UNITINGCARE AUSTRALIA

AGED CARE DATA PROJECT - MODULE ONE

FINAL

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ANSELL STRATEGIC

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SECTION ONE

EXECUTIVE SUMMARY

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1. EXECUTIVE SUMMARY

KEY MESSAGES

1. In Australia today, over 127,000 older people are unable to access the home care services they qualify for. The level of resources available for people in residential aged care is inadequate to provide a satisfactory quality of life and care support.
2. Our current predicament stems from an over-reliance on government subsidies to deliver aged care services and a historic pattern of prematurely institutionalising older people. The lack of home care support creates a huge social impact for older Australians and their families and an increasing burden on the hospital sector.
3. The solution lies in the establishment of an *Ageing in Place* model of care, enabling people to remain in their homes as they get older, reducing the proportional dependence on nursing homes. Within the context of an equitable means testing framework, more people will be able to remain at home and within their communities.
4. The report demonstrates that there is an opportunity to facilitate this outcome before the demographic change overtakes our capacity to deliver structural reform. While the concepts are not new in Australia, the current approach to reform is deficient and represents an extrapolation of existing service and funding arrangements.
5. International research and contemporary service models demonstrates that the opportunity for substantial gains in the quality of life for older Australians is much greater and more affordable.

The aged care sector is about to enter a phase of unprecedented change. In the years ahead, the industry will rapidly transform under the influence of the shift in demographics, changing funding models, new quality standards and the Aged Care Royal Commission ("Royal Commission").

In conjunction with these changes, trends have emerged that reveal the impact of Commonwealth funding constraints towards aged care, with a continued decline in investment in Workforce and Quality, decreased expenditure in home care and residential aged care per older Australian and a failure to meet Commonwealth targets for care provision. **These findings highlight a troubling trend of a decline in both the supply of aged care and the resourcing of these services during a time of rapid elderly population growth.**

Many stakeholders are concerned that the current regulatory and funding systems are not sustainable to ensure equitable access to care services and purpose-built accommodation for consumers.

Throughout this period of rapid change, UnitingCare Australia remains committed to providing equitable access to high quality care and accommodation for people most in need. As established providers of residential aged care (RAC), home care packages (HCP) and at-home assistance services across the nation, the UnitingCare Australia Network seeks to investigate whether Australia's elderly community has access to the care and accommodation they need regardless of whether they live in metropolitan or rural locations.

UnitingCare Australia has engaged Ansell Strategic to undertake the Aged Care Data Project. The project has been divided into several components and this report presents the findings pertaining to Module One: Research and Analysis. The two key activities under Module One include:

- Activity 1: Analysis of current demand pressure within Aged Care Planning Regions (ACPRs)
- Activity 2: Projecting demand and supply levels and future funding estimates

The scope of this research included the identification of key Aged Care Planning Regions that are most in need of aged care services and accommodation. The following summarises key findings from the analysis.

ACTIVITY ONE – OBTAINING AND ANALYSING PLANNING REGION DATA

Home Care Package Supply and Demand

Our analysis of HCP supply and demand confirms an alarming undersupply of home care packages across the nation. In particular, there are few level 4 packages being allocated despite high and growing demand, indicating that the needs of consumers with high care requirements are not being addressed.

At the time of this report, over 127,000 people are on the waitlist to receive support at home. The waitlist is over 12 months for higher level packages and many will not be able to wait that long. In addition to the trauma experienced by these older Australians, there is mounting pressure on hospitals, residential aged care services and families.

A more in depth analysis of package allocations indicate that, despite the Department of Health ("DOH" or "the Department") distributing proportionately more packages to metropolitan areas, the gap between waitlists and allocations in actual numbers continues to grow. There are increasing numbers of older Australians living in both metropolitan, regional, rural and remote areas who are unable to access their required in-home care and support and this problem will accelerate quickly with the ageing of the Baby Boomers.

By analysing the characteristics of home care providers we have identified thin markets in the provision of services for special needs groups across both metropolitan and regional areas of Australia.

Improvements in the choice and access of home care package services who target special needs groups (SNGs) such as the Culturally and Linguistically Diverse (CALD) and those who are financially and socially disadvantaged in regional, rural and remote areas will become more important as the Federal, State and Territory Governments trial migrant settlement programs in regional areas of Australia.

Residential Aged Care Supply and Demand

We have analysed demand and available supply at both a general level and for some special needs groups for residential aged care. Regional, rural and remote areas had comparatively lower availability of both general access places and places that target SNGs.

Our analysis of facilities providing services for financially and socially disadvantaged consumers found limited choice in regional, rural and remote locations, where the demand for affordable aged care accommodation options is highest.

Commonwealth Home Support Programme Supply and Demand

There is limited availability of consumer data for the Commonwealth Home Support Programme (CHSP) (Home and Community Care (HACC) in Western Australia). As such, we have focussed our analysis at a higher level and looked at factors impacting seniors' access to in-home care and support services.

This qualitative assessment found older Australians are not receiving formal in-home assistance due to a lack of knowledge, pricing concerns and service resource limitations. This sentiment results in a higher reliance on family and friends to provide informal care.

The above analysis demonstrates that the level of unmet demand across Australia is systemic, with various demographics both in regional and metropolitan areas impacted significantly. It is evident that the access and supply of aged care services, in particular home care and home support services is below the level of need in most Australian ACPRs.

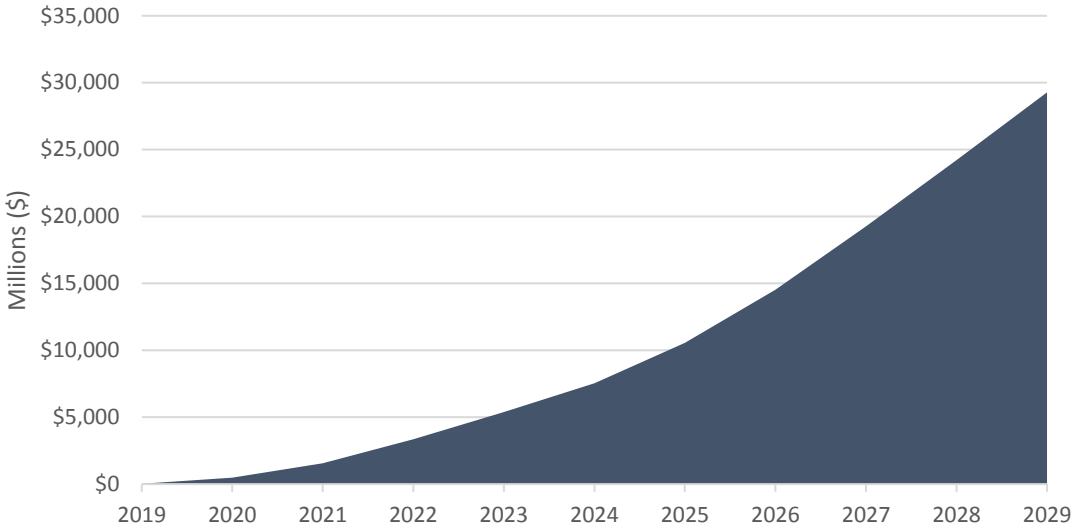
ACTIVITY TWO: ASSESSING CURRENT DEMAND AND SUPPLY LEVELS AND FUTURE FUNDING ESTIMATES

Activity Two has analysed the current and future funding projections of our aged care system and modelled how this may change if there were consumer and Government contributions and if potential funding models were altered.

Compared to other developed countries, Australia has significantly higher levels of institutionalisation of seniors. Whilst there will always be a need for residential aged care for those with highly complex or behavioural needs, if we are able to improve the availability, access and level of home care services we will not only be meeting the preferences of older Australians, but also potentially creating a more sustainable aged care sector.

The estimates were undertaken at a macro level based on care expenditure for residential aged care and home care packages, the largest component of Commonwealth aged care expenditure. These have then been scenario tested for a change in the proportional level of home care and residential aged care services, the introduction of a higher-level home care package and a more equitable consumer contribution toward care costs (*Scenario 4, Section 11.2*).

Graph 1: Scenario 4 Aged Care Sector Reinvestment Opportunity, 2019 – 2029



It is evident that slight changes to consumer contributions and to the home care and residential aged care ratio can result in a significant opportunity for the Government to reinvest back into the sector. Through a focussed investment in home care services, over $30 billion could be injected into better resourcing of residential aged care over a ten year period.

As being highlighted through the Royal Commission, there is concern over the quality of care being provided, particularly in residential aged care. We have explored the opportunity to reinvest the savings highlighted above into residential aged care. This analysis highlighted that by reinvesting back into residential aged care, the average hours of care delivered could increase by 40%, or 1.3 hours per resident each day within 10 years. An increase of this magnitude would provide a real opportunity to change the lives of older Australians in residential aged care.

Trends that we have observed throughout this analysis also confirm that there is an increasing number of seniors in hospitals who are waiting on residential aged care or cannot access suitable supports in their home. Creating a more comprehensive and accessible aged care sector will reduce this number, creating financial savings for the Government (State, Territory and Commonwealth).

By reducing the reliability on the Government for funding and introducing a more consumer centric and equitable funding model, we are likely to see consumers have greater access, control and choice.

The Australian aged care sector is facing one of its most challenging times, driven by rising demand, fiscal pressure and changing demographics. The work undertaken in Module One of the Aged Care Data Project has highlighted that the unmet demand for aged care services is systemic across Australia.

By introducing a more equitable funding system and modest changes to the allocation process we could reduce pressure on hospitals, meet consumer preferences, encourage innovation and quality care solutions and assist in addressing workforce pressures.

SECTION TWO

PROJECT SCOPE

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2. PROJECT SCOPE

2.1 AGREED PROJECT SCOPE

In response to UnitingCare Australia's Request for Proposal, Ansell Strategic has been engaged to undertake the Aged Care Data Project. The purpose of this project is to identify key ACPRs that are most in need of enhanced access to aged care and accommodation.

To achieve this, the following project scope was developed:

- Module One – Research and Analysis
  - Activity 1: Obtaining and analysing region specific data
  - Activity 2: Assessing current demand and supply levels and future funding estimates

The following report presents our findings from undertaking Activity 1 and 2.

2.2 MODULE ONE PROJECT SCOPE

2.2.1 Activity One: Obtaining and Analysing Planning Region Specific Data

Forming part of Activity One is the collation of data representing the demand for aged care services by persons aged 70 years and over and the supply of aged care services within ACPRs. This analysis enables an assessment of whether the available supply of aged care services appears to be over, under or adequately meeting the care needs of local elderly communities residing in each area. In this review, Ansell Strategic has assessed the demand and supply for HCP and RAC. Due to the limited availability of supply and funding data for CHSP/HACC services, we have assessed this aged care service stream at a higher level.

The key objective of Activity One is to examine the specific care requirements and demographic characteristics of older communities living in each ACPR of Australia, to match their characteristics with the availability of local aged care services and examine whether these are adequately targeted to meet their specific care requirements, demographic characteristics and personal preferences. In Activity One we will also consider whether aged care services are allocated to effectively meet with specific care and assistance requirements of Australia's older population.

Our analysis as part of Activity One has been segmented in the following two key objectives:

Objective One: Demand and Supply

Analysis of the demand for aged care services and consumer characteristics against the supply of targeted services to identify deficits and surpluses. Ascertain if consumers have equitable access to appropriate aged care services across all regions of Australia.

Objective Two: Distribution of Supply

Analysis of the care levels of consumers of aged care services, the number of hospital admissions of persons aged 70 and over and the care administered to older non-admitted hospital patients. The scope is to review whether the different types of aged care services are being allocated to effectively meet the care needs of Australia's older population. This review considers if there is a need to improve the distribution of supply in order to reduce the number of avoidable hospital and RAC admissions and subsequent pressures on the acute care system.

2.2.2 Activity Two: Assessing current demand and supply levels and future funding estimates

The aim of Activity Two is to assess the current and projected levels of demand and supply and estimate the likely future funding levels. To develop these projections, we have utilised information collated in Activity One as well information provided by the DOH, Australian Institute of Health and Welfare (AIHW), Federal Budget and the Australia Bureau of Statistics (ABS).

Scenarios have been developed to understand the impact on funding levels through the introduction of a more balanced funding system and/or a sector that reduces the long term institutionalisation of older Australians. Any differences in funding has then be translated into potential aged care sector reinvestment opportunities, with a focus on additional care labour.

SECTION THREE

RESEARCH METHODOLOGY

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3. RESEARCH METHODOLOGY

3.1 ACTIVITY ONE METHODOLOGY

3.1.1 Catchment Areas

The scope of this project is to identify key ACPRs in greatest need for enhanced access to aged care services. The DOH utilises ACPRs to allocate residential aged care bed places and home care packages based on their assessment of demand for additional aged care services in each ACPR. ACPRs have been developed in collaboration with the ABS and are based on Statistical Areas Level 2 (SA2).

The SA2 boundaries are determined on the basis of a number of conditions established by the ABS. Their purpose is to capture communities around Australia that interact together socially and economically, rather than being segmented by Municipalities and postal areas. This methodology of segmenting geographic areas allows a more streamlined approach when assessing demographics, socio-economic indexes of relative advantage and other characteristics of their populations.

For more information about ACPRs in each state, please refer to this link.

3.1.2 Objective One: Demand and Supply

Ansell Strategic collated quantitative Government data on population demographics and the number of Commonwealth funded aged care services, including HCP, RAC and HACC. This data was collated to assess the quantity of demand for aged care services denoted by population aged 70 years and over and who require care and in-home assistance, the availability of aged care services in close geographic proximity to current and prospective consumers and their appropriateness to meet the specific care needs and personal characteristics of local older communities.

The objective in this component of the analysis is to determine if the supply of aged care services meets demand levels and consumer characteristics in each of Australia's ACPR.

3.1.3 Objective Two: Distribution of Supply

Government data on hospital admissions and the care levels of HCP and RAC consumers was assessed to explore if the supply of aged care services has been adequately distributed to effectively meet the care needs of our elderly population and reduce unnecessary hospital and RAC admissions.

The objective in this component of the analysis is to identify a possible misdistribution of aged care services supply across Australia's elderly population.

3.1.4 Data Collation and Sources

Government data, Independent surveys, research and literature have been utilised where appropriate to support findings from our quantitative data analysis.

Most of the data utilised in this analysis was derived from Federal Government Departments, Australian and international entities and research institutions commissioned by the Federal Government, including but not limited to:

- DOH;

- AIHW;
- ABS;
- Aged Care Financing Authority (ACFA); and
- Organisation for Economic Cooperation and Development (OECD).

All data used in this analysis pertains to the Financial Year 2016-17 period and the results from the ABS 2016 Census.

3.1.5 Key Variables Examined

To address Objective One, Ansell Strategic has examined a range of HCP, RAC and CHSP/HACC variables categorised by ACPR.

In light of recent statistics indicating a 127,000 consumer waitlist for HCPs, Ansell Strategic has reviewed the number of HCP allocations against the number of consumers on waitlists for all package levels by ACPR. This analysis highlights the current undersupply of HCPs compared to rising demand pressures driven by an ageing population and their increasingly complex care needs. In addition, it demonstrates that, despite Government net increases in spending towards HCP supply, the rate at which the supply is being increased is not meeting the exponential rate at which demand is climbing.

Consumer demographic characteristics were assessed against the Special Needs Groups (SNG) targeted by aged care services. This data was mapped by ACPR. The scope of this analysis is to identify if there are any SNGs residing in ACPRs across Australia who are being underrepresented with low supply of targeted aged care services.

It is important to note that this analysis has been undertaken for HCP and RAC services only as the Department does not record data on the demographic characteristics of consumers of CHSP/HACC.

The consumer characteristics examined included:

- Indigenous Status;
- Primary Language;
- Country of Birth (COB); and
- Socio-Economic Index for Areas (SEIFA).

Data on provider/facility target SNGs (compiled by the AIHW) has been overlayed with the above consumer characteristics. Target SNGs examined include:

- ATSI;
- CALD; and
- FSD.

We note that data on the number of CALD HCP services and the specific demographic groups they target is limited. Further, providers in regional, rural and remote areas of Australia are likely to have a greater focus on providing culturally targeted services through the provision of translators and community visitor schemes rather than CALD specific bed licenses.

Because of these combined factors, our analysis of the supply of CALD services has been undertaken at a higher level and may not reflect the actual availability of culturally targeted services available in each ACPR.

Due to a gap in Government data on the characteristics of CHSP/HACC consumers, Ansell Strategic has assessed at a high level quantitative factors impacting older Australians' access to in home care and support services. Factors analysed included:

- Types of informal and formal carers;
- Frequency of informal assistance received with at least one activity;
- Frequency of formal assistance received with at least one activity
- How persons aged 70 and over found out about formal care providers; and
- All reasons persons aged 70 and over are not receiving assistance from organised services.

To address Objective Two, Ansell Strategic examined Government data on the following key variables to examine the distribution of aged care services across Australia:

- Care levels of HCP and RAC consumers upon admission;
- Data on ACFI levels of existing RAC consumers; and
- Data on hospital admissions for older people across Australia.

3.1.6 Analysis and Interpretation

All data was collated and examined for inconsistencies and statistical errors. The data has been standardised and presented in terms of proportions for comparative purposes.

A quantitative analysis combining ABS demographic data and Government data on aged care services by ACPR was undertaken to identify any deficits or surpluses of demand and supply forces.

Where the demand for specific aged care services appeared to be proportionately greater than the supply of available targeted services, this was interpreted as an undersupply of aged care services, and thus an unmet need for additional specialist care and support. The same principle has been applied to identify supply surpluses and where demand appears to have been adequately met.

For Objective Two, in ACPRs where there has been a prevalence of low care level consumers admitted into HCP and RAC, or in ACPRs where the reported ACFI levels of RAC consumers were lower compared to other ACPRs, this was interpreted as an indication that those packages and aged care bed licenses may be ineffectively allocated, and that these should be redistributed to areas where there are high numbers of older Australians on waiting lists to receive HCPs/enter RAC who are categorised as having complex care requirements.

Data on the quantity of older Australians admitted to hospital or receiving hospital care was utilised to supplement this objective and has been interpreted to demonstrate the strain that a misallocation of aged care services creates on hospital resources.

3.2 ACTIVITY TWO METHODOLOGY

Activity Two examines the projected Commonwealth funding levels for the aged care sector. We have focused the analysis on care funding given that this comprises majority of the Commonwealth's expenditure on aged care. Due to the restricted availability of data concerning CHSP/HACC, we have focussed on RAC and HCP funding. The quality and availability of data relating to CHSP and HACC is limited due to the transition of the programs from HACC and the Commonwealth only recently introducing more in-depth reporting requirements.

We firstly developed a baseline model at a macro level which utilises current and projected population forecasts, current funding levels, consumer acuity levels and ratios of consumer and government funding.

We then undertook a scenario analysis to determine at a high level the impact on funding if:

- There was greater consumer contributions; and
- A change to the proportional level of home care and residential aged care services.

Additional commentary has been provided on the non-financial benefits associated with any of the proposed scenarios.

Additional details on the assumptions that underpin the projections can be found in Section 11.1.1.

SECTION FOUR

AGED CARE INDSUTRY OVERVIEW

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4. AGED CARE INDUSTRY OVERVIEW

4.1 HISTORY AND LEGISLATION

Australia's population has been experiencing significant changes in its composition and characteristics. With substantial decreases in fertility rates, longer life expectancies and the emergence of the Baby Boomer generation, Australia's older population is projected to substantially increase.

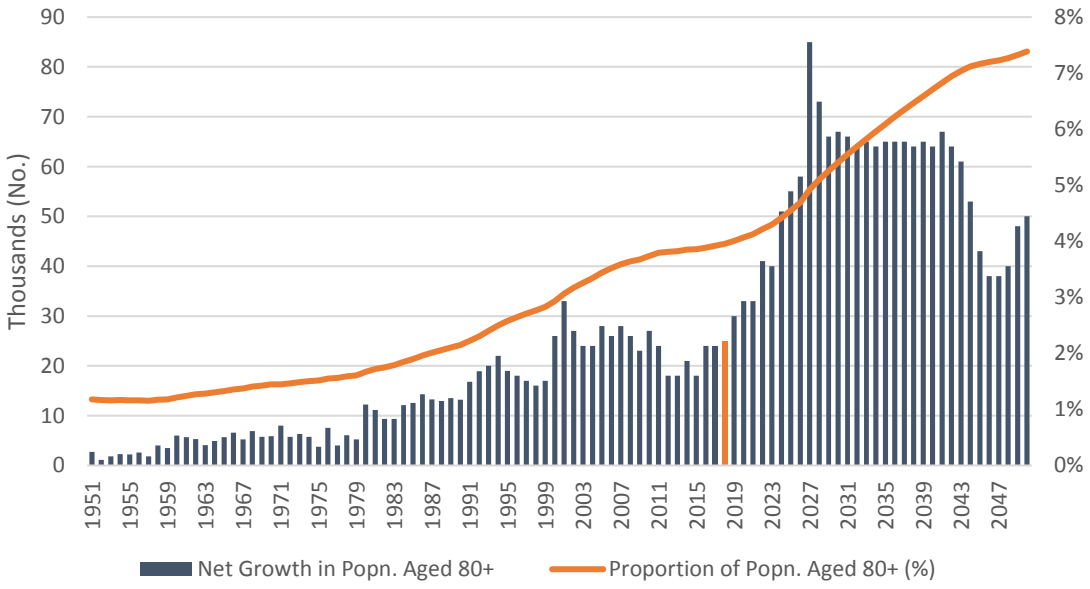
According to the ABS 2016 Census, an estimated 15.7% of the Australia's population is aged 65 years and over, of which 4.1% are aged 80 years and over. These statistics are projected to rise in line with historic trends of Australia's increasingly ageing population, where by 2054, persons aged 65 years and over are forecast to reach 21% of Australia's population.

It is the 85 and over demographic that will experience the highest growth over the coming forty years. This category will grow from 426,500 (1.9% of the total population) to over 1.8 million (5% of the total population) by 2050.

The increase in the ageing population can largely be attributed to the rapid population growth during the baby boomer period. For most Western countries, this period is associated with the post war generation (1946 to 1964), however Australia was already experiencing high fertility rates in the late 1930's and early 1940's.

The aged population growth is also a result of increased longevity, with males born between 2010 and 2012 expected to live around 25 years longer than those born between 1901 and 1910, and females born between 2010 and 2012 expected to live around 26 years longer than their 1901 to 1910 counterparts. The average life expectancy is estimated to increase by 3 years in 50 years' time.

Graph 2: Australia's Net Growth in Population Aged 80 Years and Over



Source: OECD Statistics

Seniors' Health

With improved lifestyle choices and medical interventions, more people are surviving major diseases that have previously been associated with death. However, this means seniors are left to manage chronic conditions and will likely experience living with co-morbidities affecting their overall independence. The increase of other morbidities, including obesity and 'extreme frailty' is expected to rise.

The suitability of available aged care services is dependent upon individual needs and preferences. We are already seeing a larger proportion of aged care residents with high care needs requiring more diverse and specialised care for managing dementia, chronic disease and conditions resulting in declining function.

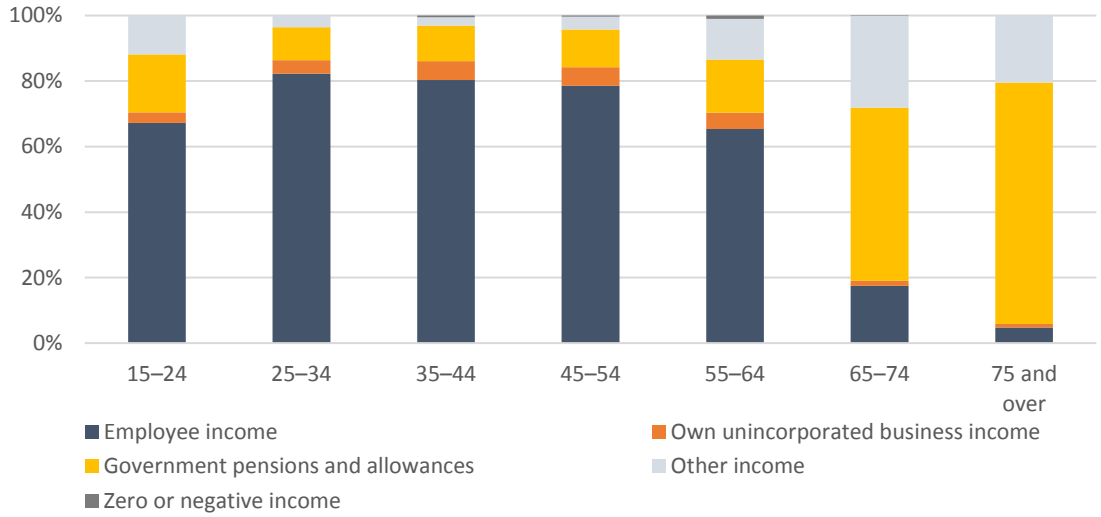
Older Australians with lower care needs have a strong preference to be cared for in their own home, however residents with higher care needs (especially those with dementia) are frequently cared for in purpose built facilities.

