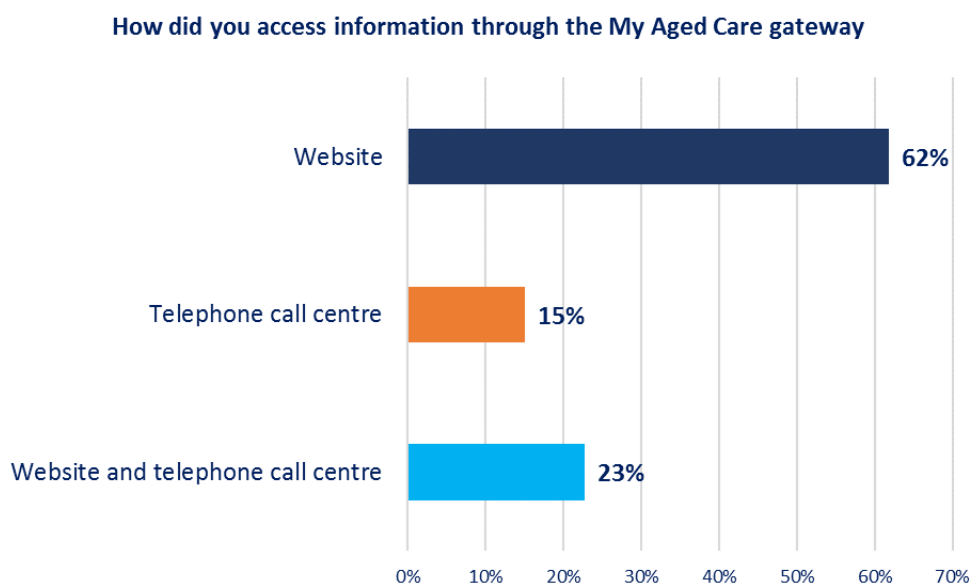
the cost to providers is kept low to ensure that this does not shift the financial burden onto aged care consumers, who will ultimately be required to meet any increased costs. Providers are already facing cost pressures as a result of recent moves to withdraw funding from the sector and therefore government should be cautious about increasing this burden as this will ultimately increase the risk of default.

National Seniors believes that government should continue to guarantee accommodation bonds. Should any change to the current scheme occur, the cost of providing the guarantee between should be shared by government and aged care providers equally. This will spread the costs and strengthen each parties' interest in protecting lump sum accommodation payments in the future.

## 9. The effectiveness of arrangements for facilitating access to aged care services.

The Australian Government provides a range of information about aged care services through the My Aged Care gateway, which includes a dedicated website and call centre. The quality of information provided to consumers through the My Aged Care gateway has significant impacts in a consumer directed care environment.

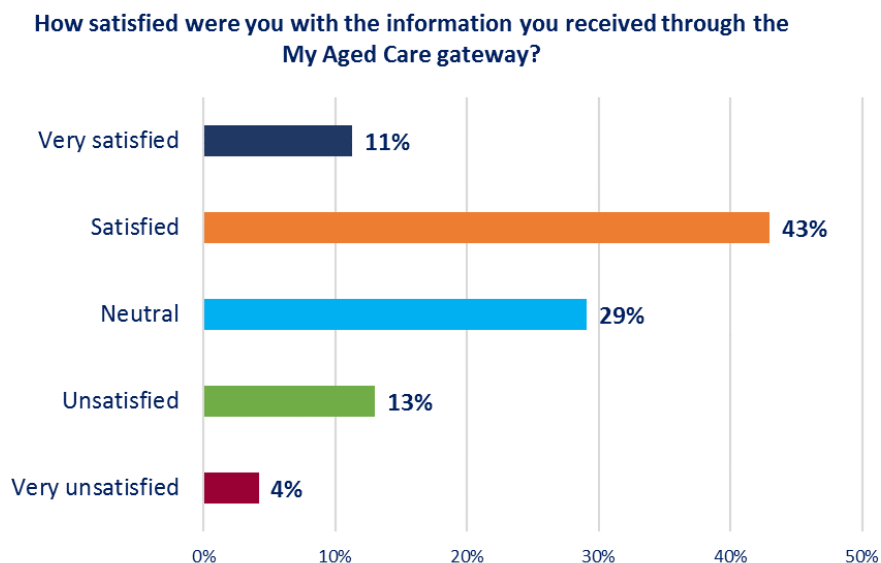
Nearly one-fifth of National Seniors members responding to our survey indicated they had used the My Aged Care gateway. The majority of these members (62 per cent) accessed information through the gateway via the website.