Seniors' Wealth

The most recent research conducted by the ABS on Household Income and Wealth confirms that many older Australian households are "*asset rich and income poor*".

More than 80% of senior couples owned their house outright. In addition, older Australians have higher wealth positions, however, they tend to have lower income than their younger counterparts. The asset rich and income poor status can be attributable to rising house prices, increasing mainstream wealth and changes in the main source of income.

Graph 3: Main Source of Household Income, by Age Group, 2015-16



Source: ABS Household Income and Wealth, Australia, 2015-16

This projected increase in the proportion of Australian seniors necessitates the development of additional aged care services and provision of home care services as our current aged care infrastructure and services are unable to support the inevitable spike in demand levels.

The Federal Government recognises that existing services will be unable to service increased numbers of older people seeking aged care. With the decreasing proportion of Australian

taxpayers to older Australians requiring health and aged care services, it is recognised that the current funding system is unsustainable.

The Federal Government is, therefore, planning for the future impact of an ageing population by directing resources towards more cost effective home care, introducing user pay models and reducing current restrictions around the development of new homes.

The following section provides an overview of the care and accommodation options for Australian seniors.

4.2 CARE SERVICES – INFORMAL CARE

There is evidence that older people's preferences for support appear to be moving towards the use of formal (those provided by professional aged care providers) rather than informal care (care provided by friends and family). This trend follows experiences in countries with advanced community and home care models such as the United Kingdom and The Netherlands.

Research also demonstrates that older Australians do not want to burden loved ones and showed a strong preference for formal care over informal care.

Social and demographic trends identified by the AIHW suggest that in the future there are likely to be fewer informal carers relative to the expanding ageing population, with the ratio of older people relative to those of traditional working age increasing. With lower marriage rates, smaller family sizes and increasing divorce rates, the availability of informal carers is impacted.

4.3 CARE SERVICES – HOME CARE

Home care is the most common form of care for the elderly and is typically delivered to people who are able to live independently in their own household, but who also need assistance with home maintenance and daily tasks.

There are two types of Government funded home care programmes: CHSP and HCP. Combined, these programmes currently provide support services to approximately 882,000 Australian consumers. The Commonwealth Government funds both programmes. For CHSP specifically, the government funded 1,621 providers in 2016-17.

CHSP provides entry-level support services for older people who need some assistance with daily living to live independently at home. HCP provides more complex, coordinated and personalised care at home, and offers four levels of care packages to progressively support people.

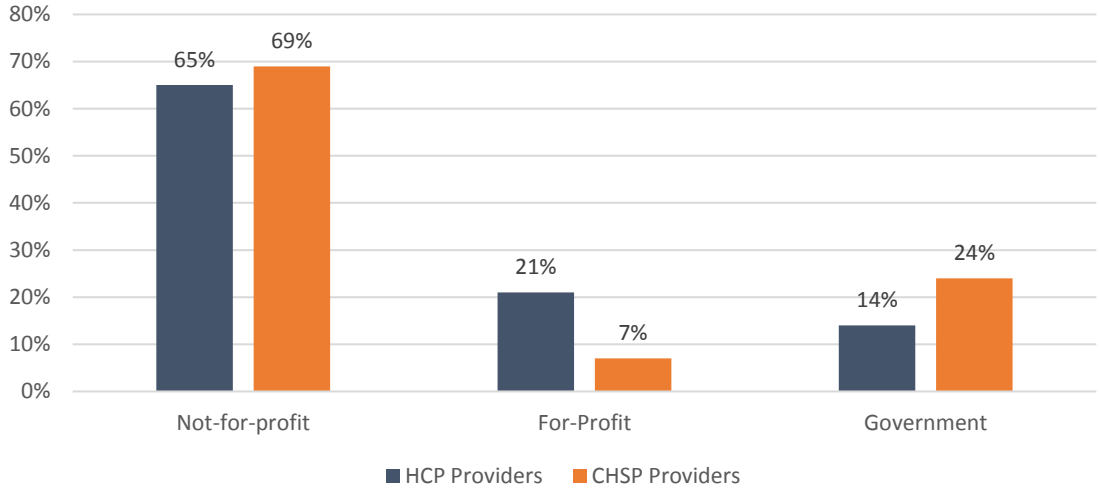
Recently, the home care sector has undergone major reform. From 1 July 2015, consumer-directed care applied to all packages, giving consumers greater choice over their services received.

Historically the allocation of HCPs was controlled by the Government. However, from 28 February 2017, the ownership of HCPs moved from providers to consumers. Since that date, any approved provider can deliver package services to clients who have been approved for a HCP.

The Commonwealth has indicated the intention to integrate both the CHSP and HCP programs, however current funding arrangements for CHSP have been extended to 30 June 2020.

The home care industry is predominantly comprised of not-for-profits, however with relaxation of supply, for-profit providers are anticipated to enter the market.

Graph 4: Home Care Providers, by Organisation Type



Source: Aged Care Financing Authority, Sixth report on Funding and Financing the Aged Care Sector, July 2017

4.4 CARE SERVICES – RESIDENTIAL AGED CARE

Nursing homes or "residential aged care facilities" provide services for seniors who are too frail to live independently in their own home. They are staffed with nurses and carers, and residents are generally dependent upon those staff to assist them in their normal activities of daily living.

Residential aged care facilities are supported by the Commonwealth Government. Funding is broken up into care and accommodation components, with residents required to contribute to their costs of care and accommodation through means testing. Residents with "means" are asked to pay a refundable accommodation deposit or the equivalent daily accommodation payment to providers. They may also be required to contribute to their care costs through a means tested care fee.

The contribution is proportionately low and is capped for each care recipient. Government funding covers approximately 94% of all direct care costs. This is the subject of the analysis in Section 11.

There has been a recent shift in the age profiles of residential aged care consumers. Operators are reporting that residents are being admitted into residential facilities later in life and nearly 1 in 3 residents are now aged 90 years and over.

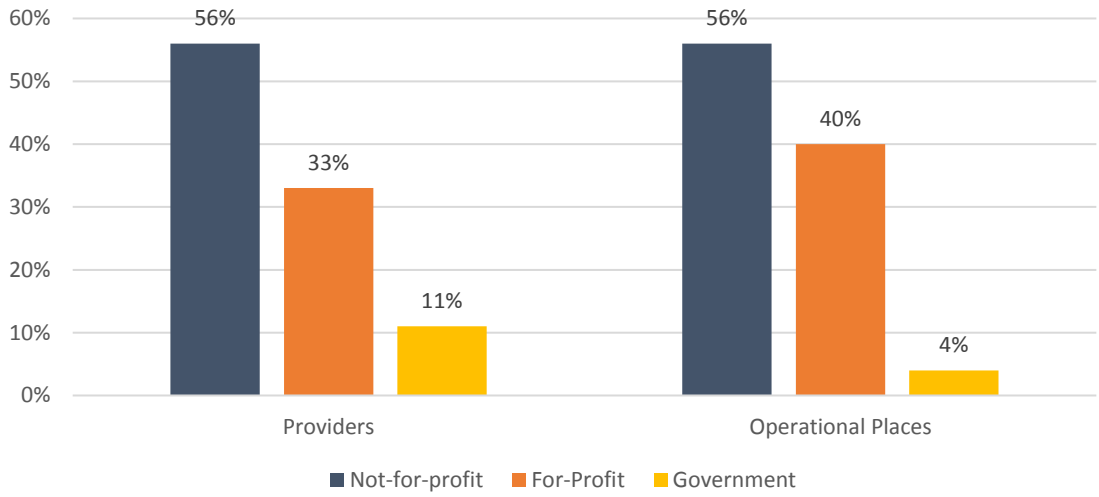
The residential aged care industry continues to be under significant review, with the Government seeking sustainable solutions for the forecasted growth in Australian seniors.

The industry continues to be regulated, with the Commonwealth Government controlling the allocation and release of new places to providers. It is expected that in the medium term, regulation of supply will relax.

Further, the sector has seen consolidation in recent years, likely attributable to recent government deregulation measures and subsequent increasing numbers of private, for profit companies entering the industry. According to the Aged Care Financing Authority's 2018 report, there are 902 providers of residential aged care facilities and services in Australia down from 949 in 2015-16. Operational beds have increased to over 200,000 across the nation over the same period.

While not-for-profit providers continue to operate over half of the facilities and operational places, we are beginning to see an increasing number of private and for-profit companies entering the aged care industry. This includes three large providers who are listed on the Australian Stock Exchange. The entry of for-profit providers has heightened the competitiveness of the industry in quality and quantity of services.

Graph 5: Residential Aged Care Providers and Operational Places, by Organisation Type



Source: Aged Care Financing Authority, Fourth report on Funding and Financing the Aged Care Sector, July 2018

4.5 RECENT LEGISLATIVE EVENTS

4.5.1 Overview

As mentioned above, aged care is in transition. Changes in Australian aged population demographic characteristics, supply of aged care and accommodation services and regulation has led to the implementation and exploration of several legislative changes in the past and present. The following considers recent industry events including the implementation of a new set of aged care quality standards, a single set of home care standards and the recently announced Royal Commission.

4.5.2 New Aged Care Quality Standards

As at the date of this report, there are different quality standards that govern each different Commonwealth funded aged care service. Subject to parliamentary process, effective July 2019 there will be a singular set of aged care standards that will govern all Commonwealth

funded aged care services in Australia, named the new (draft) Aged Care Quality Standards. This new (draft) single set of quality standards will replace the existing Accreditation Standards, Home Care Standards, National Aboriginal and Torres Strait Islander Flexible Aged Care Program Quality Framework Standards and the Transition Care Standards.

The new (draft) quality standards provide a single set of criteria which must be met by all Government funded aged care services including home care, residential aged care, flexible care and services under CHSP. The new standards have been framed from the consumer's perspective in order to reflect person-centred care.

Providers will be required to begin transitioning to the new (draft) quality standards to ensure full compliance by 1 July 2019.

The new (draft) aged care quality standards are designed to promote person-centred care by empowering the consumer to receive quality care and accommodation and playing an active role in co-developing positive experiences with their service provider. This philosophy reflects the demographic characteristics of the Baby Boomer cohort and their higher expectations of service quality and greater choice.

4.5.3 Royal Commission

In recent years the aged care industry has received wide spread publicity regarding the quality of care and services delivered to residents throughout facilities in Australia. In light of this, on the 16th September 2018, the Commonwealth Government announced its decision to ask the Governor General to establish a Royal Commission into the aged care sector.

The Royal Commission is expected to investigate the quality of care provided to older Australians through residential care and home care services. Specifically, the Government has provided the following points outlining their anticipated coverage for the Royal Commission:

- The quality of care provided to older Australians, and the extent of substandard care;
- The challenge of providing care to Australians with disabilities living in residential aged care, particularly younger people with disabilities;
- The challenge of supporting the increasing number of Australians suffering dementia and addressing their care needs as they age;
- The future challenges and opportunities for delivering aged care services in the context of changing demographics, including in remote, rural and regional Australia; and
- Other matters that the Royal Commission considers necessary.

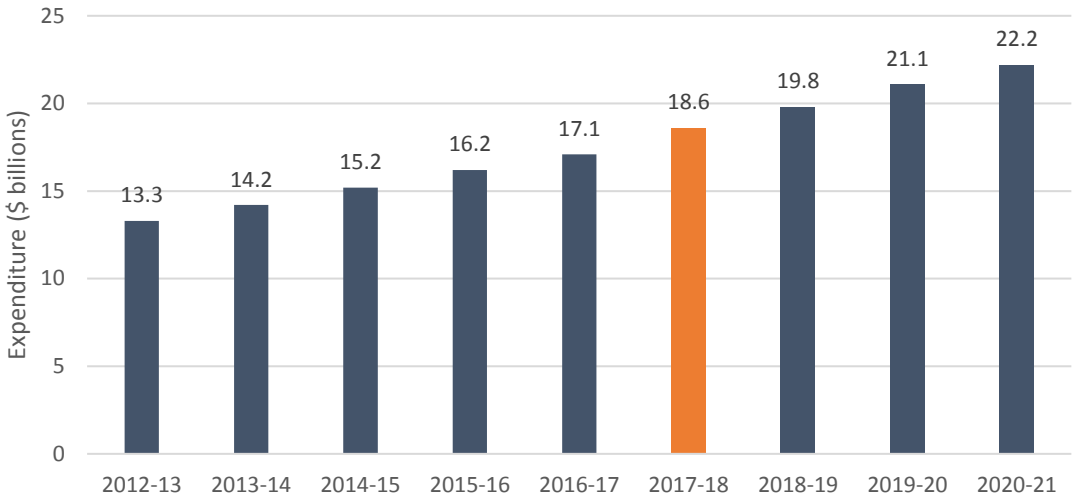
The Royal Commission is likely to result in further reforms and legislative change in the sector over the coming years.

4.6 COMMONWEALTH FUNDING

As a growing proportion of Australians reach retirement age, we must review the suitability and sustainability of our aged care system to support our changing society. In 2016-17, HCP, RAC and CHSP/HACC services supported nearly 1.2 million seniors.

In 2016-17 the Commonwealth Government spent $17.1 billion on aged care, a 28% increase from 2011-12. This is expected to rise to $22.2 billion by 2020-21. Of this expenditure, residential aged care represents nearly two thirds of costs funded by the Government.

Graph 6: Commonwealth Government Expenditure on Aged Care



Source: Aged Care Financing Authority, Sixth report on Funding and Financing the Aged Care Sector, July 2017

Whilst most aged care consumers contribute to the cost of their care, this contribution is low compared to Government expenditure. In 2016-17 consumers contributed $4.9 billion towards residential care, home care and home support costs, less than a third of Commonwealth and consumer contributions combined.

Table 1: Commonwealth and Consumer Expenditure on Aged Care, 2016-17

	Commonwealth Expenditure ($ billions)	Consumer Expenditure ($ billions)	Consumers
Residential Aged Care	$11.90	$4.50	239,379
Home Care	$1.60	$0.15	97,516
Home Support	$2.30	$0.20	784,927

Source: Aged Care Financing Authority, Sixth report on Funding and Financing the Aged Care Sector, July 2017

Consumers contribute to the costs of care through basic daily fees and means testing for home care and residential aged care. Home support consumers are not formally means tested. Means testing for home care and residential care services differs, with home care consumers assessed based on their income and residential care consumers assessed based on their combined income and assets. Consumers in residential aged care may also contribute to their cost of accommodation.

One of the largest components of costs is the delivery of care based on consumer needs. In residential aged care, consumer needs and corresponding funding levels are determined by the Aged Care Funding Instrument (ACFI). In home care, consumers are assigned a package level based on their assessed care needs. Package levels range from 1 to 4, 1 denoting lower care requirements and 4 denoting complex care requirements.

The Government has growing fiscal pressure and as a result, we have seen cuts to funding in the aged care sector at a time where the industry is experiencing the sharpest growth in demand.

Whilst as a sector it is understood that the current funding levels will be unsustainable in the future, recent Government action places conflicting pressure on providers to deliver consumer centric and quality care and support with proportionately less funding against a backdrop of rapidly rising costs.

In the past four years, some of the most material cuts have included:

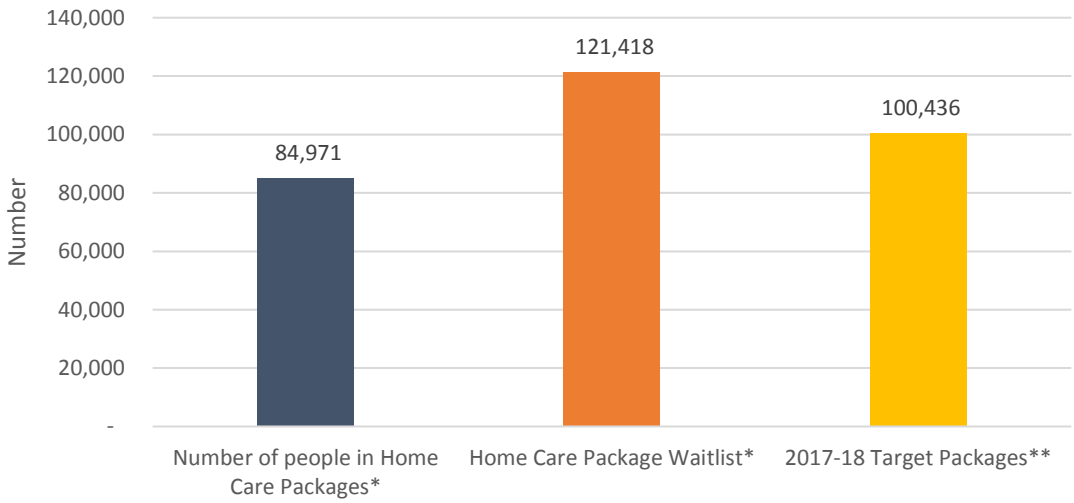
Table 2: Recent Aged Care Funding Cuts

Year	Item	$ million
2014	Payroll Tax Supplement Cut	$653
2014	Dementia Supplement Cut	$52
2015-16	MYEFO – ACFI Cut	$752
2016-17	Budget 2016 – ACFI Cut	$1,200
Total		**$2,657**

As part of the Budget 2018-19, the Government announced the release of 14,000 additional home care packages over the next fiscal year. With over 120,000 older Australians currently on the waitlist to receive packages, the release of these additional packages will not adequately meet the backlog of demand and would fall short from targets established by the Commonwealth.

Further, in the 2017-18 Budget, the Government had targeted 100,000 home care packages by 30 June 2018. At 30 June 2018 there were only 85,000 consumers with packages. This is significantly below their targets.

Graph 7: Number of Home Care Packages Versus Waitlist and Target



Source: *Department of Health Home Care Packages Program Data Report 3rd Quarter 2017-18

** Department of Health Budgeted Expenses and Performance for Outcome 6

Information released by the Department states that releases are planned "to efficiently allocate and control the release of new home care packages into the system within the growing budget allocation. This has allowed the number of consumers in care to steadily increase while also ensuring that the market is able to respond to demand and grow sustainably."

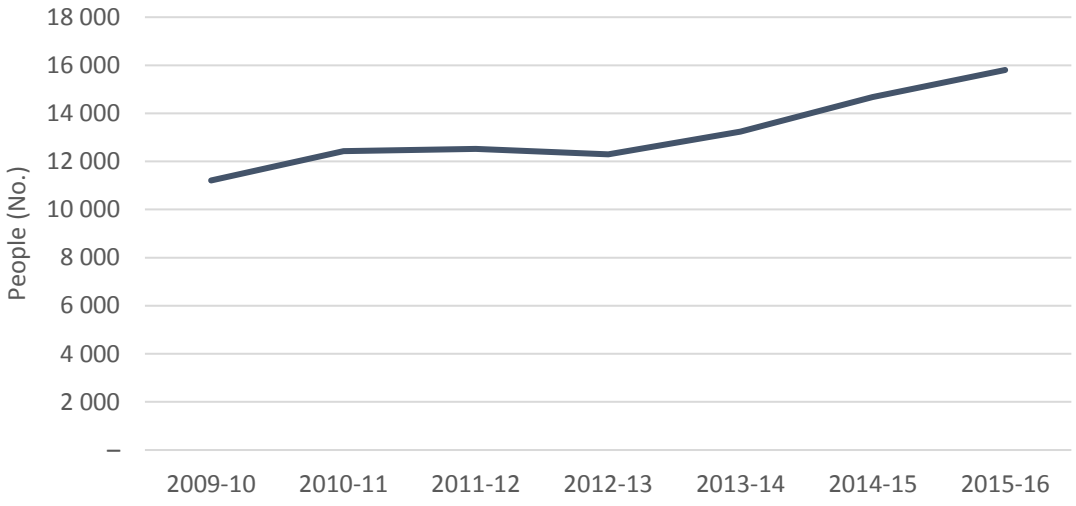
However, evident in Graph 7 is the widening gap between HCP allocations and the number of people on the waitlists. This illustrates that whilst the Government is directing additional funding towards the release of more packages, the amount of additional packages required to adequately meet growing demand pressures exceeds Government efforts to date.

Simultaneously, there has been an increase in the number of approved home care providers from 596 at 30 June 2016 to 869 providers at 30 June 2018, representing a 45% increase. This indicates that the industry has been preparing for increased demand in home care services but are being limited by the slow release of home care package supply by the Government.

The delay in releasing home care packages puts pressure on the residential aged care sector, hospital and informal carers. As depicted in Section 10, Australia has a high proportion of seniors in long-term residential care relative to other comparable OECD countries. This trend is driven by the inability to adequately service consumers through home care services, which is often resulting in premature admission to residential aged care or hospitals.

The growing pressure on hospitals is evident when analysing hospital separations for seniors aged 65 and over and ATSI persons aged 50 to 64 years with the diagnosis of "person awaiting admission to residential aged care" or "need for assistance at home and no other household member able to render care". The graph below shows that over the past four years, the admission into hospital for seniors who are unable to access the aged care sector is increasing.

Graph 8: Public hospital separations for care type "maintenance" for older people aged 65 years or over and ATSI Australians aged 50–64 years, 2010 - 2016



Source: Australian Institute of Health and Welfare Report on Government Services, 2018

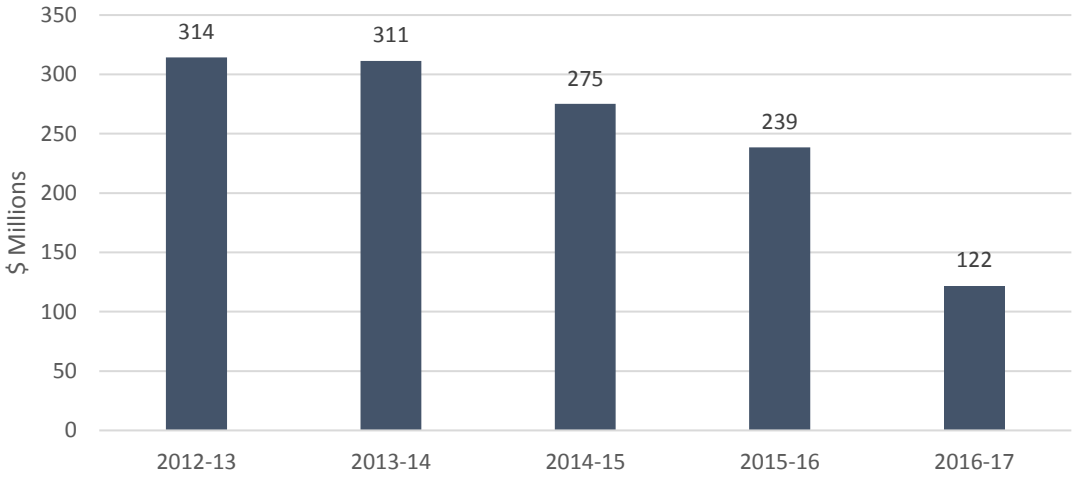
Section 9.1 also highlights that majority of older people receiving support are receiving support from informal carers. As our population ages and dependency ratios change, the ability to continue to rely on informal carers will become unmanageable.

4.7 QUALITY, WORKFORCE AND SERVICE IMPROVEMENT

The growing aged population in Australia will dramatically increase demand and put a strain on the current supply of aged care accommodation and services in Australia.

In order to ensure that the existing and emerging services across the nation remain of high quality, the aged care workforce must be adequately educated, trained and supported. However, a review of "Workforce and Quality, and Ageing and Service Improvement" expenditure reported by the AIHW found the Government expenditure has significantly decreased in recent years despite substantial increases in demand and supply of aged care services.

Graph 9: Government Workforce and Quality, and Ageing and Service Improvement Expenditure Per Annum 2012-13 to 2016-17

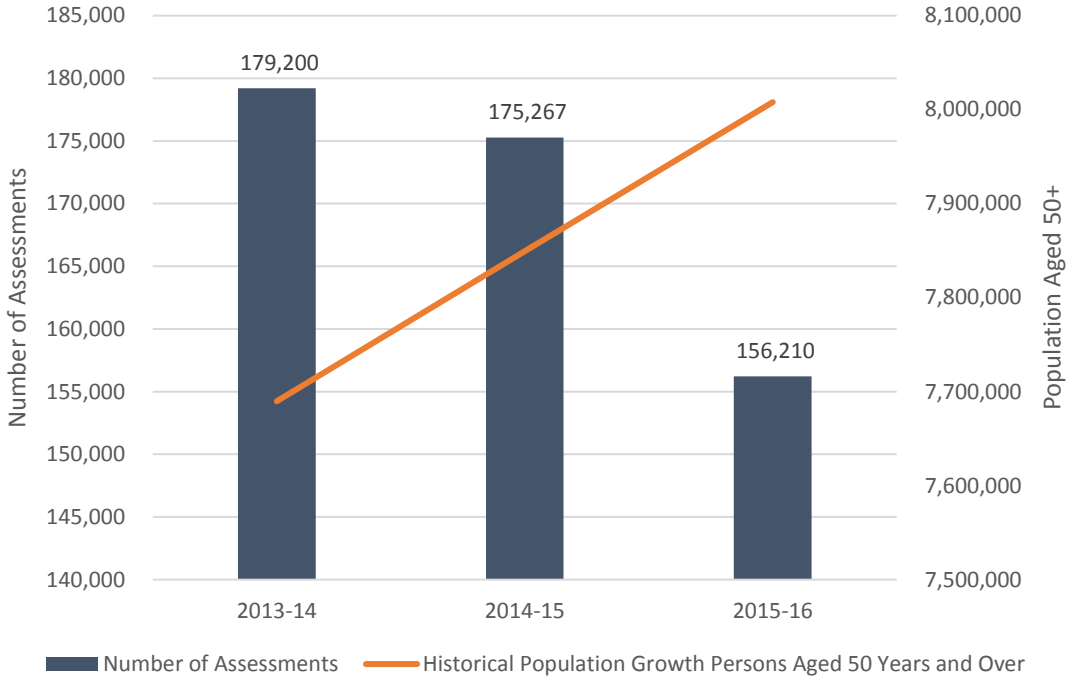


Source: Australian Institute of Health and Welfare Report on Government Services, 2018

Review of the total number of assessments of older Australians over the past four years found the number of assessments undertaken overtime has not increased at the same rate as the growth of demand.

Specifically, the AIHW reports an overall decrease in annual assessments undertaken in contrast to an overall increase in the population aged 50 years and over. This suggests that there are a growing number of consumers who require formal care and support that are not being assessed.

Graph 10: Total Number of Assessments of Older Australians Against Population Growth, 2013-14 to 2015-16



Sources: Australian Institute of Health and Welfare Report on Government Services, 2018 and ABS 2016 Census

Note: The above are estimates on per person aged 65 years and over, and per ATSI aged 50 to 64 years

The Australian aged care industry is experiencing a challenging time due to changing demographics, funding and regulatory change and competing workforce pressures. We will need to review and adapt the underlying structure to deliver a sustainable, quality and equitable aged care sector that improves the lives of older Australians.

SECTION FIVE

HOME CARE PACKAGE WAITLISTS AND ALLOCATIONS

ANSELL STRATEGIC

5. HOME CARE PACKAGE WAITLISTS AND ALLOCATIONS BY ACPR

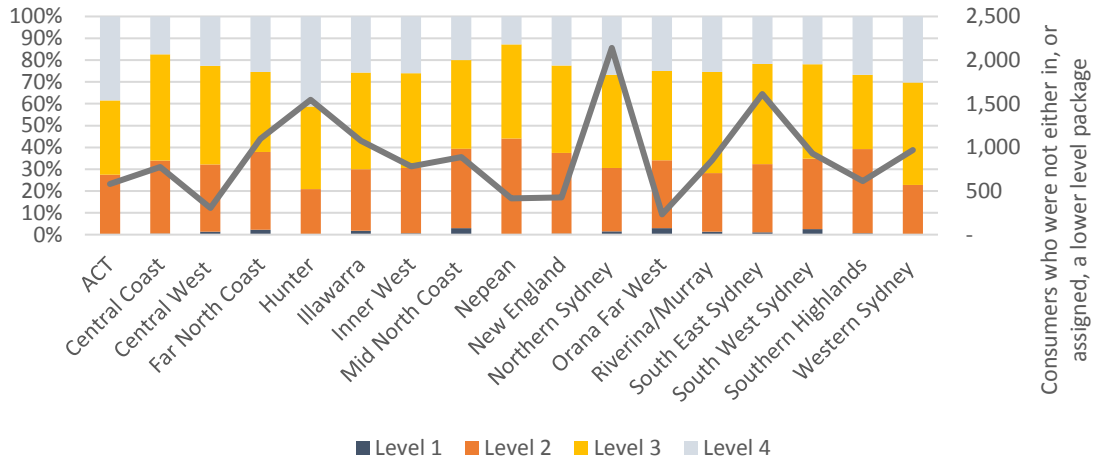
Ansell Strategic has examined home care package waitlists and allocations by ACPRs using the latest figures from the April 2018 to June 2018 quarter released by the Department of Health.

5.1 HOME CARE PACKAGE WAITLISTS BY PACKAGE LEVELS

As at 30 June 2018, there were more than 121,000 people on the waitlist for their approved package level. Of these consumers, 65,000 had been assigned an interim (lower) level package and 57,000 people were on the waitlist with no interim package.

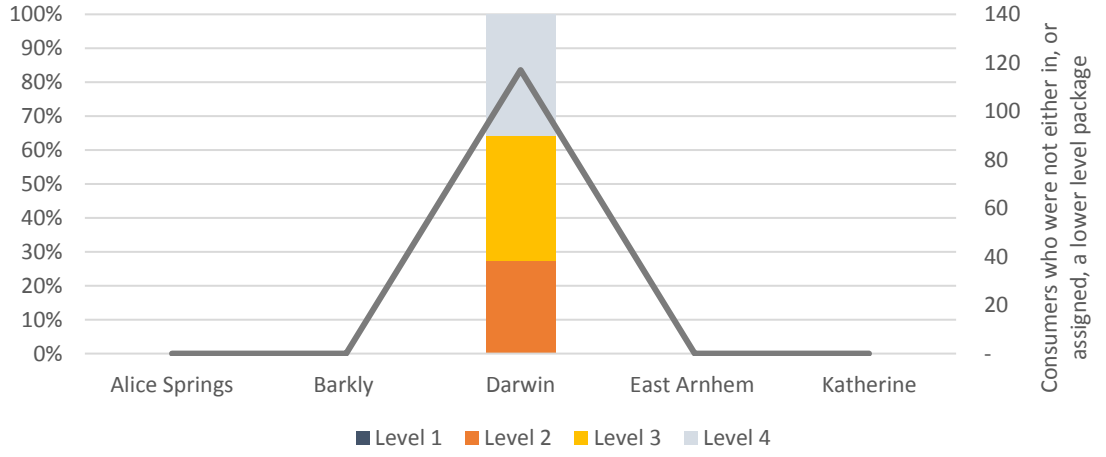
To further investigate this, Ansell Strategic has undertaken a review of data produced by the Department of Health on the 57,000 people on the National Prioritisation Queue either not in, or assigned a lower level home care package at 30 June 2018. The results are presented by each ACPR in Graph 11 and Graph 17, inclusive.

Graph 11: Waitlist by HCP Level and Number of Consumers in ACT & NSW per ACPR, 30 June 2018



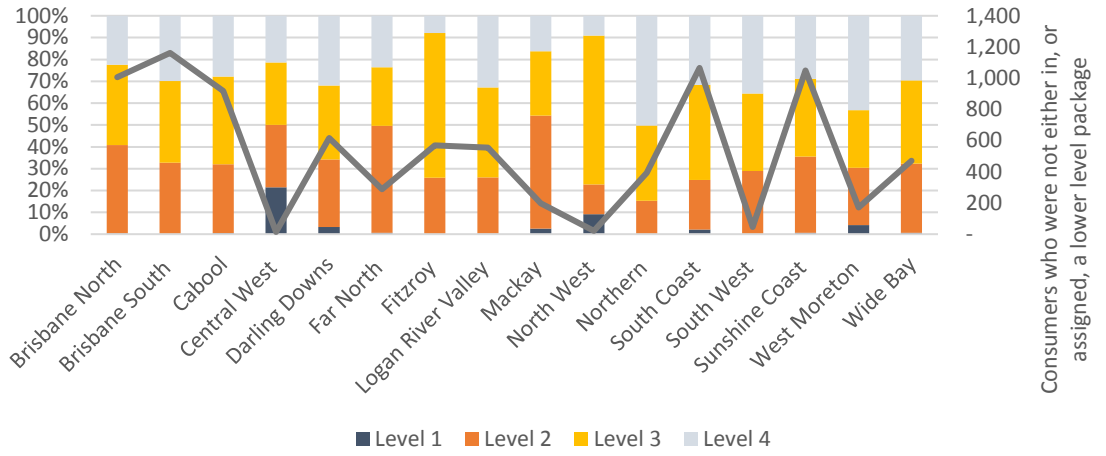
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 12: Waitlist by HCP Level and Number of Consumers in NT per ACPR, 30 June 2018



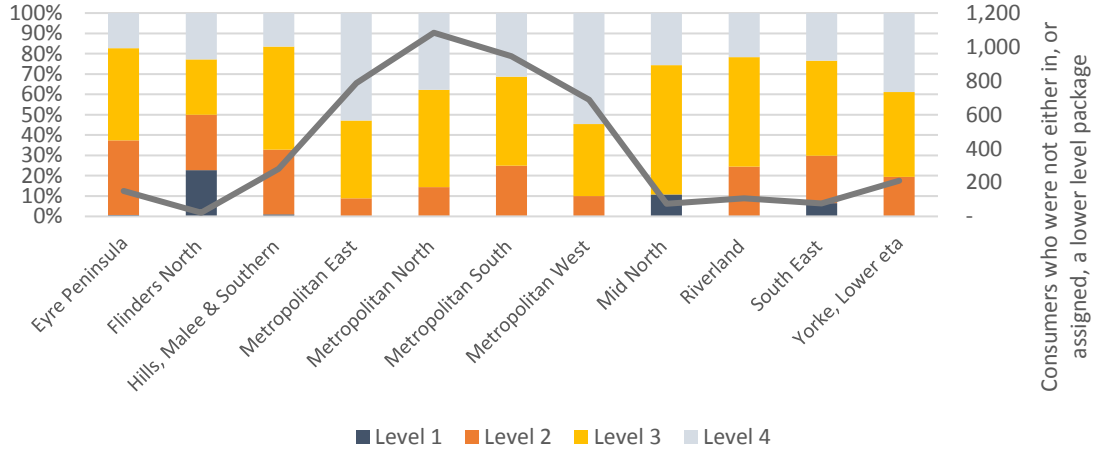
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 13: Waitlist by HCP Level and Number of Consumers in QLD per ACPR, 30 June 2018



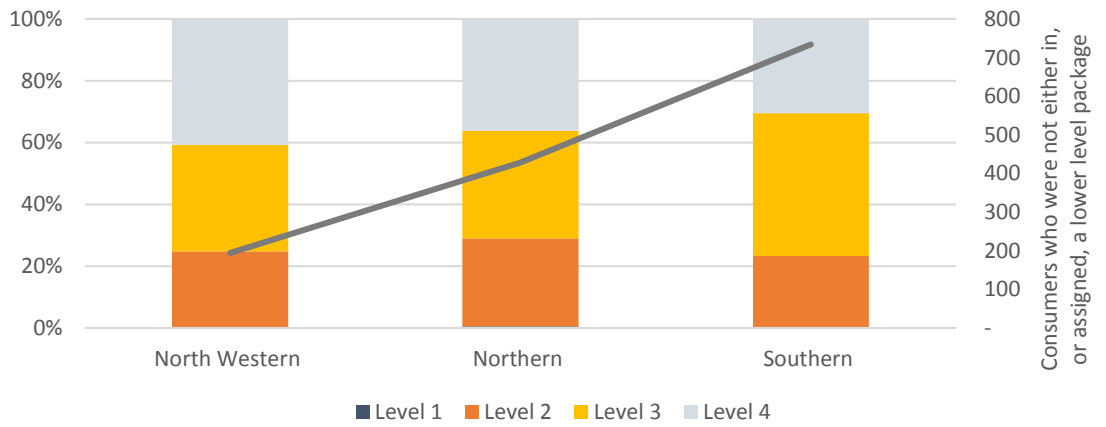
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 14: Waitlist by HCP Level and Number of Consumers in SA per ACPR, 30 June 2018



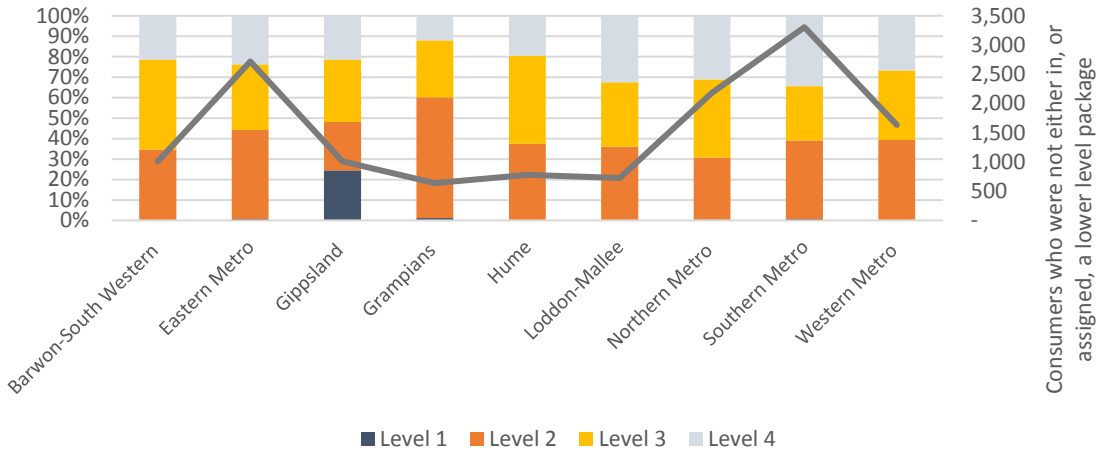
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 15: Waitlist by HCP Level and Number of Consumers in TAS per ACPR, 30 June 2018



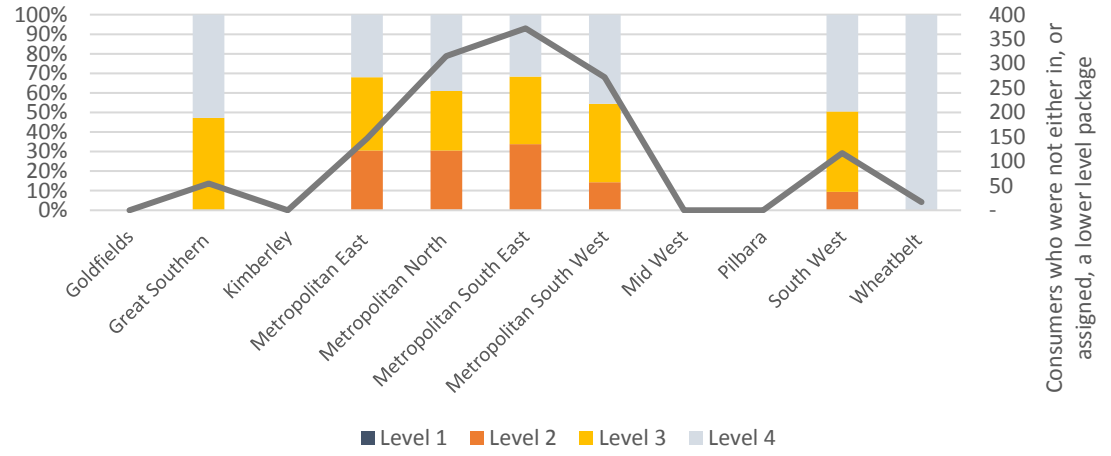
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 16: Waitlist by HCP Level and Number of Consumers in VIC per ACPR, 30 June 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 17: Waitlist by HCP Level and Number of Consumers in WA per ACPR, 30 June 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Based on this data, it appears that majority of people are on the waitlist to receive a level 3 or 4 home care package. Across the nation, 68% of people on the waitlist who are not in or receiving a home care package have been assessed as requiring a level 3 or 4 package. This has grown from the previous quarter, where 63% of people on the waitlist with no interim package have been assessed as requiring a level 3 or 4 package. Further, the actual demand is likely to be higher than portrayed in the above graphs as it does not include people who are receiving services through an interim (lower) package.

The above reflects that the care needs of persons seeking home care services are high and that there is strong demand for higher level packages. This trend is evident across all ACPRs in Australia. ACPRs that have the more than three quarters of people waiting for a level 3 or 4 home care package include:

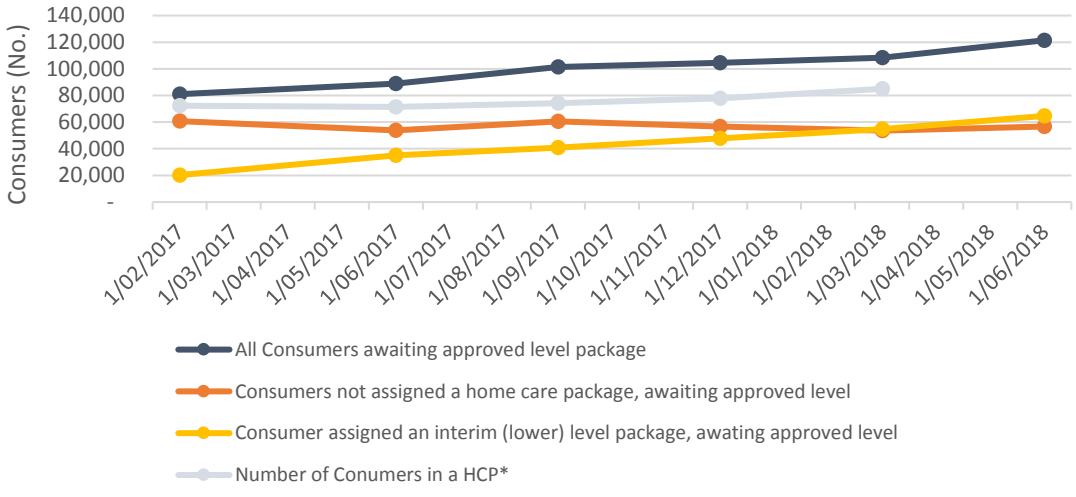
- Hunter (NSW, Regional) – 79%
- Western Sydney (NSW, Metropolitan) – 77%

- North West (QLD, Regional) – 77%
- Northern (QLD, Regional) – 85%
- South Coast (QLD, Metropolitan) – 75%
- Metropolitan East (SA, Metropolitan) – 91%
- Metropolitan North (SA, Metropolitan) – 86%
- Metropolitan South (SA, Metropolitan) – 75%
- Metropolitan West (SA, Metropolitan) – 90%
- Mid North (SA, Regional) – 89%
- Riverland (SA, Regional) – 75%
- Yorke, Lower North & Barossa (SA, Regional) – 81%
- North Western (TAS, Regional) – 75%
- Southern (TAS, Metropolitan & Regional) – 77%
- Great Southern (WA, Regional) – 100%
- Metropolitan South West (WA, Metropolitan) – 86%
- South West (WA, Regional) – 91%
- Wheatbelt (WA, Regional) – 100%

As evident above and in the graph below, the national waitlist of persons in need to be allocated a home care package continues to rise, with high demand for packages providing support for consumers with intermediate to high-level care needs. The number of people waiting for their approved level of package continues to exceed the number of consumers with a package.

The Department has been progressively allocating more interim (lower) level packages to those on the waitlist. They have also stated that they estimate half of the people who have not been assigned an interim package are receiving CHSP.

Graph 18: HCP Consumer Waitlist and Consumers in a HCP, February 2017 to June 2018



Source: Home Care Packages Program Data Reports (1st to 4th Quarters) 2017-18;

* Data not available on the number of HCP consumers at 30 June 2018.

As evident from the above analysis, there appear to be many people who have been assessed as needing level 3 and 4 packages who are receiving significantly lower funding or potentially no funding to support their assessed care needs. At 20 September 2018, the annual subsidy for level 1 and 2 packages is approximately $8,300 and $15,000, respectively, whereas level 3 and 4 annual subsidy levels are more than double at approximately $33,100 and $50,300, respectively.

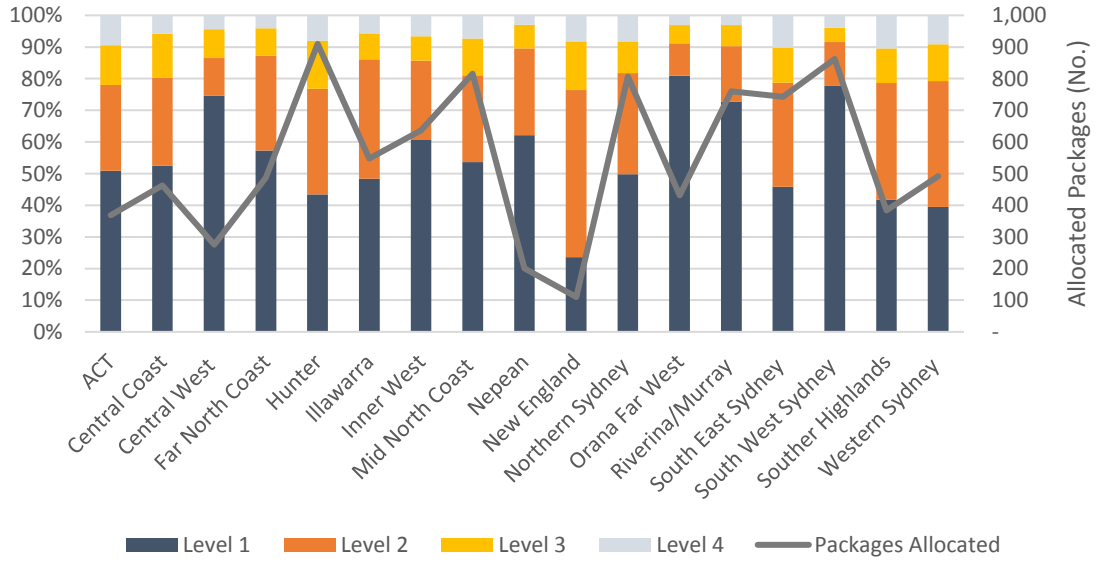
The ability for consumers to utilise CHSP to supplement their higher level care needs is limited given that the Department estimates that the average expenditure per consumer in 2016-17 was only $2,900.[1] In addition, advice provided by the Department states that CHSP should only be used for entry level support services.

This data indicates that there is unmet demand for home care package levels 3 and 4 across Australia. Whilst the Department is allocating interim (lower) level packages and states that consumers could also access CHSP services, there is a significant shortfall in the funding gap.

5.2 HOME CARE PACKAGE ALLOCATIONS BY PACKAGE LEVELS

Ansell Strategic has undertaken an analysis of home care package allocations for each package level across all ACPRs in Australia to investigate how many packages of each level are being allocated. The findings are presented in Graph 19 to Graph 25, inclusive.