Source: National Seniors member survey, December 2016

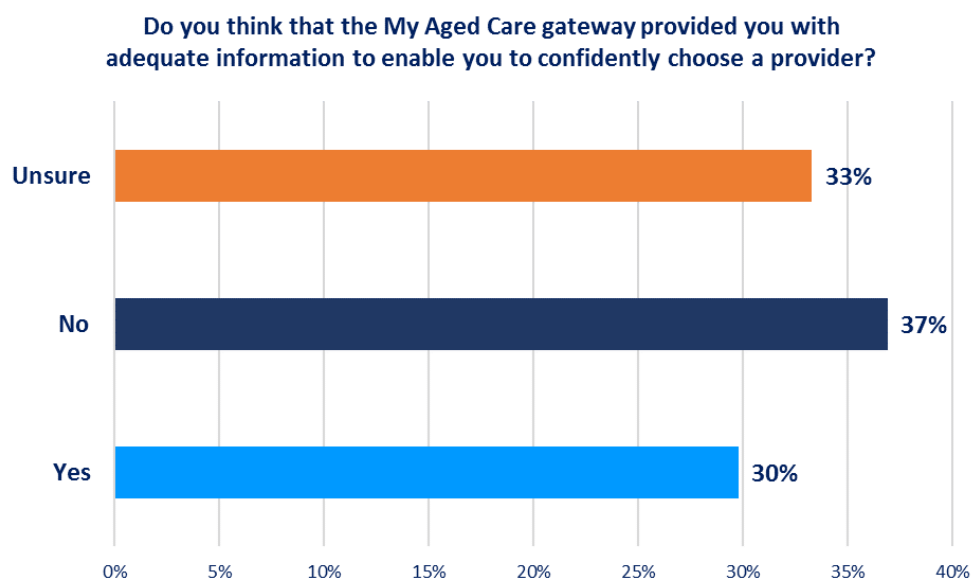
The majority of members who had used the My Aged Care gateway were satisfied or very satisfied with the information they received, some 54 per cent. However, 17 per cent were unsatisfied or very unsatisfied with the information received. This indicates that there is clear room for improvement.





Source: National Seniors member survey, December 2016

A significant proportion (37 per cent) of members thought that the My Aged Care gateway did not provide them with adequate information to confidently choose a provider. This again highlights the fact that there are clear deficiencies with the information provided through the gateway that need to be addressed moving forward as it has been noted earlier.



Source: National Seniors member survey, December 2016

The main complaints made by members were that the My Aged Care gateway is confusing, that there is not enough information and that the website is difficult to navigate.

Members commented, for example:

*I accessed this site in the very early days but found the information regarding cost was quite complicated.*

*I found it very confusing.*

*I was unable to find the information I needed and resorted to other means to obtain the information I needed. Hence I never use the site/gateway now.*

*Follow-up with providers showed the gateway site to be inaccurate in some instances and at the same time not always providing sufficient information to prepare for interview with providers or the ability to short-list some.*

*Lots of good information there, but not enough detail on what I wanted to know.*

*A lot more information could have been given.*

*My concern with My Age Care is accessibility for the elderly who are computer illiterate and those with memory problems.*

*I waited ages on the phone, was then referred to the website which is not really easy to find one's way around. I am frustrated that online options are always encouraged yet many older people are not familiar with this technology.*

Many members with experience of the gateway commented that they needed to visit a provider to be able to adequately assess their suitability because there was not enough information available through the gateway. Some members were critical of the call centre claiming that staff were not able to provide the correct information and that they had to make multiple calls in order to have a query resolved.

National Seniors believes that further work is required to improve the effectiveness of the My Aged Care gateway and to make it more accessible, especially for those with diminished capacity or impairment.

Chief among these is the need to include more relevant information on the My Aged Care website to enable consumers to easily compare and shortlist providers. The inclusion of photographs of rooms and facilities, for example, could be a useful addition to the required information.

Publishing quality indicators and other useful metrics should also be included on the website to enable consumers to more easily compare providers.

National Seniors also recommends that the following options be considered to improve the capacity of the consumers to make informed decisions about their care choice:

- Consumers should be able to view provider information side-by-side as is done as standard practice on most comparator websites.
- Provider offerings should be presented using standard criteria so that consumers are able to compare like with like.
- A register of providers should be developed which rates and reviews providers and includes information about consumer's personal experiences.
- Access to independent advisors who can provide support to navigate entry into the aged care system should be supported.