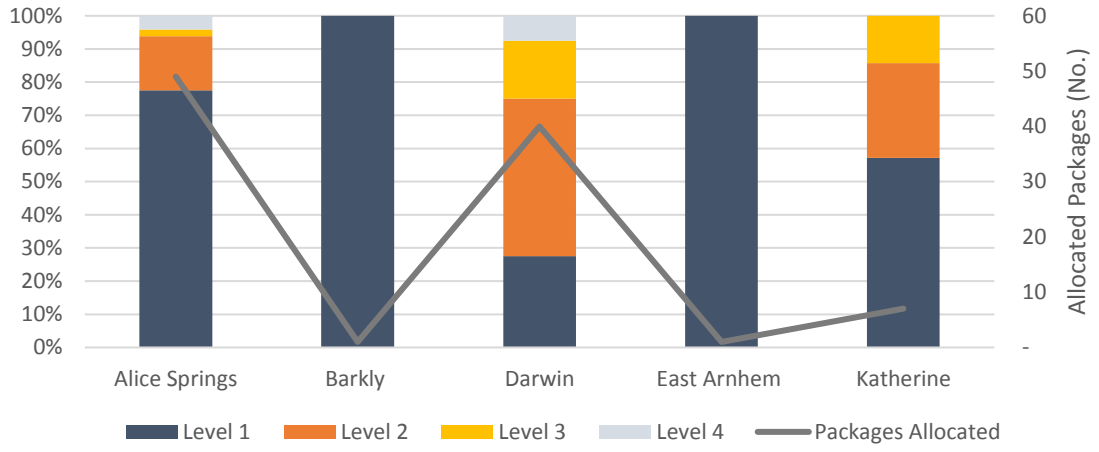
Graph 19: HCP Allocations by Level and Number in ACT & NSW per ACPR, 30 June 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

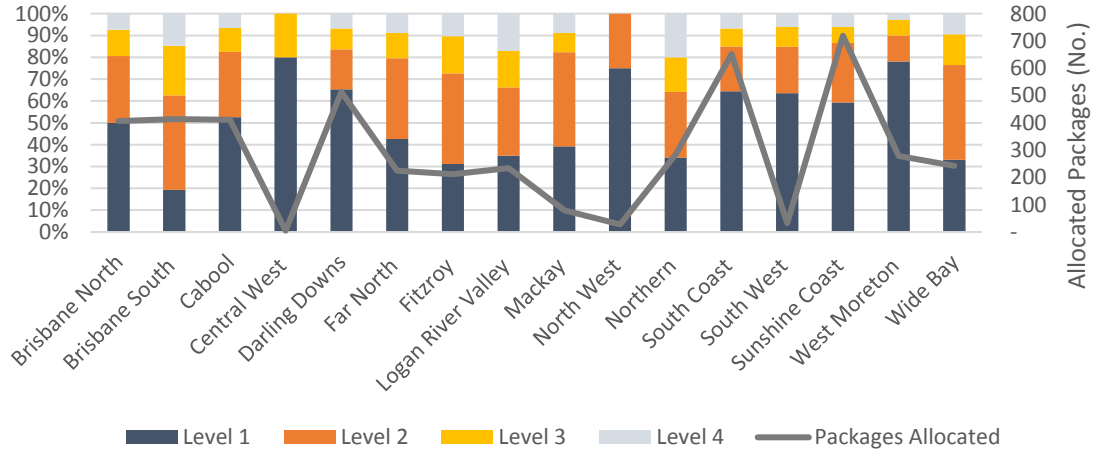
[1] Aged Care Financing Authority, Fourth report on Funding and Financing the Aged Care Sector, July 2018

Graph 20: HCP Allocations by Level and Number in NT per ACPR, 30 June 2018



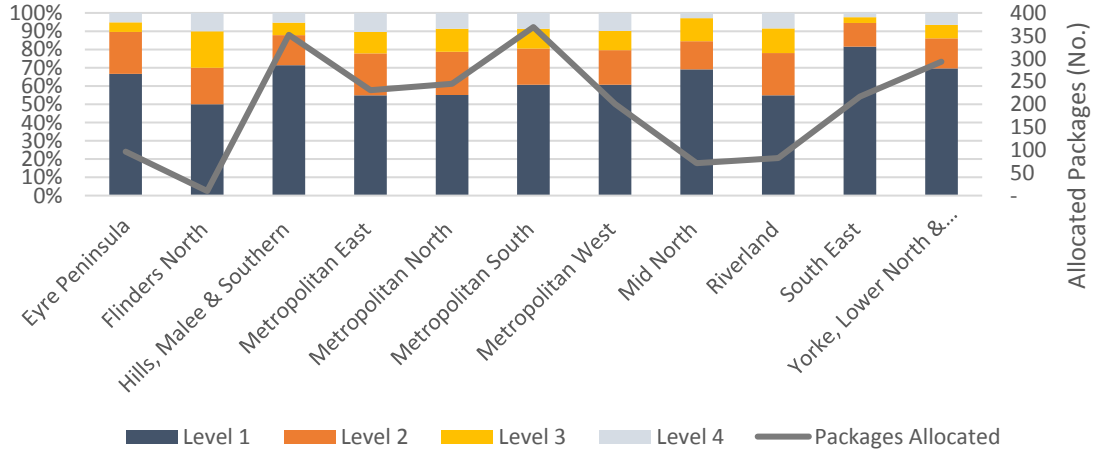
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 21: HCP Allocations by Level and Number in QLD per ACPR, 30 June 2018



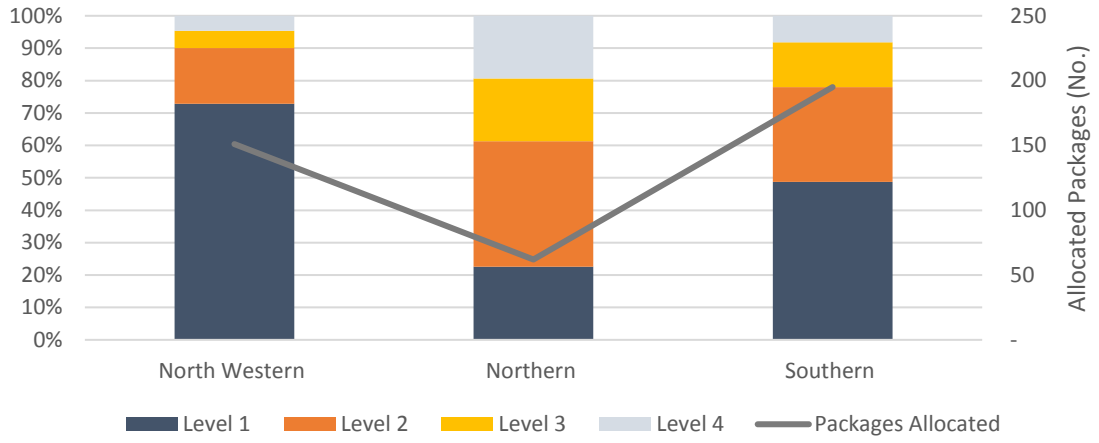
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 22: HCP Allocations by Level and Number in SA per ACPR, 30 June 2018



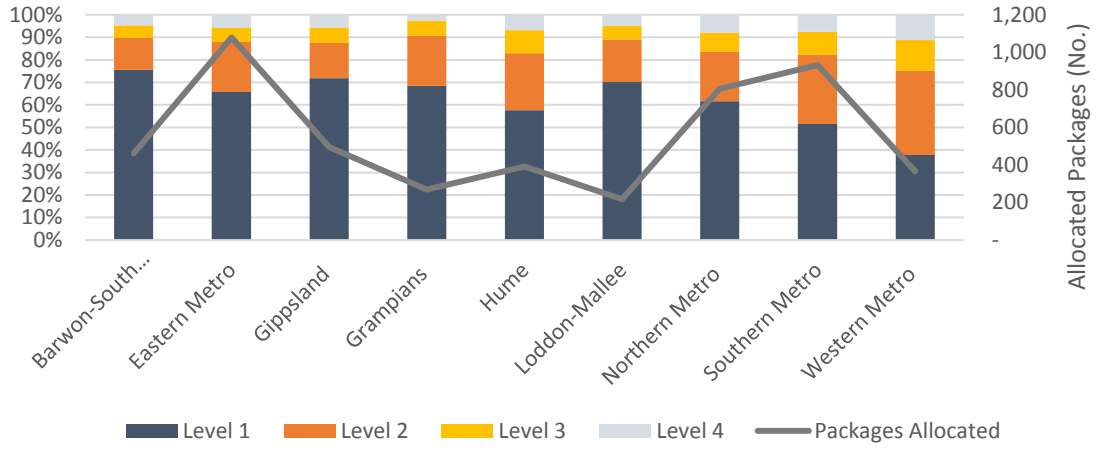
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 23: HCP Allocations by Level and Number in TAS per ACPR, 30 June 2018



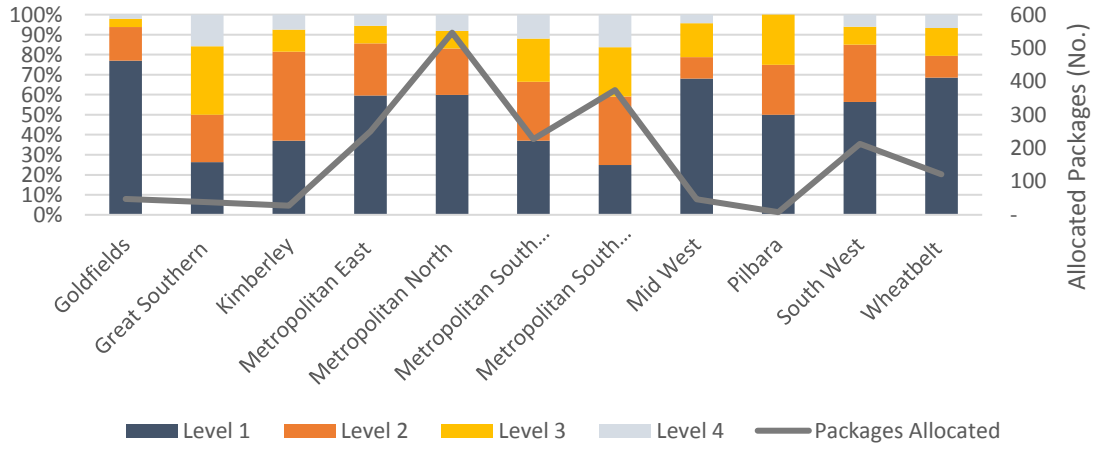
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 24: HCP Allocations by Level and Number in VIC per ACPR, 30 June 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 25: HCP Allocations by Level and Number in WA per ACPR, 30 June 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

The findings reveal that whilst there were many level 1 and 2 packages allocated across most ACPRs, there appear to be very few level 3 and 4 packages being allocated across all ACPRs in Australia. In the last quarter, only 17.5% of the packages released, or 4,150 packages, were level 3 and 4. This is down from the previous quarter, where approximately 15,800, or 38%, of packages released were level 3 and 4.

This is in line with findings from Section 5.1 and information provided by the Department, whereby many older Australians who have high care needs (requiring a level 4 package, which represent the highest costs package for the Government) are being allocated lower care level packages to provide them with some in-home care and support until higher care level packages become available. This demonstrates that many older Australian's care needs are not being adequately met by home care services.

This analysis reveals that there are few level 4 packages being allocated despite high and growing demand. Consumers with complex and high care needs are not being adequately serviced.

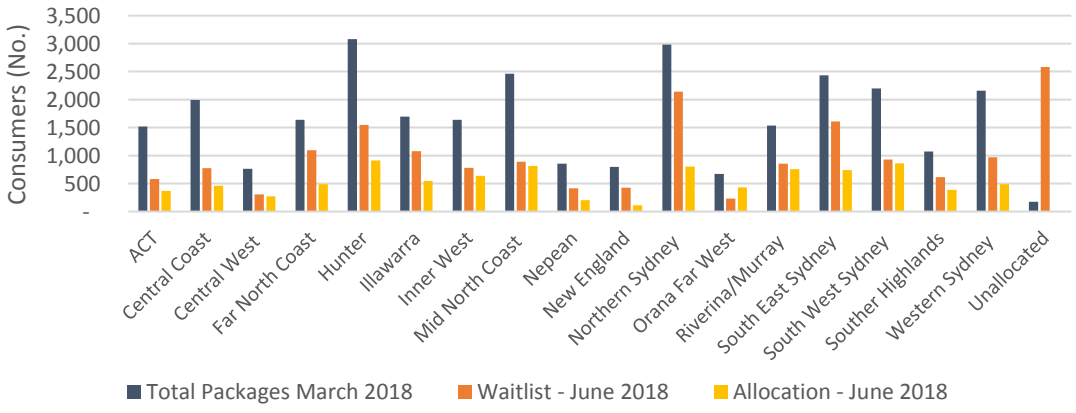
5.3 HOME CARE PACKAGE WAITLISTS, ALLOCATIONS AND CONSUMERS

An analysis of the waitlists compared to people with a home care package by ACPR was undertaken to identify if there are regions in Australia who are experiencing overall undersupply in home care package allocations compared to demand. The analysis has been undertaken on actual numbers of waitlists at 30 June 2018 and the actual number of people with a home care package at 31 March 2018. The Department has not provided 30 June 2018 data for this information, as such we have also made a comparison of the allocations made in the June 2018 quarter.

As evident in the analysis by each state and territory, there are a high number of waitlist consumers that appear as unallocated. Information provided by the Department states that "totals may not add as they include incomplete records requiring further address information". As such, actual waitlist levels at the ACPR levels are likely to be higher than stated.

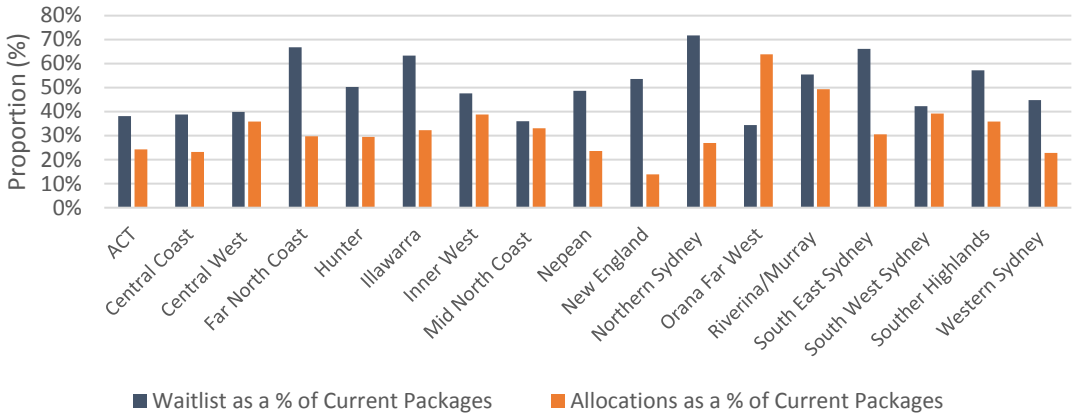
The findings are depicted in Graph 26 to Graph 39, inclusive.

Graph 26: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in ACT & NSW per ACPR



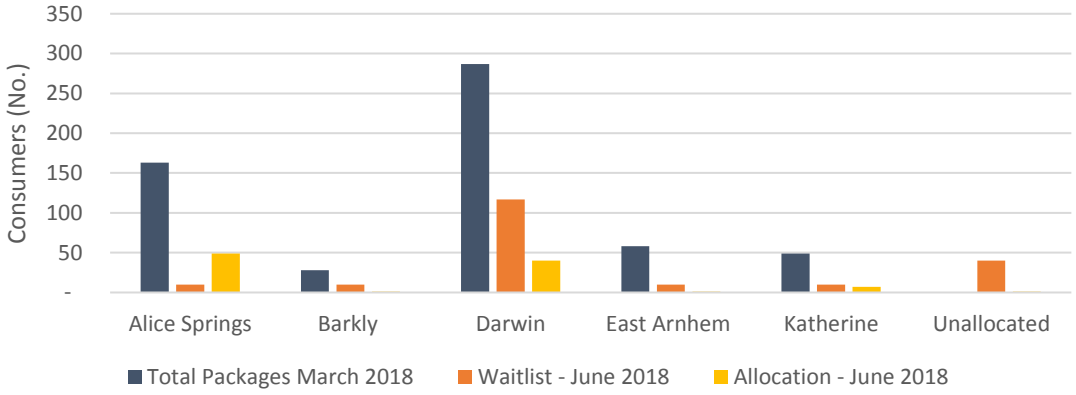
Source: Home Care Packages Program Data Report 4th Quarter 2017-18

Graph 27: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in ACT & NSW per ACPR



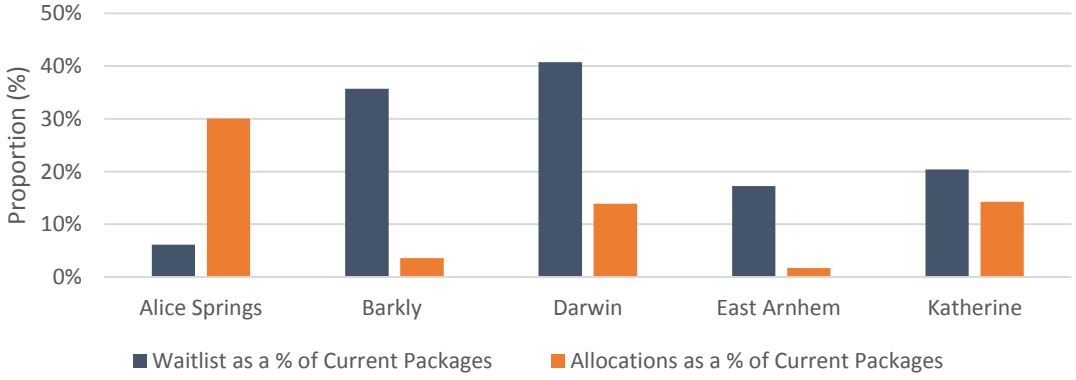
Source: Home Care Packages Program Data Report 4th Quarter 2017-18

Graph 28: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in NT per ACPR



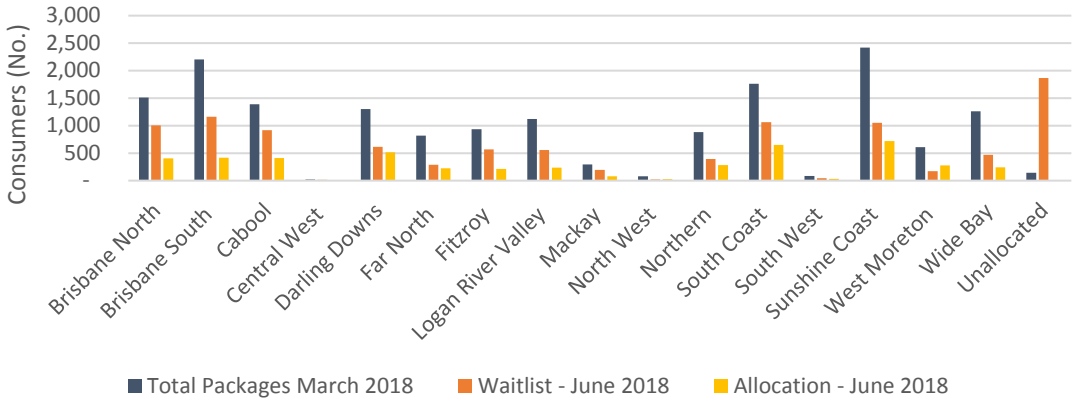
Source: Home Care Packages Program Data Report 4th Quarter 2017-18

Graph 29: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in NT per ACPR



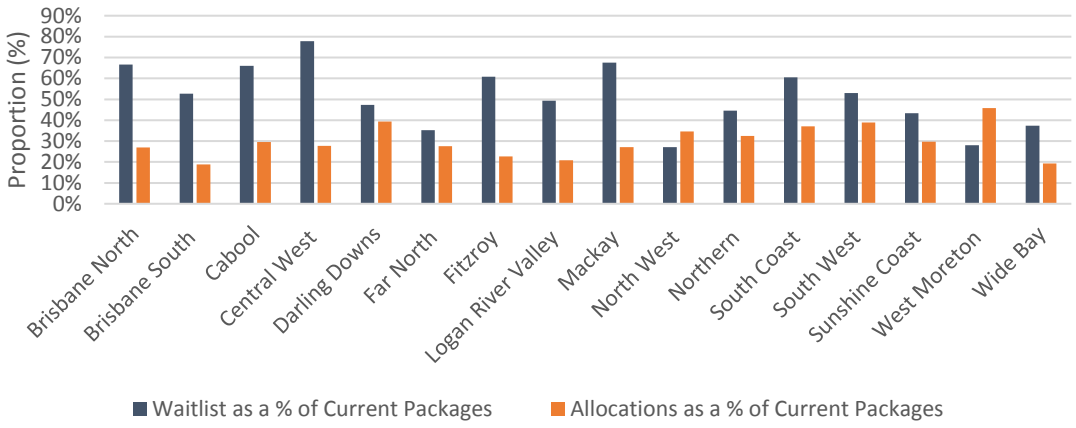
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 30: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in QLD per ACPR



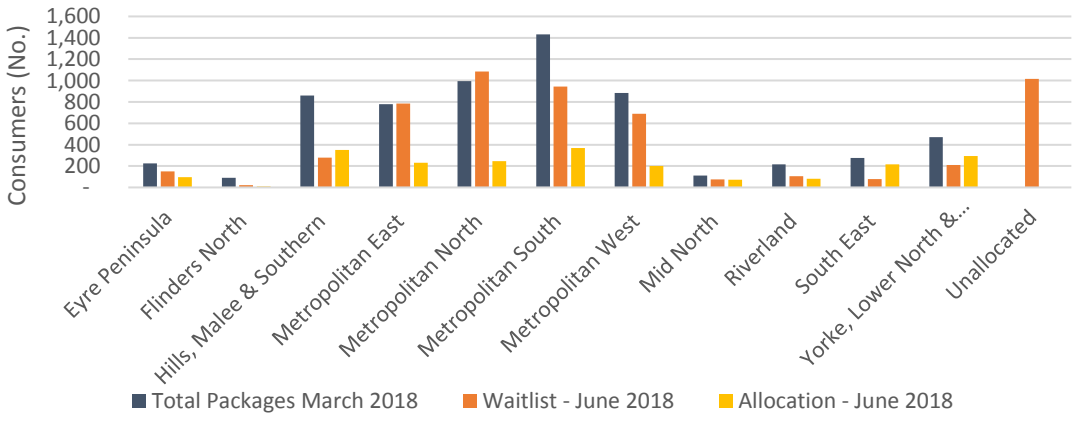
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 31: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018in QLD per ACPR



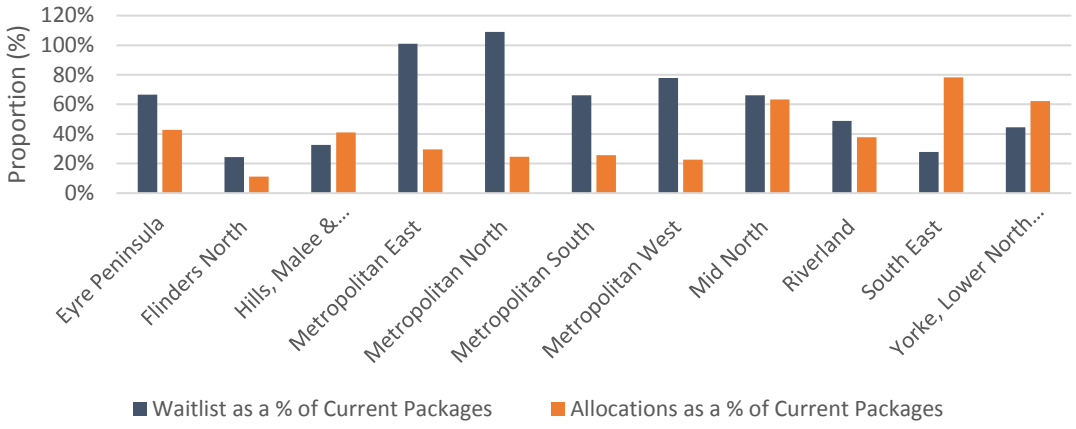
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 32: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in SA per ACPR



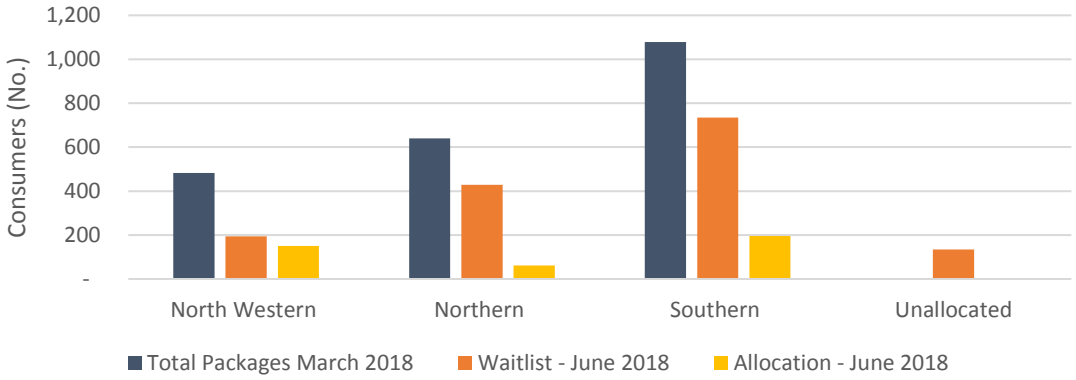
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 33: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in SA per ACPR



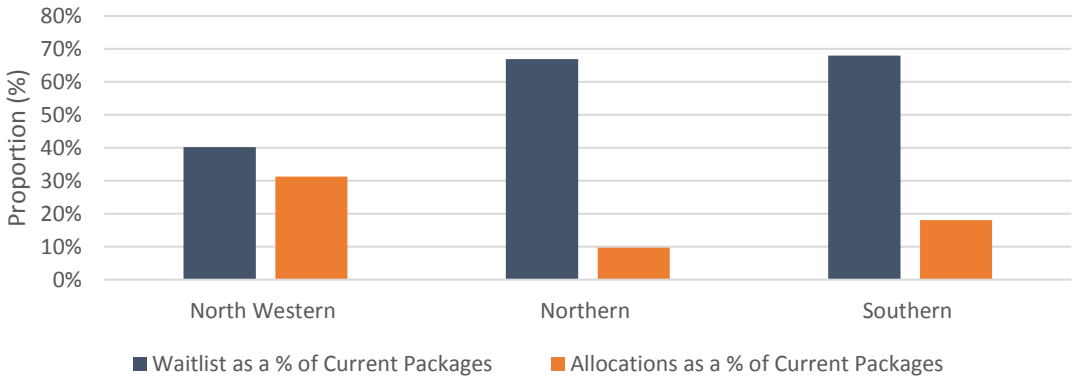
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 34: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in TAS per ACPR



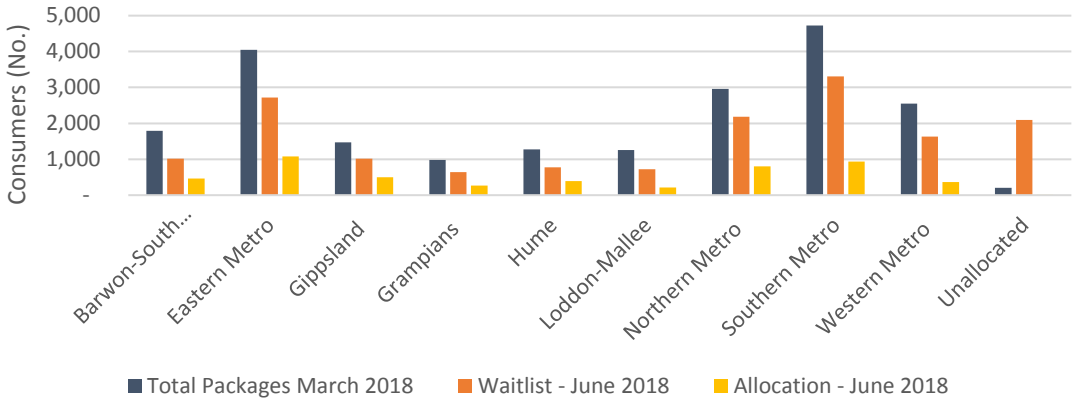
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 35: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in TAS per ACPR



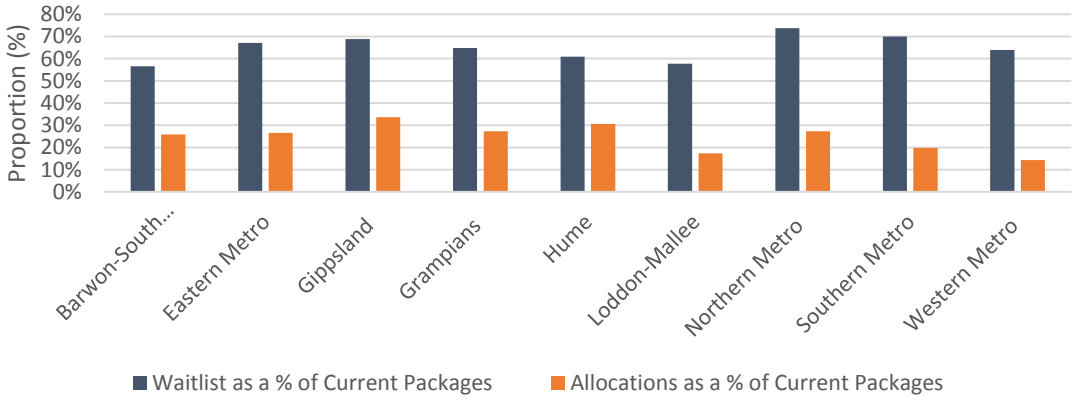
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 36: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in VIC per ACPR



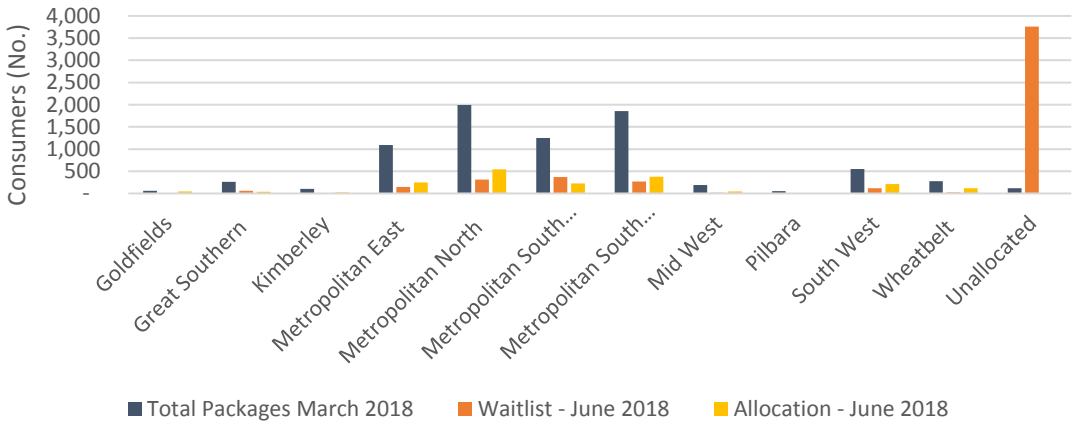
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 37: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in VIC per ACPR



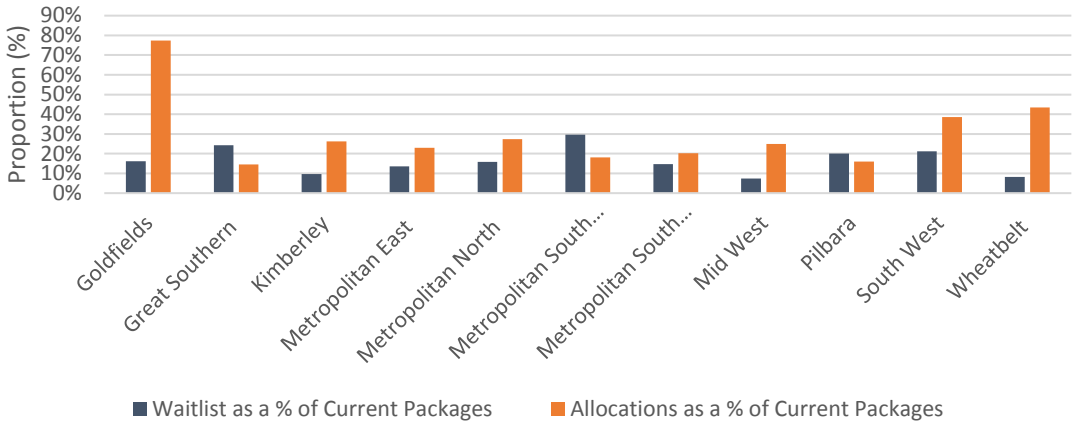
Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 38: 30 June 2018 HCP Waitlists and Allocations and 31 March 2018 Consumers in WA per ACPR



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

Graph 39: 30 June 2018 HCP Waitlists and Allocations as a Proportion of Packages at 31 March 2018 in WA per ACPR



Source: Home Care Packages Program Data Report 4th Quarter 2017-18.

The analysis above indicates there is disparity between the waitlists and allocations of packages across the different ACPRs. For some ACPRs, the most recently allocated packages represent a significant increase from the number of packages at 31 March 2018. In particular, regional ACPRs such as Oran Far West (NSW), South East (SA) and Goldfields (WA) had large allocations relative to their previous package levels. These regions also had proportionately lower waitlists. This indicates that in the June 2018 quarter the Department targeted regions where there appeared to be proportionately lower levels of packages allocated.

In contrast, metropolitan regions such as Northern Sydney (NSW), Metropolitan East (SA), Metropolitan North (SA), Metropolitan West (SA), Gippsland (VIC), Northern Metro (VIC) and Southern Metro (VIC) had significantly high waitlists at 30 June 2018 and low allocations in the last quarter.

As stated previously, across many states and territories there is a high proportion of consumers that are on the waitlist but have not been allocated to an ACPR. Therefore, the actual waitlist numbers in each ACPR may be materially higher.

On average, across the nation, the level of people on the waitlist with no interim package at 30 June 2018 represented two thirds of packages at 31 March 2018. This suggests that the allocated supply of home care packages is not adequately meeting demand levels across Australia.

An analysis of the previous quarter HCP data report found ACPRs in regional, rural and remote areas possessed a higher proportion of people on waitlists compared to allocations. In the most recent quarter, there has been a greater allocation to regional, remote and rural ACPRs. Whilst metropolitan ACPRs received more packages in actual numbers throughout this quarter, there are proportionately more people on the waitlist and proportionately fewer packages allocated compared to regional, rural and remote ACPRs.

The actual growth in home care packages since the change in allocation of supply is an increase of 12,700 packages, or 18% growth. Whilst this is significant growth, prior to the change, the number of packages only grew by 20% over 4 years. As evident in the waitlists, there is

significant demand for at home care and support services. The previous restrictions have seen growing pressure on informal carers and hospitals as people try to delay entry into residential aged care.

The overarching trend of these findings is that the demand for higher level home care packages continues to exceed the level of packages that are released and available.

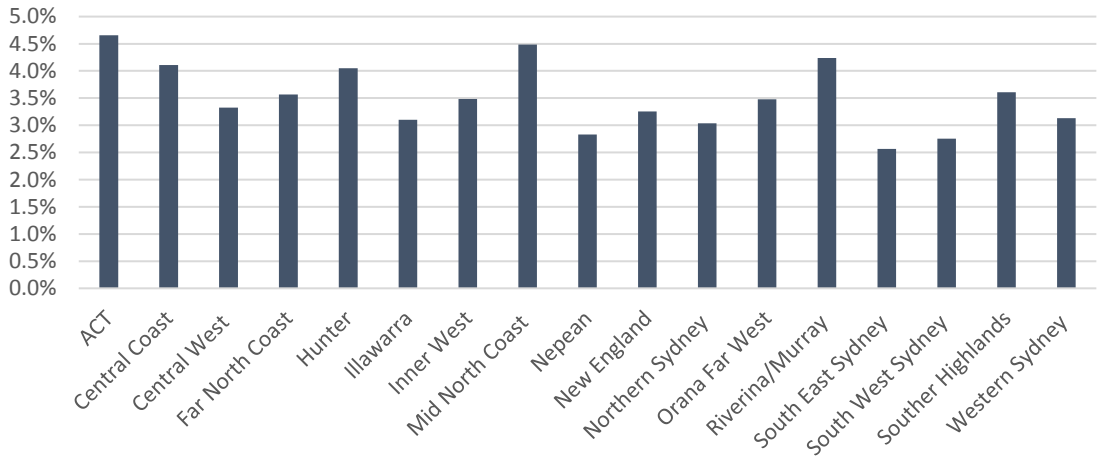
Our in-depth analysis of package allocations as proportions and in actual numbers indicate that despite the Department distributing more packages to metropolitan ACPRs, in both proportionate and actual numbers, the gap between waitlists and allocations is greater in metropolitan ACPRs than in regional, rural and remote ACPRs.

However, there are regional ACPRs that also have high waitlists in proportion to the available packages. From this we can confirm that there are high numbers of older Australians living in both metropolitan, regional, rural and remote areas who are unable to access the required in-home care and support.

5.4 HOME CARE PACKAGES AS A PROPORTION OF OLDER POPULATION

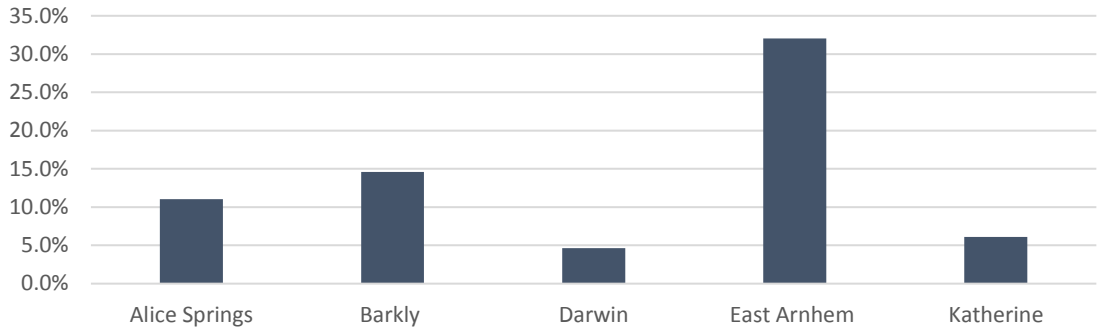
To compare the demand and supply of home care packages by each ACPR, Ansell Strategic has analysed the number of consumers with a home care package as at 31 March 2018 as a proportion of the population aged 70 years. The findings are presented in Graph 40 to Graph 46, inclusive.

Graph 40: Percentage of Population Aged 70+ with a HCP in ACT & NSW per ACPR, 31 March 2018



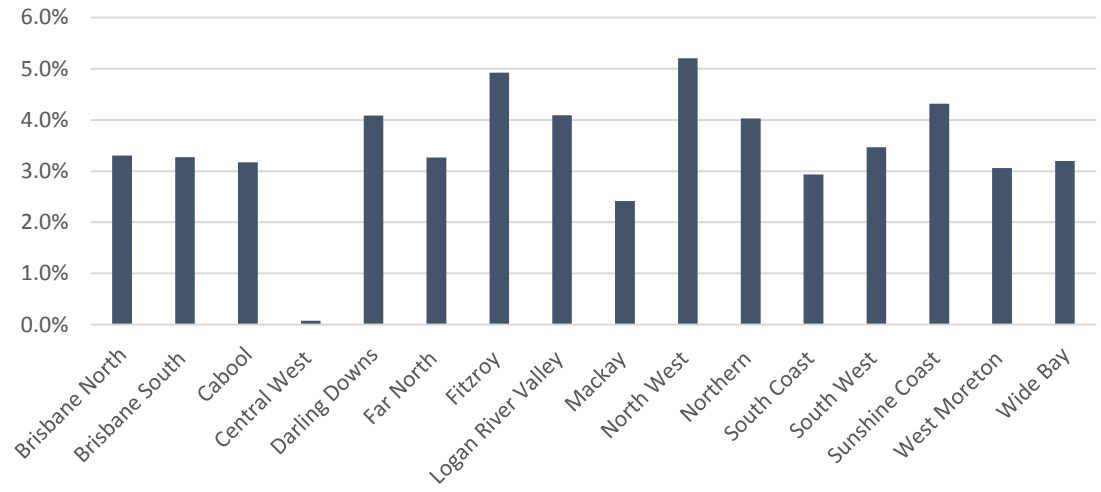
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census

Graph 41: Percentage of Population Aged 70+ with a HCP in NT per ACPR, 31 March 2018



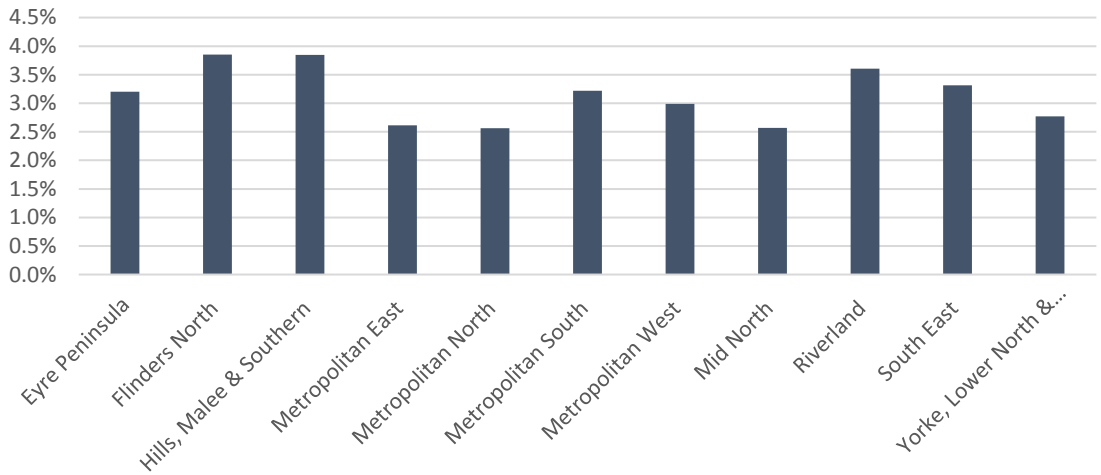
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 42: Percentage of Population Aged 70+ with a HCP in QLD per ACPR, 31 March 2018



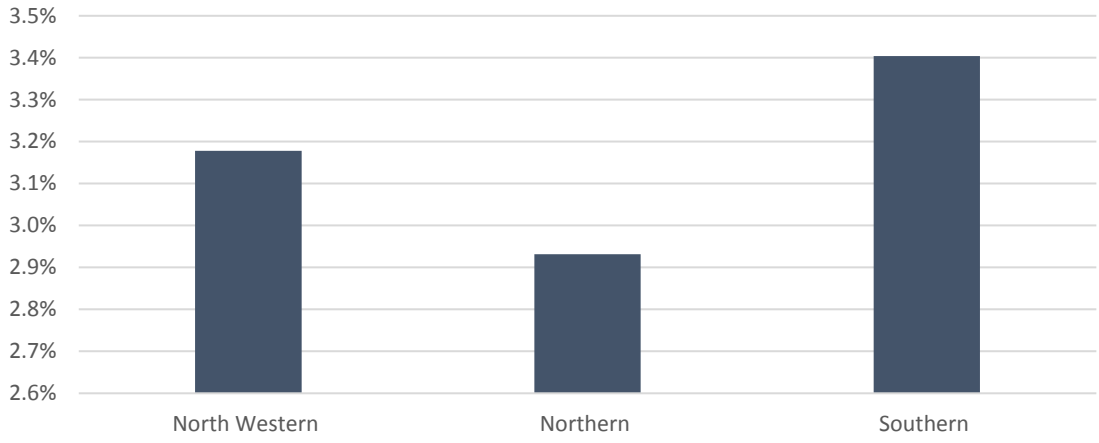
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 43: Percentage of Population Aged 70+ with a HCP in SA per ACPR, 31 March 2018



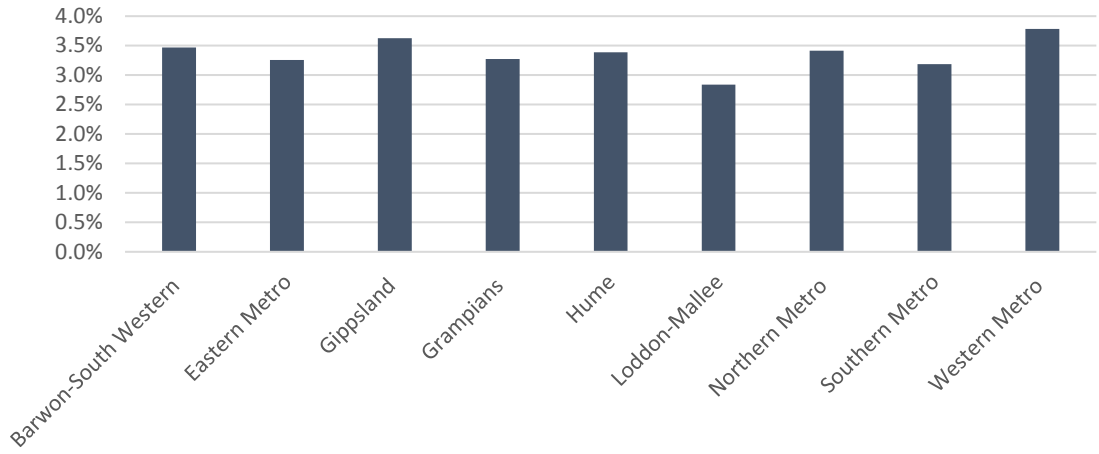
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 44: Percentage of Population Aged 70+ with a HCP in TAS per ACPR, 31 March 2018



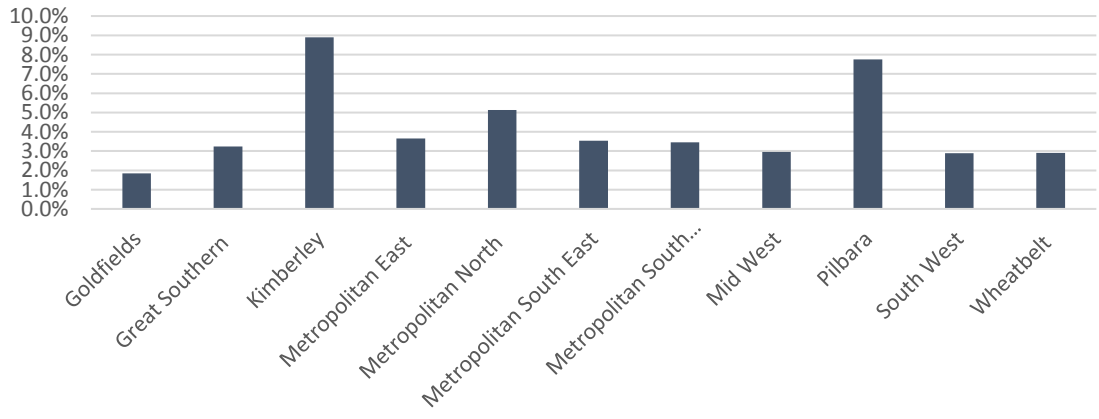
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 45: Percentage of Population Aged 70+ with a HCP in VIC per ACPR, 31 March 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 46: Percentage of Population Aged 70+ with a HCP in WA per ACPR, 31 March 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Across Australia, it is estimated that approximately 3.4% of people aged 70 and over have a home care package. Based on the graphs above, there are a number of ACPRs in more regional, rural and remote areas that appear to have proportionately fewer consumers with a HCP. This may reflect the higher proportion of allocations to regional, rural and remote areas being allocated packages in the June 2018 quarter. However, metropolitan areas of NSW also appear to have proportionately less people aged 70 and over with a HCP.

ACPRs that have been identified to have a low proportion of those aged 70 and over with a HCP include:

- New England (NSW) – 2.8%
- Northern Sydney (NSW) – 3.0%
- South East Sydney (NSW) – 2.6%
- South West Sydney (NSW) – 2.8%
- Central West (QLD) – 0.1%
- Mackay (QLD) – 2.4%
- South Coast (QLD) – 2.9%
- Metropolitan East (SA) – 2.6%
- Metropolitan North (SA) – 2.6%
- Mid North (SA) – 2.6%
- Yorke, Lower North and Barossa – 2.8%
- Northern (TAS) – 2.9%
- Loddon-Mallee (VIC) – 2.8%
- Goldfields (WA) – 1.8%
- South West (WA) – 2.9%
- Wheatbelt (WA) – 2.9%

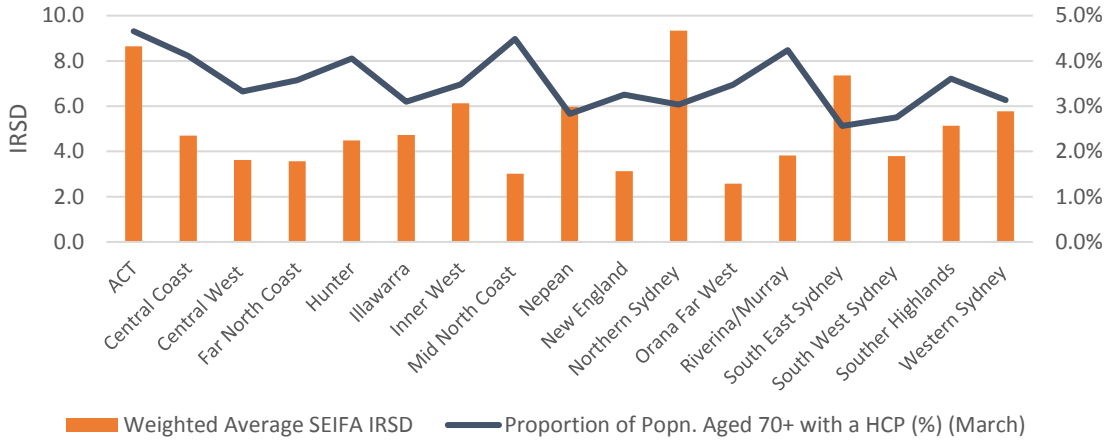
As at 31 March 2018, there are both metropolitan and regional ACPRs that have a relatively low supply of home care packages as a proportion of the population aged 70 and over. In the June 2018 quarter there was a proportionately higher allocation towards regional ACPRs, however, as evident above there appears to be unmet need for home care packages across metropolitan ACPRs. These findings are in line with findings from Section 5.1 to 5.3 of this report.

5.5 HOME CARE PACKAGE ALLOCATIONS BY SEIFA

Ansell Strategic has explored the allocation of home care packages by ACPRs according to each ACPR's score on the SEIFA, measured by each ACPR's weighted average Index of Relative Socio-economic Disadvantage (IRSD). This is a tool utilised to measure an area's population's relative affluence. For a measurement of IRSD, a location scoring of 0 is categorised as a low socio-economic area (or an area that is very disadvantaged) and a score of 10 denotes a high socio-economic area (or a very advantaged area).

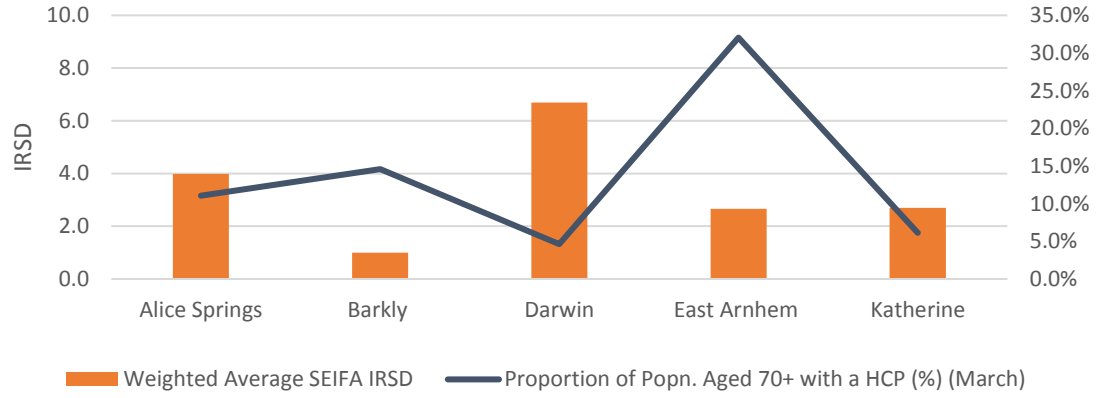
The findings from this analysis are presented in Graph 47 to Graph 53, inclusive.

Graph 47: Proportion of Persons Aged 70+ with a HCP in ACT & NSW per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



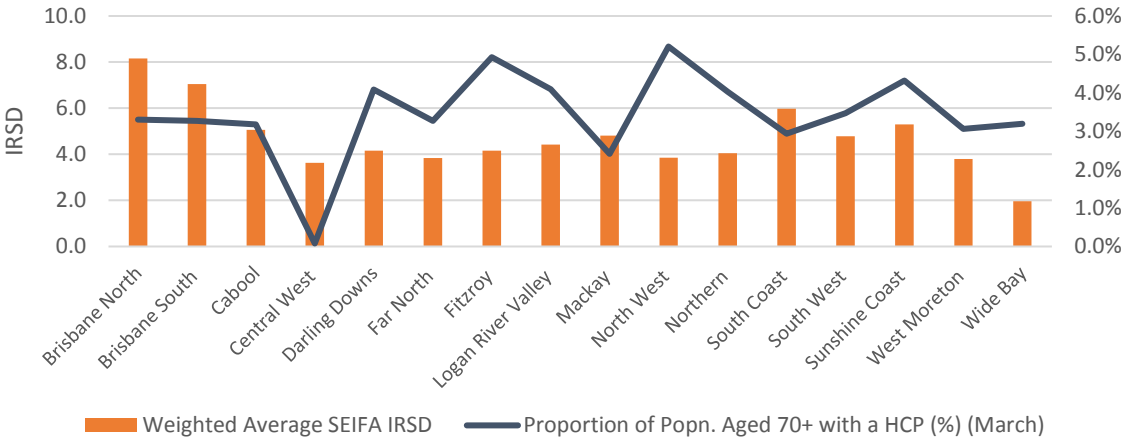
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 48: Proportion of Persons Aged 70+ with a HCPs in NT per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



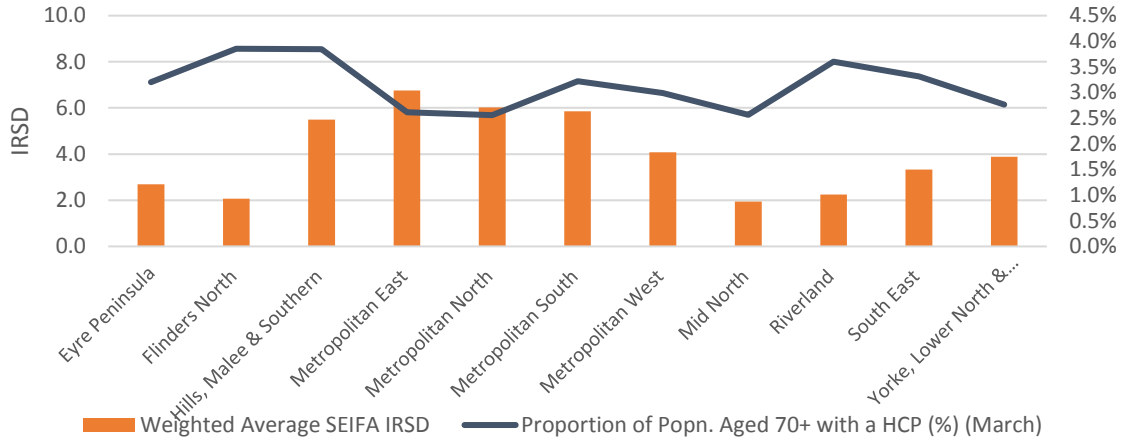
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 49: Proportion of Persons Aged 70+ with a HCPs in QLD per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



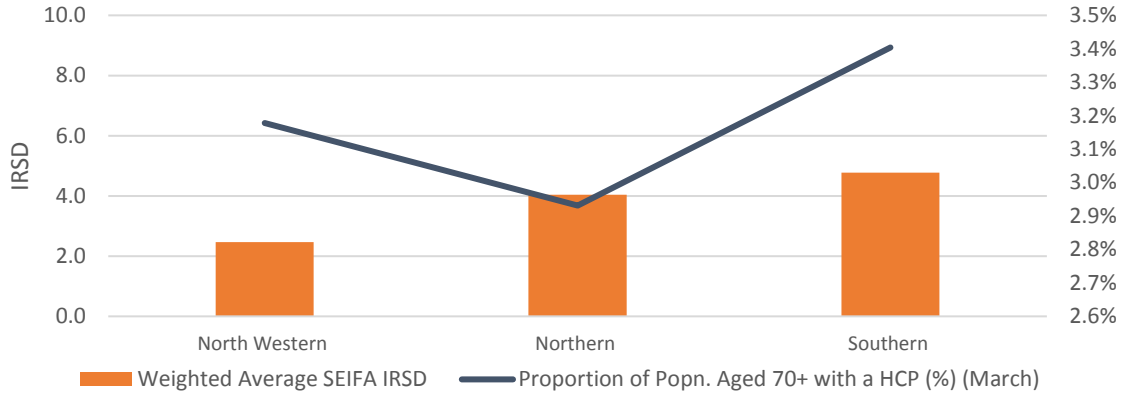
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 50: Proportion of Persons Aged 70+ with a HCPs in SA per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



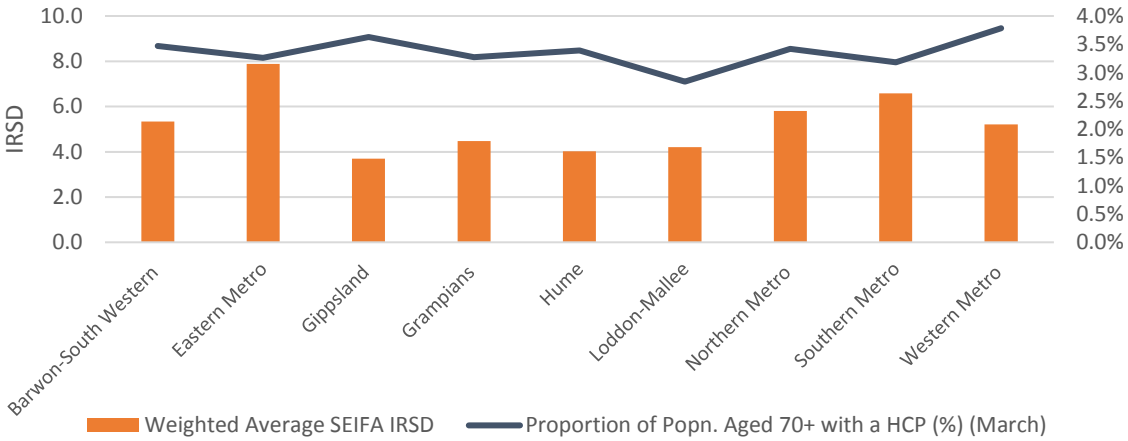
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census

Graph 51: Proportion of Persons Aged 70+ with a HCPs in TAS per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



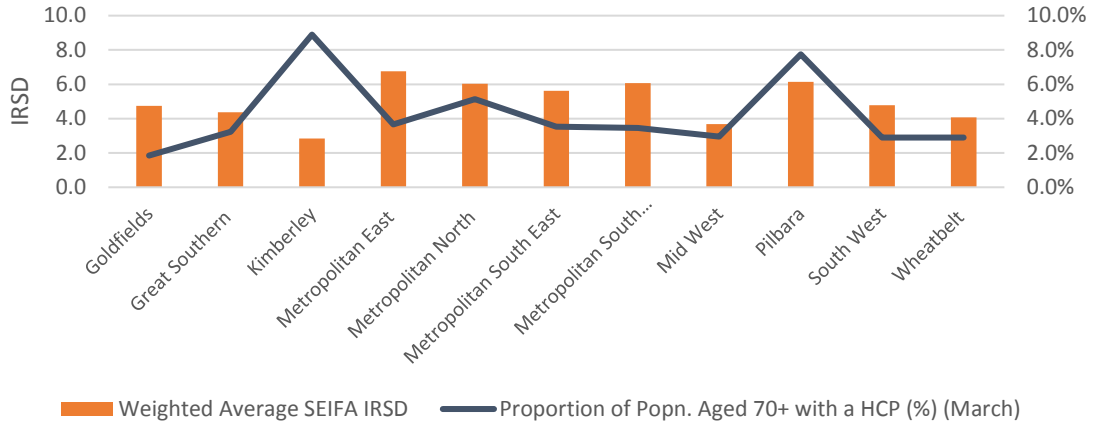
Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 52: Proportion of Persons Aged 70+ with a HCPs in VIC per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

Graph 53: Proportion of Persons Aged 70+ with a HCPs in WA per ACPR by Weighted Average SEIFA (IRSD), 31 March 2018



Source: Home Care Packages Program Data Report 4th Quarter 2017-18 & ABS 2016 Census.

The analysis above indicates that there is an inverse relationship between the weighted average SEIFA IRSD and the proportion of people aged 70 years and over with a home care package. There were some ACPRs with a low IRSD score and low proportion of older people with HCPs. This included:

- Mid North Coast (NSW)
- Wide Bay (QLD)
- Eyre Peninsula (SA)
- Mid North (SA)
- North Western (TAS)

This analysis indicates that there are numerous ACPRs located in regional, remote and rural areas whose populations are relatively socio-economically disadvantaged and where there appear to be proportionately fewer people aged 70 and over with a home care package.

SECTION SIX, SEVEN, EIGHT & NINE

CONSUMER CHARACTERISTICS AND TARGED SUPPLY

ANSELL STRATEGIC

6. HCP CONSUMER CHARATERISTICS AND TARGETED SUPPLY

Ansell Strategic has analysed the demographic characteristics of existing HCP consumers by ACPR compared to the available supply of targeted local HCP services.

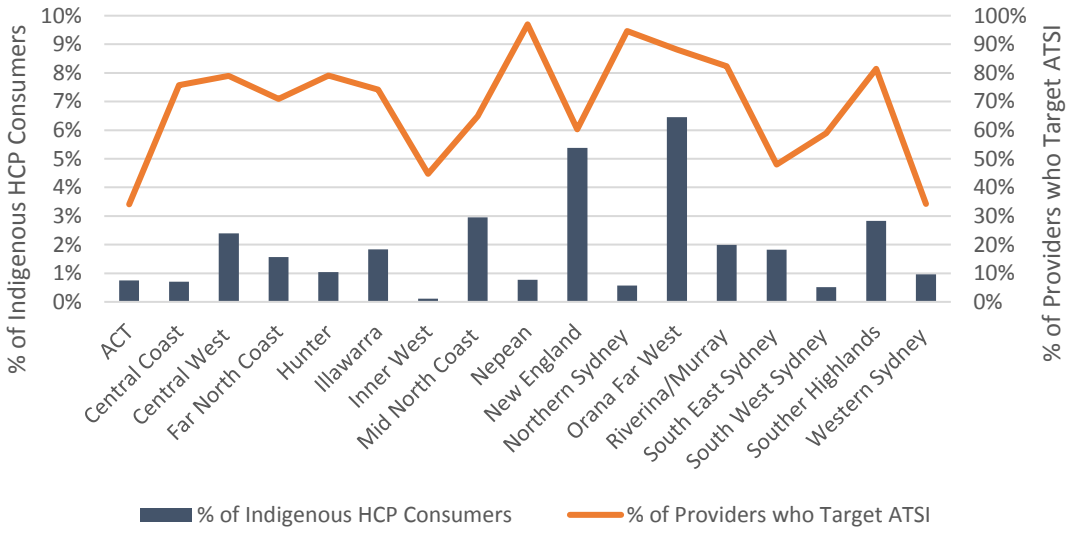
It is important to note that HCP providers are able to report targeting any SNGs or offering specialised services regardless of whether they possess clients from SNGs. Due to this, the supply of HCP services targeting SNGs may appear overstated in each ACPR.

6.1 INDIGENOUS STATUS

The AIHW releases data collated from the Department of Health on the characteristics of home care consumers across Australia as well as collating and updating lists of approved providers of HCP services.

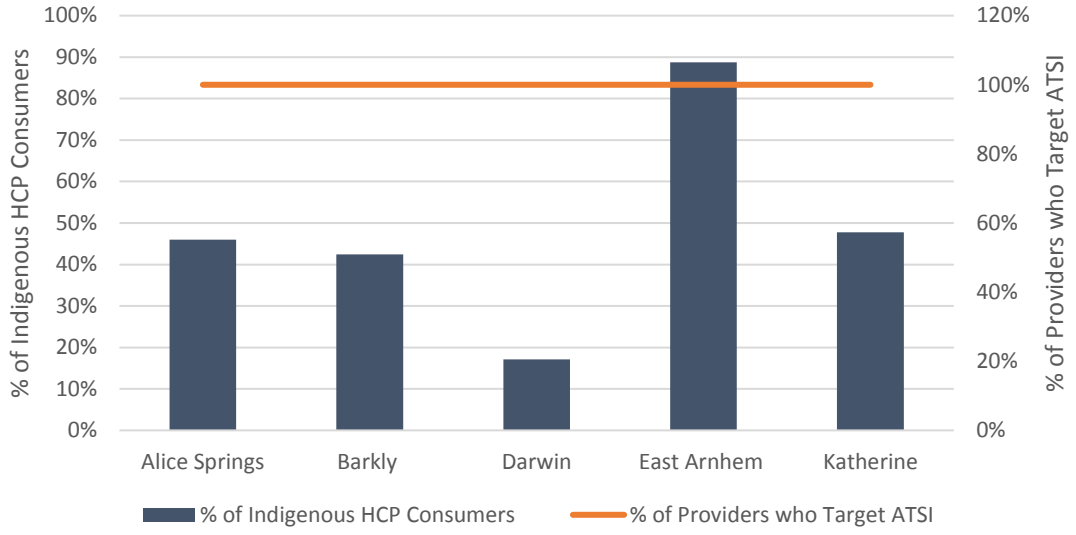
In this analysis, Ansell Strategic has reviewed HCP consumers who are Indigenous and compared it to the proportion of HCP services who target ATSI consumers by offering skilled staff and specialist care to meet their specific clinical, cultural and personal requirements. The results have been mapped by ACPR and are illustrated in Graph 54 to Graph 60, inclusive.

Graph 54: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in ACT & NSW by ACPR



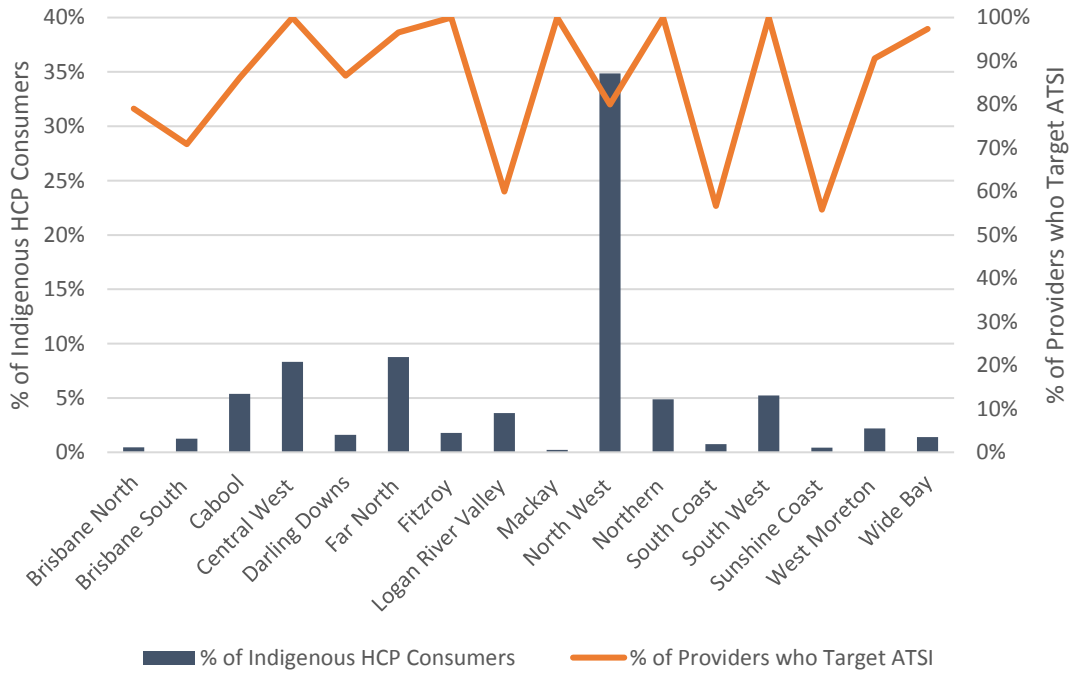
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 55: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in NT by ACPR



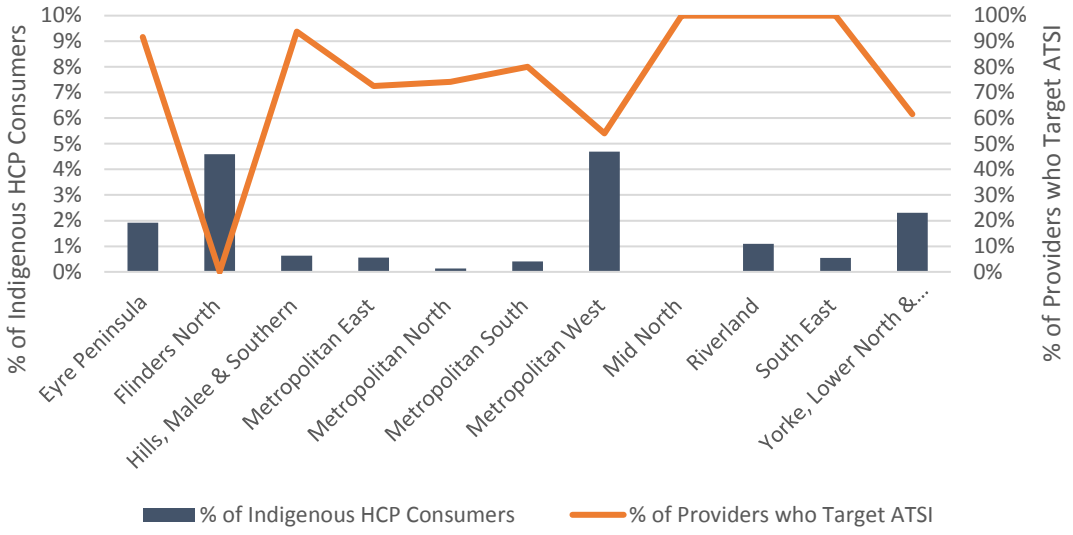
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 56: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in QLD by ACPR



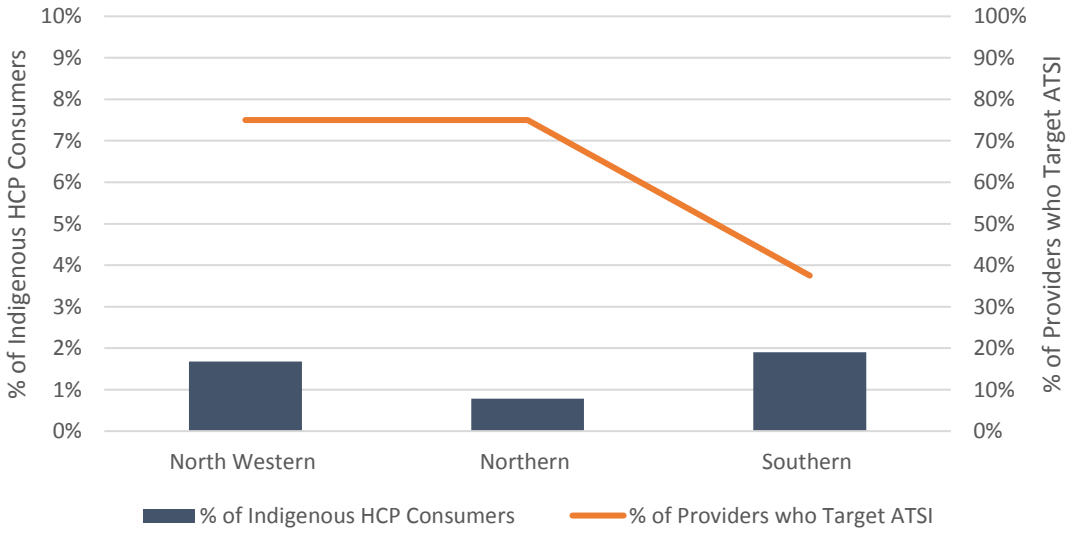
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 57: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in SA by ACPR



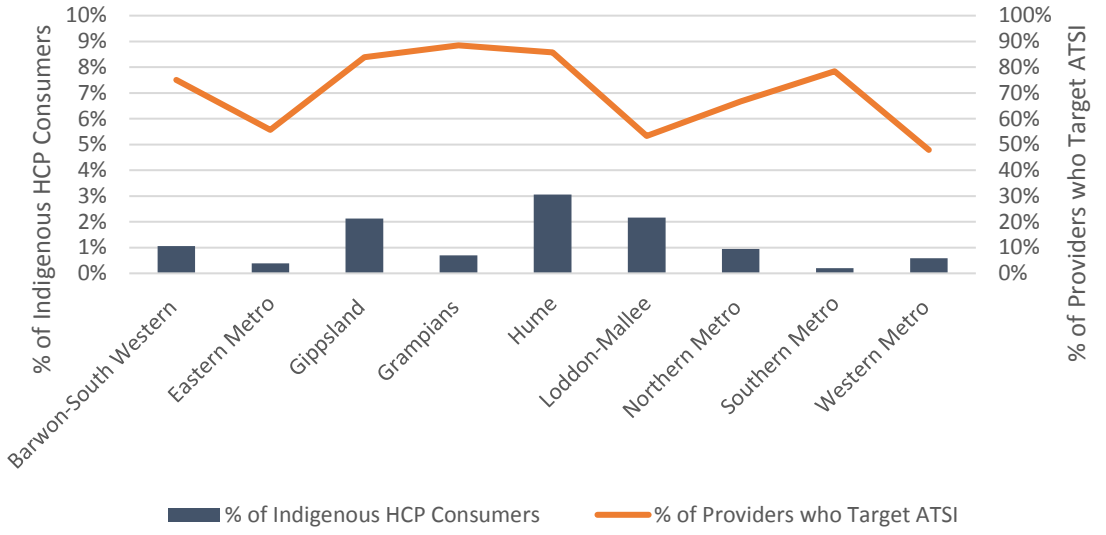
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 58: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in TAS by ACPR



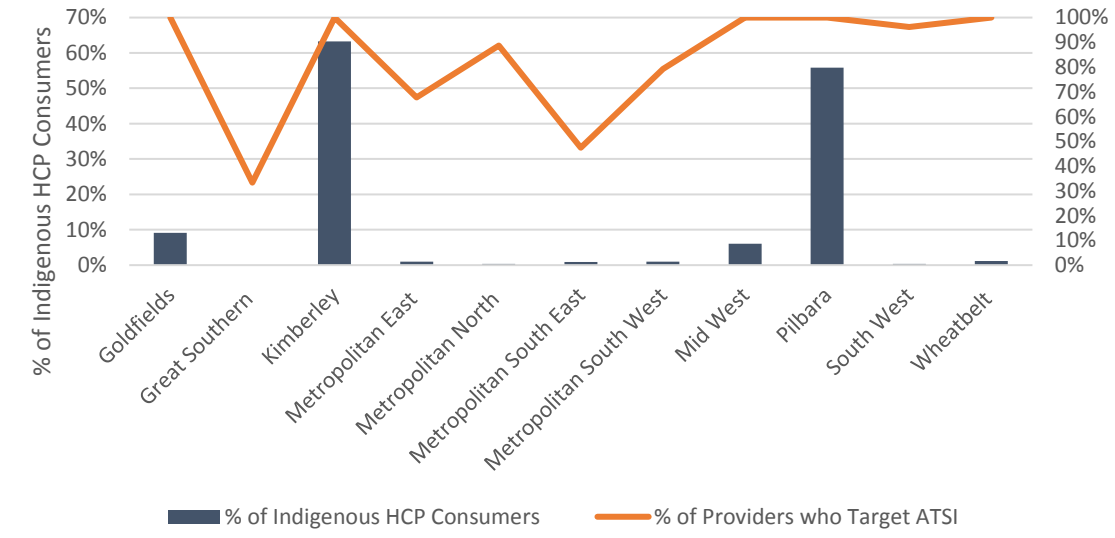
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 59: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in VIC by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 60: Proportion of Indigenous Consumers Compared to Proportion of HCP Services Targeting ATSI in WA by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

The overarching trend across all ACPRs is that there appear to be appropriately higher proportions of providers who offer ATSI services in locations where there are higher proportions of Indigenous consumers. The exception was Flinders North (SA), however some providers may offer ATSI services but have not clearly stated it.

In general, it appears from our analysis that regional, remote and rural ACRPs possess lower proportions of HCP services who target ATSIs compared to metropolitan ACPRs. These

regional ACPRs also appear to possess higher proportions of seniors who are Indigenous. This may indicate that Indigenous consumers who live in regional, rural and remote areas may not have equitable access to specialised and tailored HCP services that meet their care and personal requirements.

These findings illustrate that generally across the different ACPRs, there was a higher proportion of providers offering ATSI services where there was a higher proportion of Indigenous HCP consumers. This indicates there relatively equitable access for ATSI consumers to specialised HCP services.

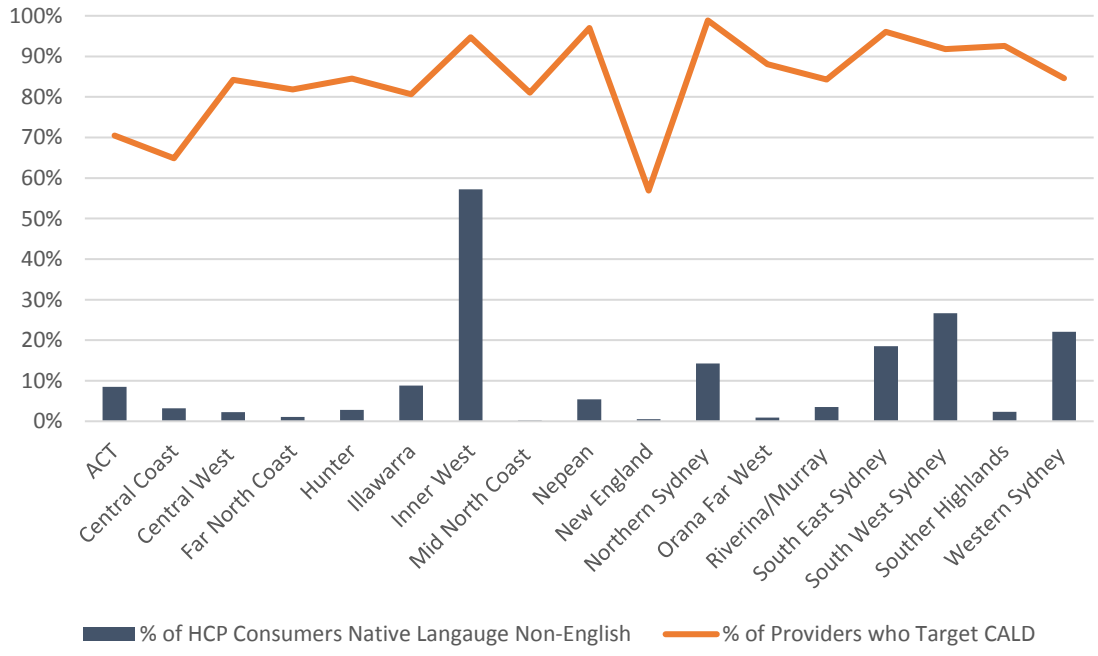
6.2 PRIMARY LANGAUGE AND COUNTRY OF BIRTH

Ansell Strategic has analysed the primary language spoken by existing HCP consumers and their countries of birth (COB) by ACPR compared to the local supply of HCP services who target CALD groups. Our findings have been presented in Graph 61 to Graph 74, inclusive.

Note, our analysis of CALD providers cannot be further refined for specific CALD groups. Therefore, whilst some areas may appear to have proportionately more CALD providers, they may not provide for certain CALD groups, resulting in potential unmet need. In addition, not all providers may state provision of CALD specific services, as such the levels may differ from information provided below. This data also does not capture information about providers who deliver culturally targeted services through translators and community visitor schemes.

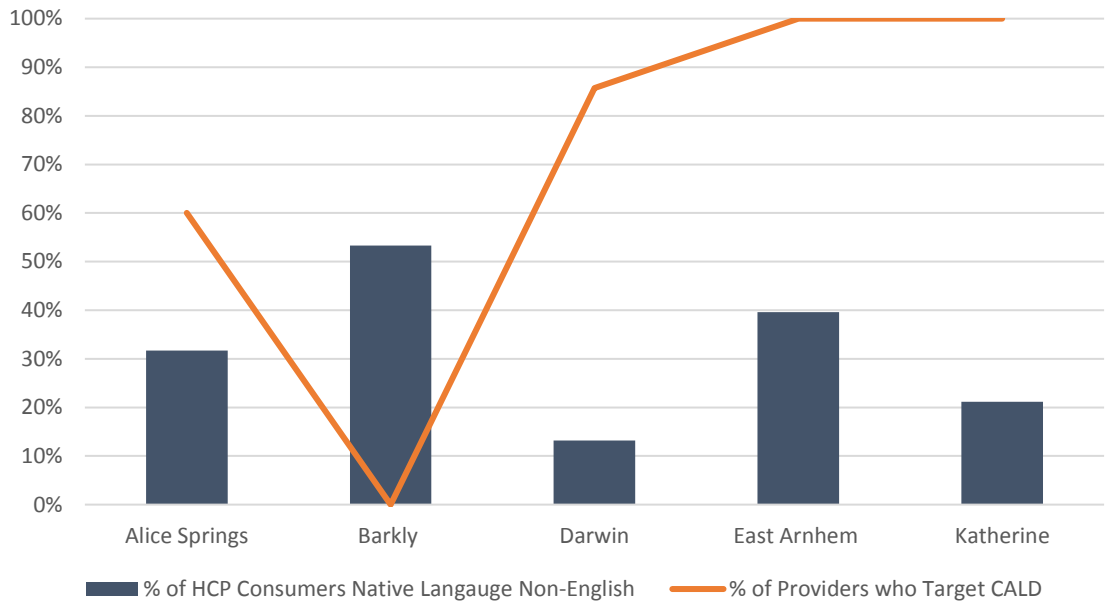
Due to these combined factors, our analysis has been utilised as a high level indication of the supply of CALD HCP services by areas and has not focussed on identifying key ACPRs with restricted access to CALD HCP services.

Graph 61: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in ACT & NSW by ACPR



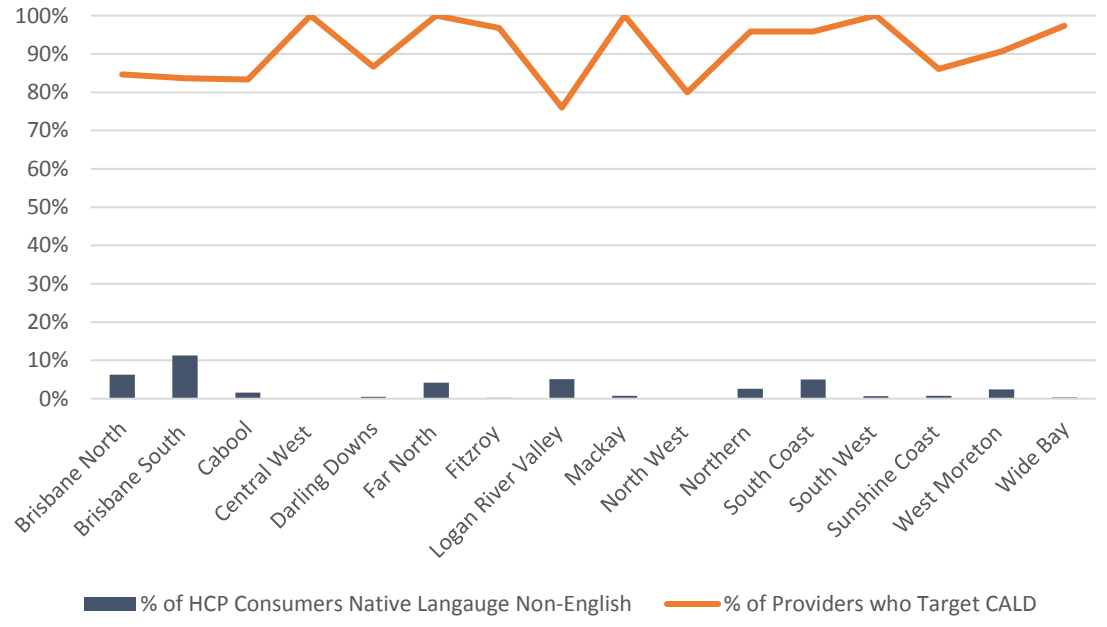
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 62: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in NT by ACPR



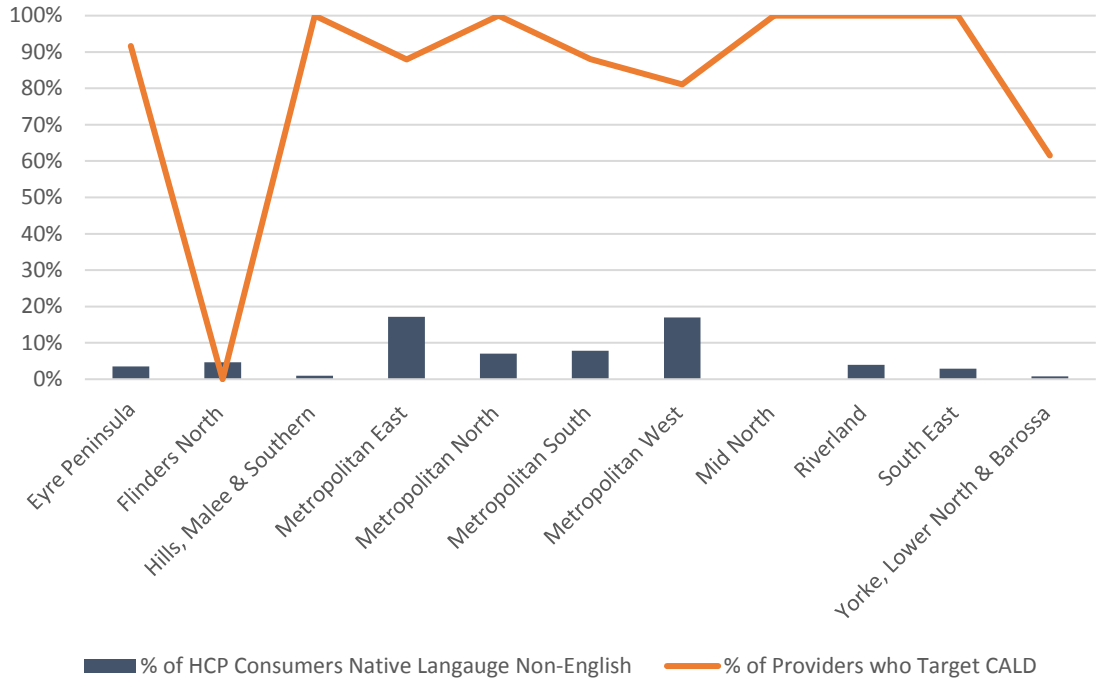
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 63: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in QLD by ACPR



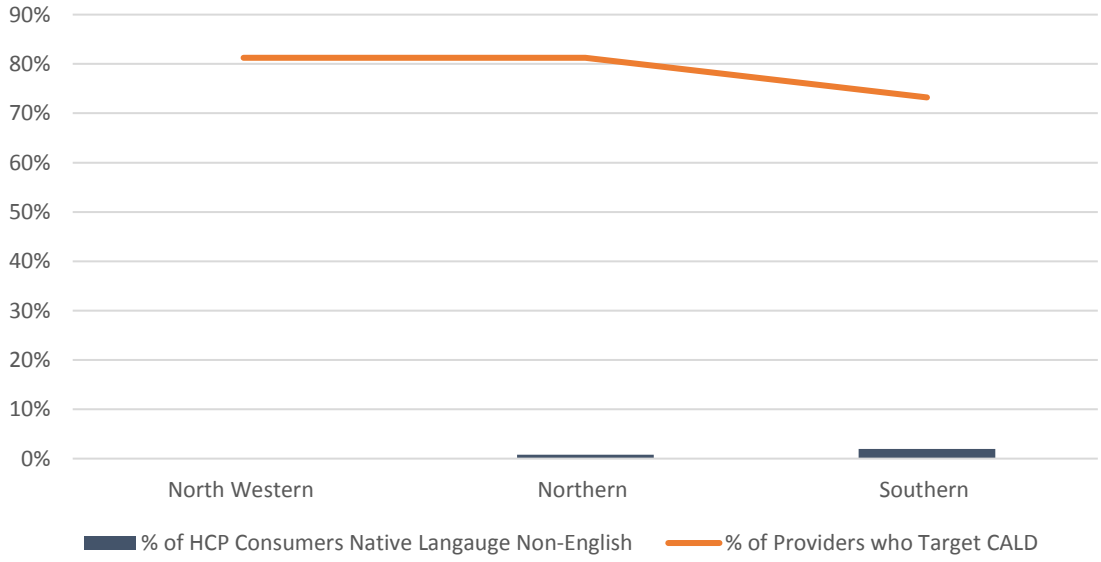
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 64: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in SA by ACPR



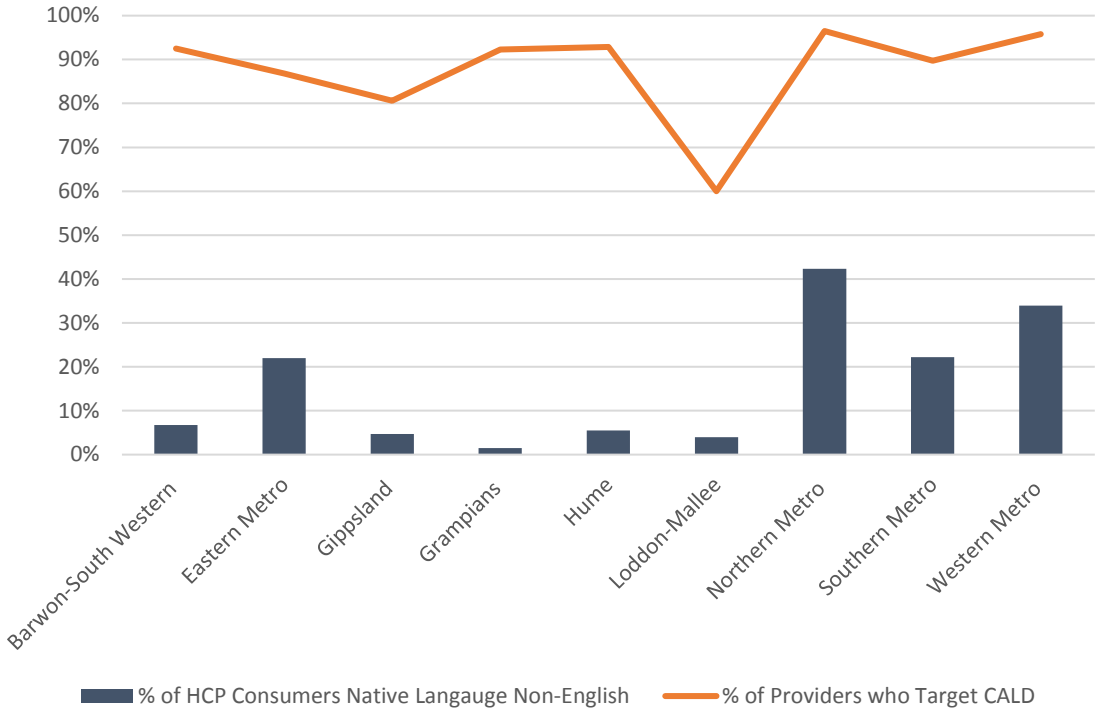
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 65: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in TAS by ACPR



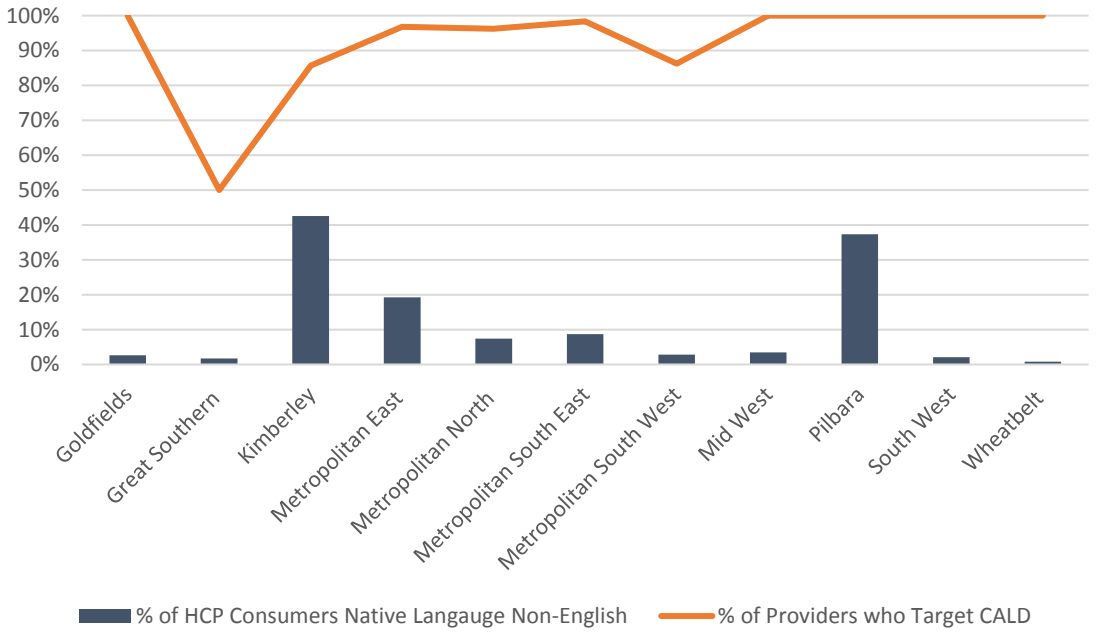
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 66: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in VIC by ACPR



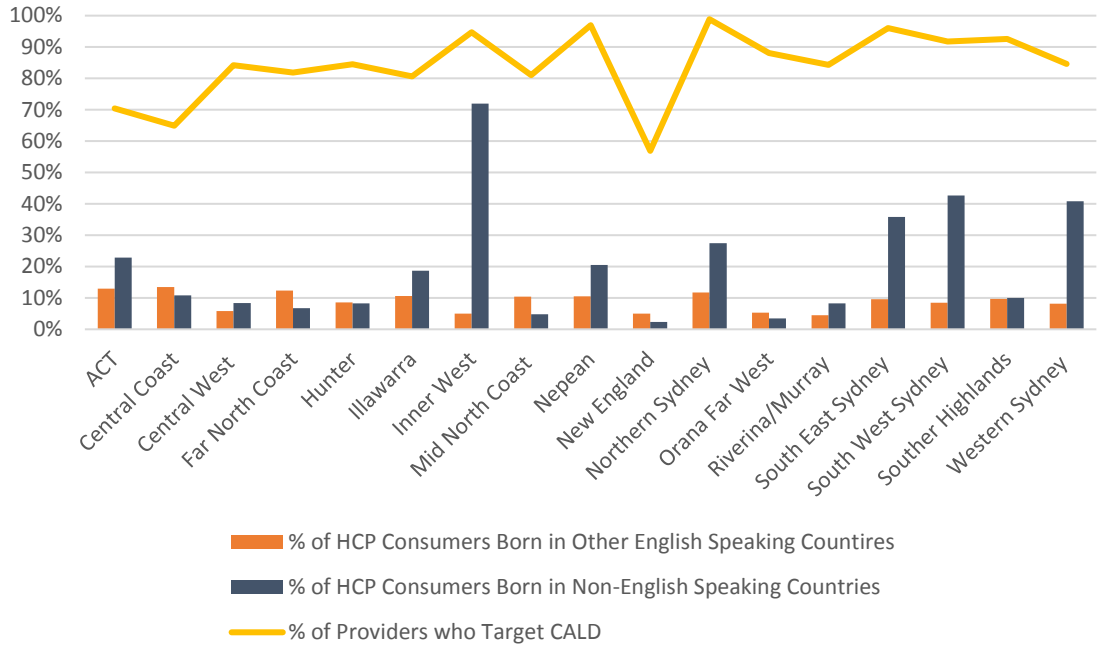
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 67: Proportion of HCP Consumers whose Native Language Is not English Compared to Proportion of HCP Services Targeting CALD in WA by ACPR



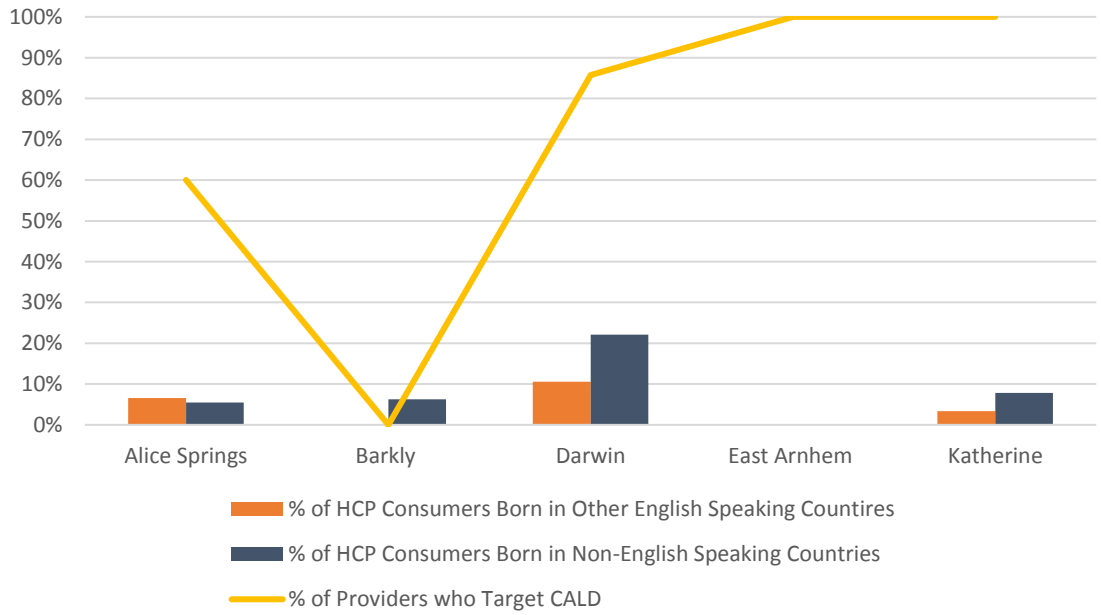
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 68: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in ACT & NSW by ACPR



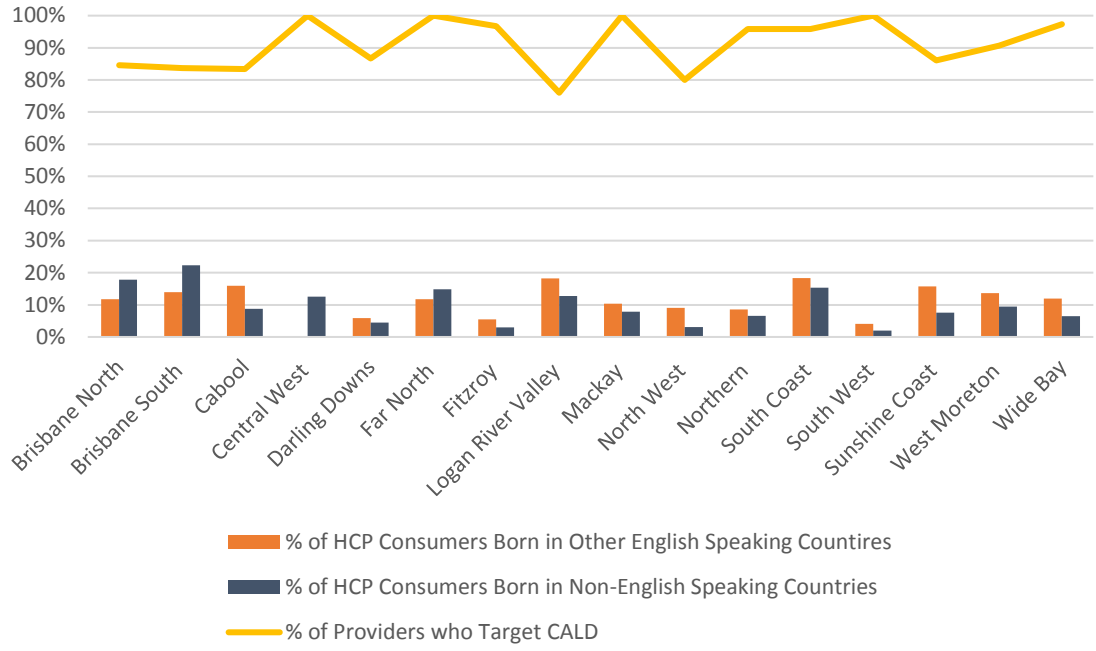
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 69: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in NT by ACPR



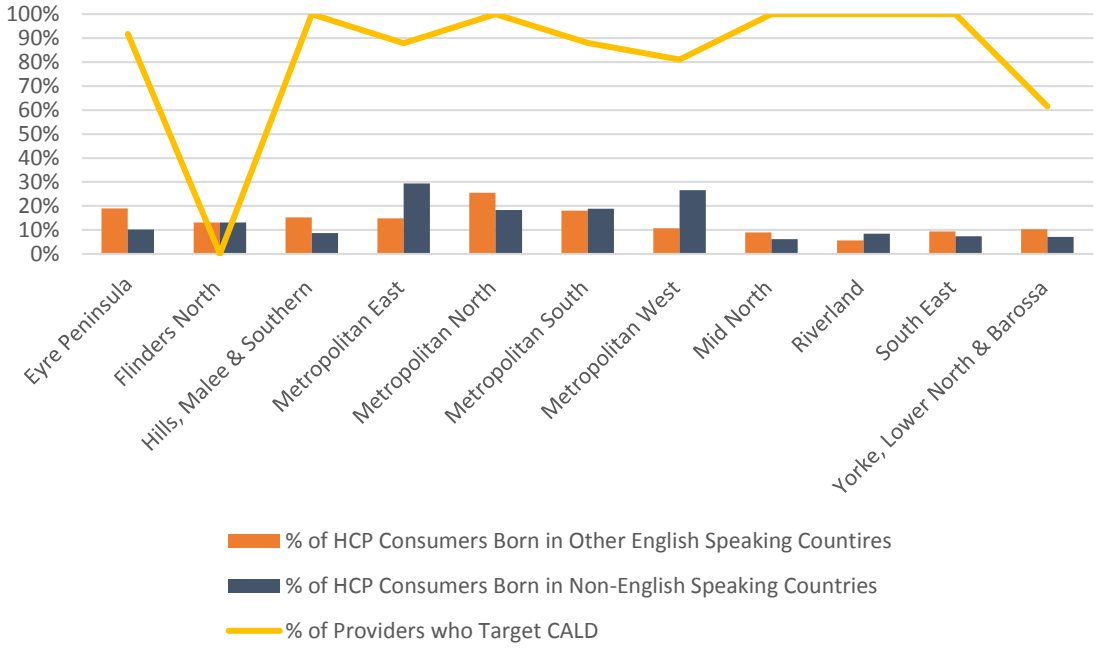
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 70: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in QLD by ACPR



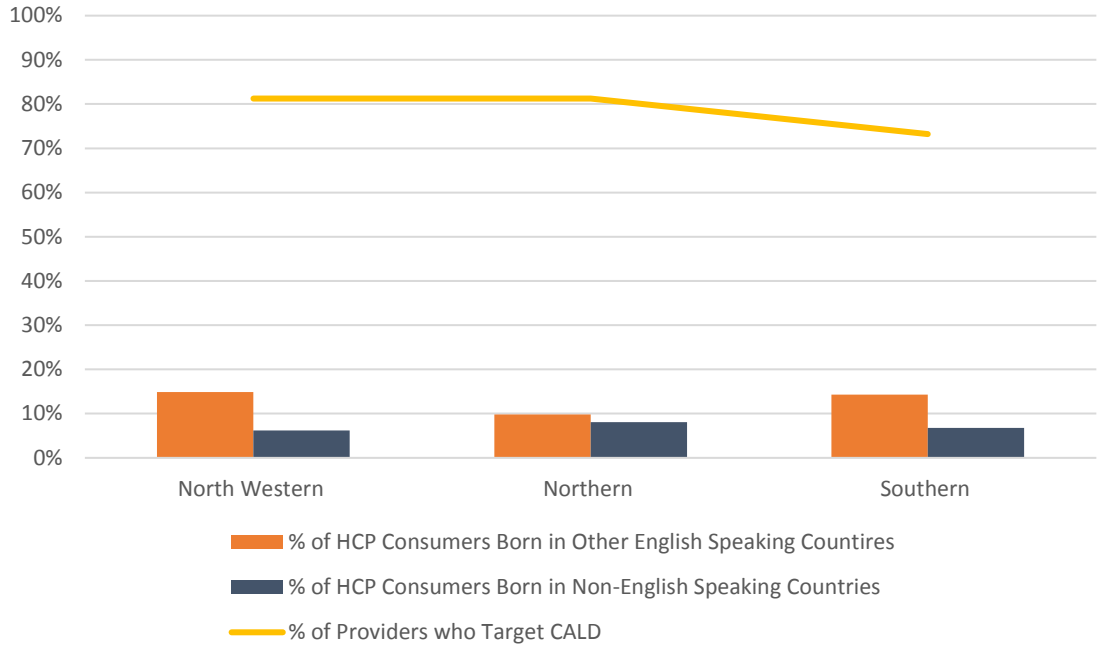
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 71: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in SA by ACPR



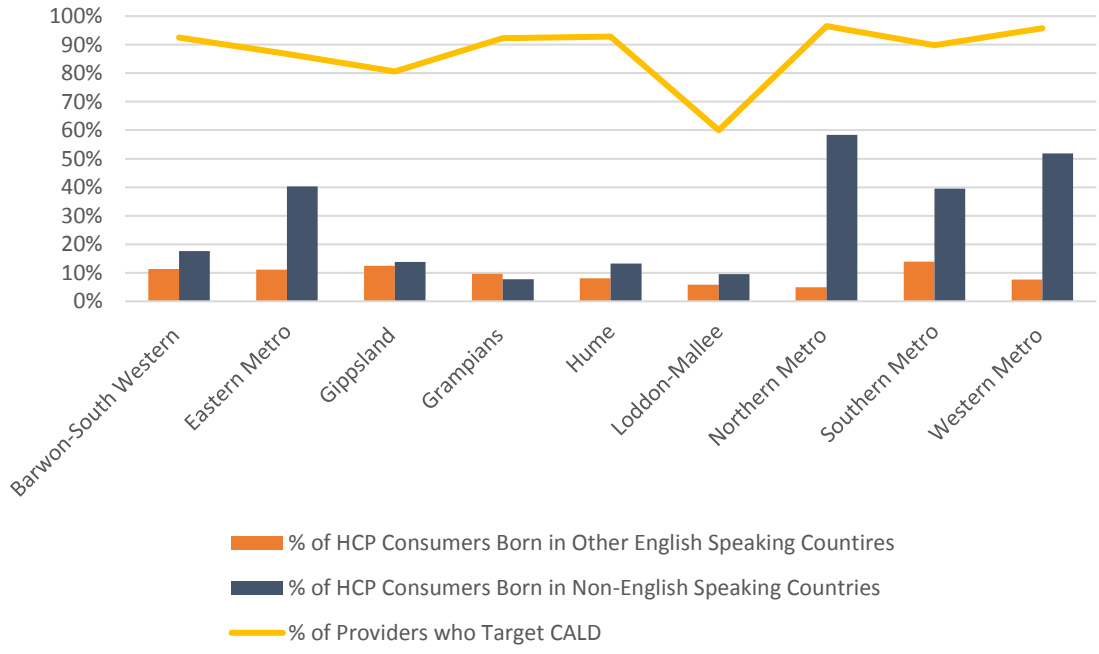
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 72: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in TAS by ACPR



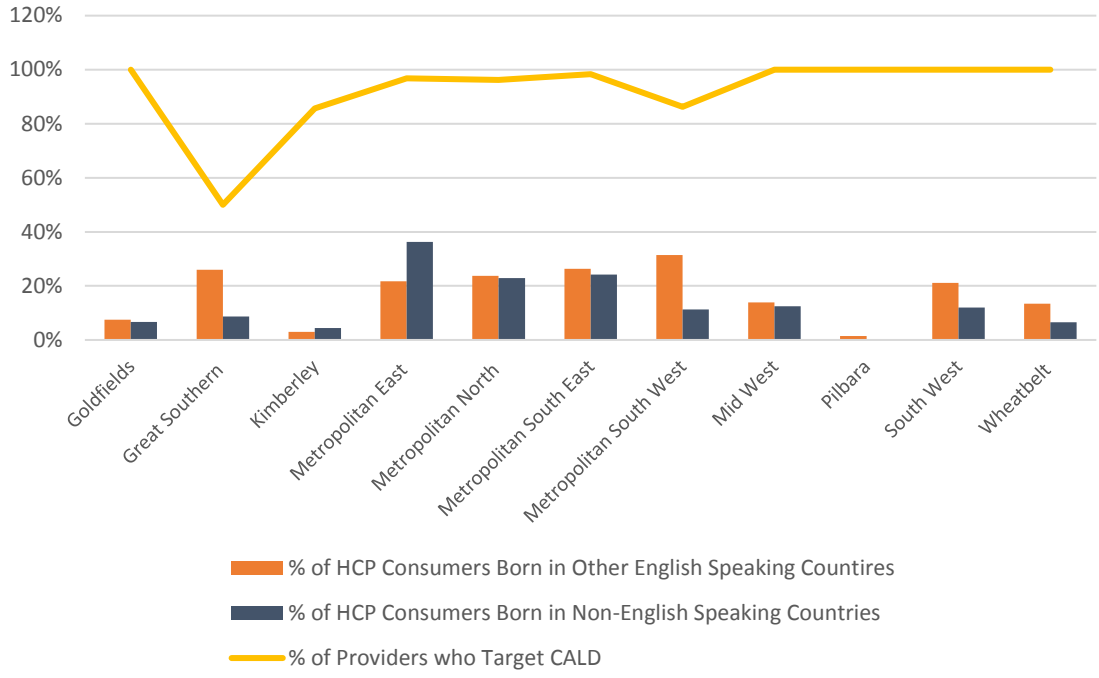
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 73: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in VIC by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 74: Proportion of HCP Consumers' COB Compared to Proportion of HCP Services Targeting CALD in WA by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

At a high level, this analysis indicates that proportion of providers offering CALD specific services appears to broadly reflect the needs of consumers. Regional, rural and remote ACPRs appear to have proportionately fewer HCP services who target CALD consumers.

However, from this data we cannot deter whether HCP providers are offering culturally targeted care services through translators and other community programs. Therefore, it is unclear if there is restricted supply of CALD HCP services in more remote areas of Australia.

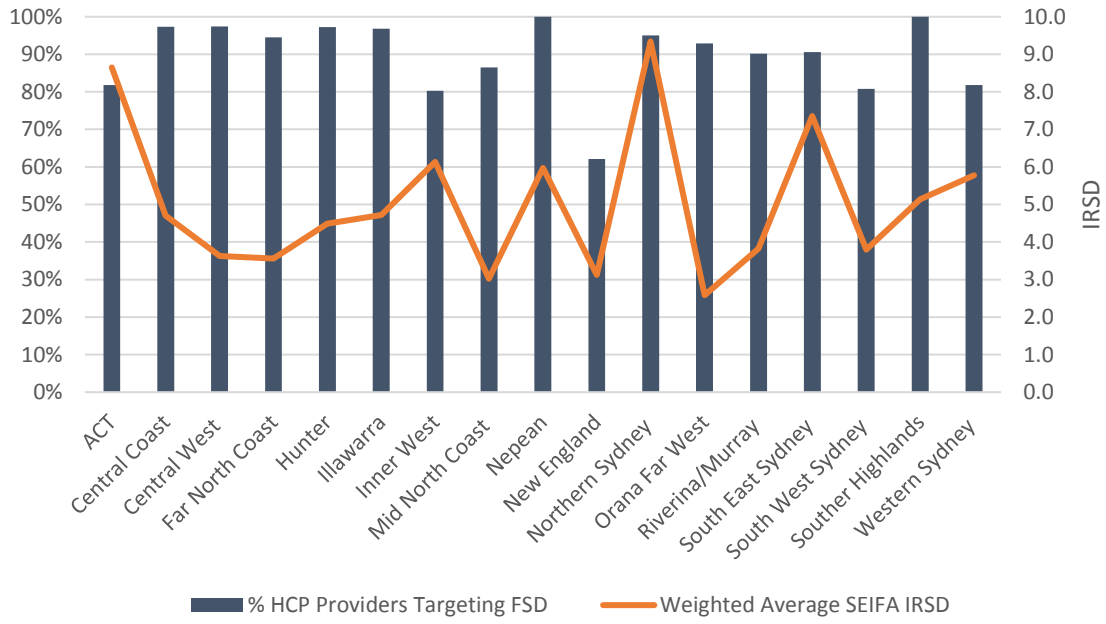
The Federal and some State and Territory Governments have recently commenced a trial program that aims to encourage migrants to settle in regional areas of Australia. As this trial is implemented, there may be additional need for HCP providers to deliver specialised CALD services.

6.3 SOCIO-ECONOMIC INDEX FOR AREAS

Ansell Strategic has analysed HCP service providers who offer FSD targeted care and services by each ACPR's score on the SEIFA by IRSD. ACPRs who achieve an IRSD score of 0 are categorised as highly disadvantaged, and those who score 10 are considered highly advantaged.

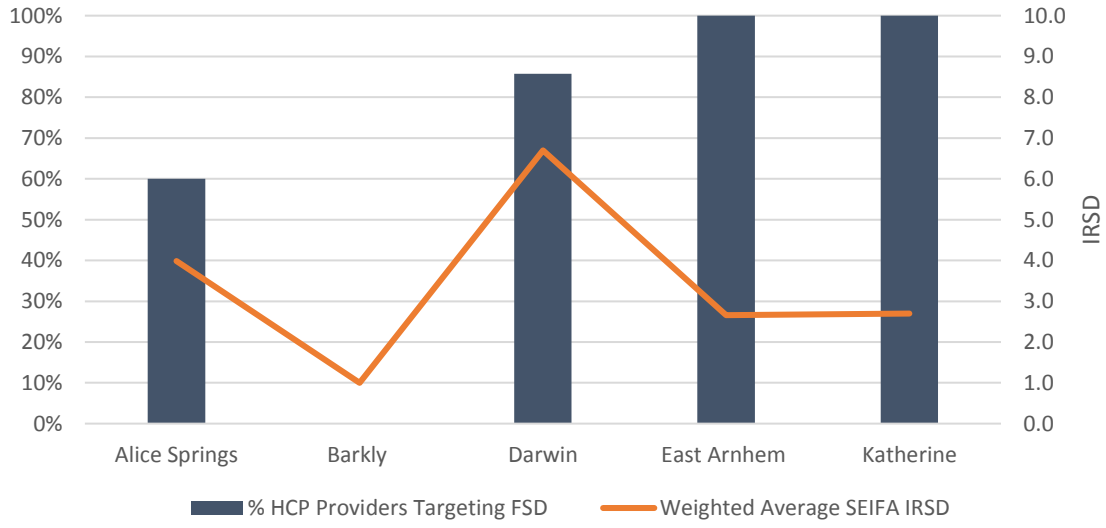
Our results are presented in Graph 75 to Graph 81, inclusive.

Graph 75: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in ACT & NSW



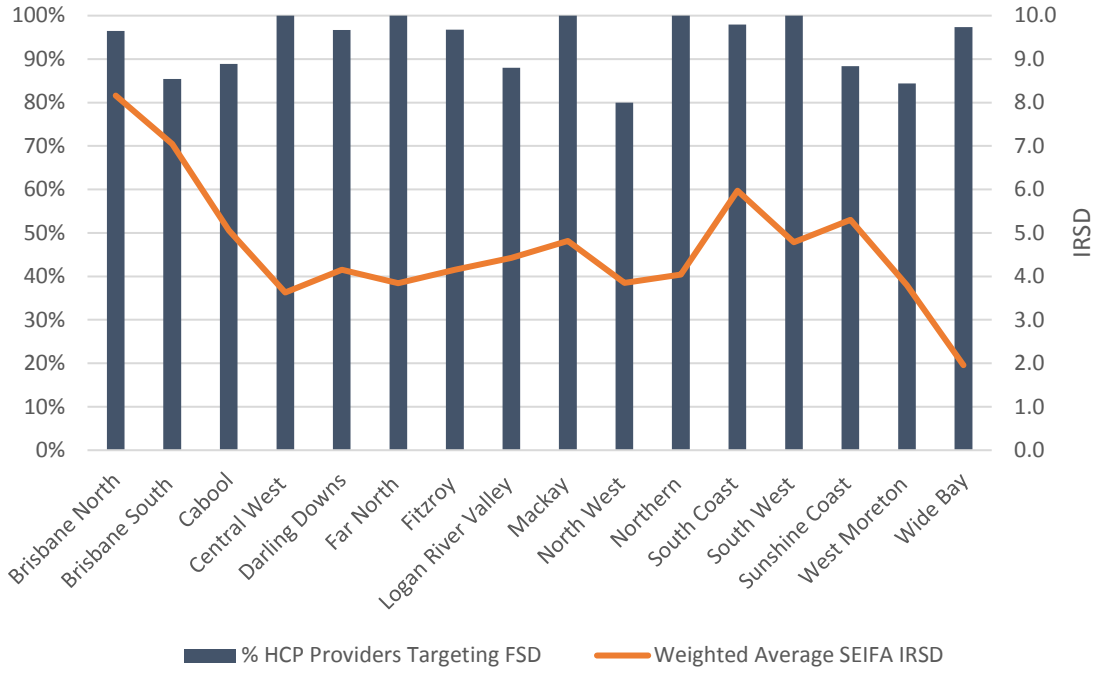
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 76: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in NT



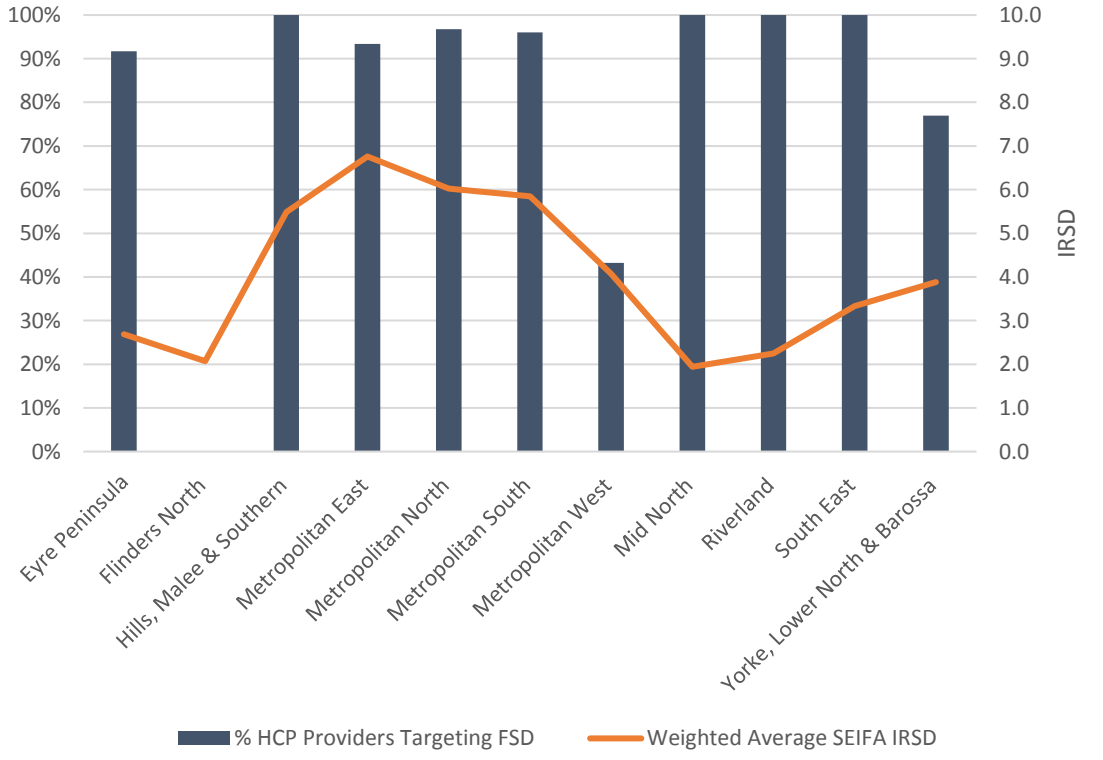
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 77: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in QLD



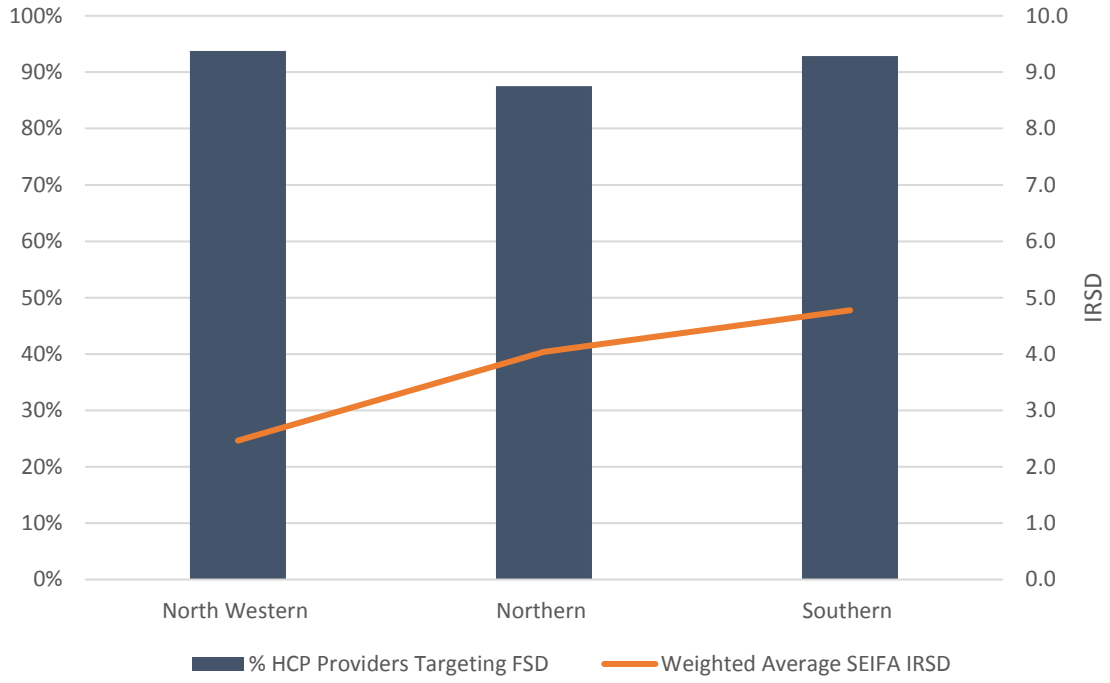
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 78: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in SA



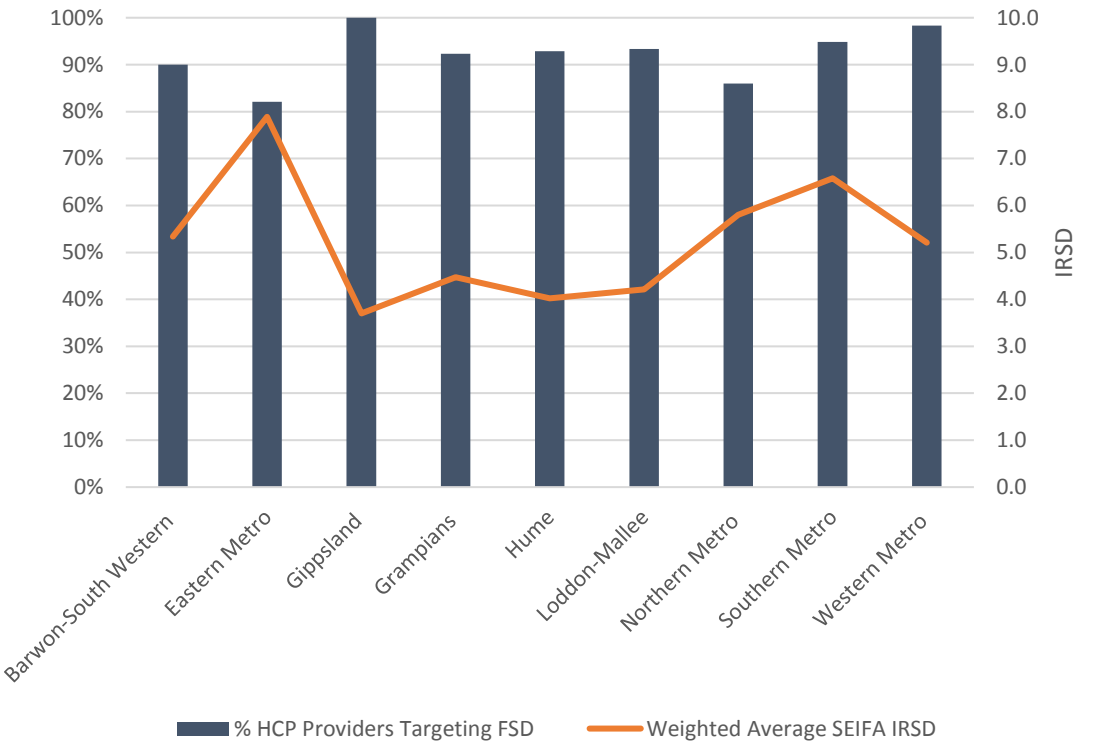
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 79: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in TAS



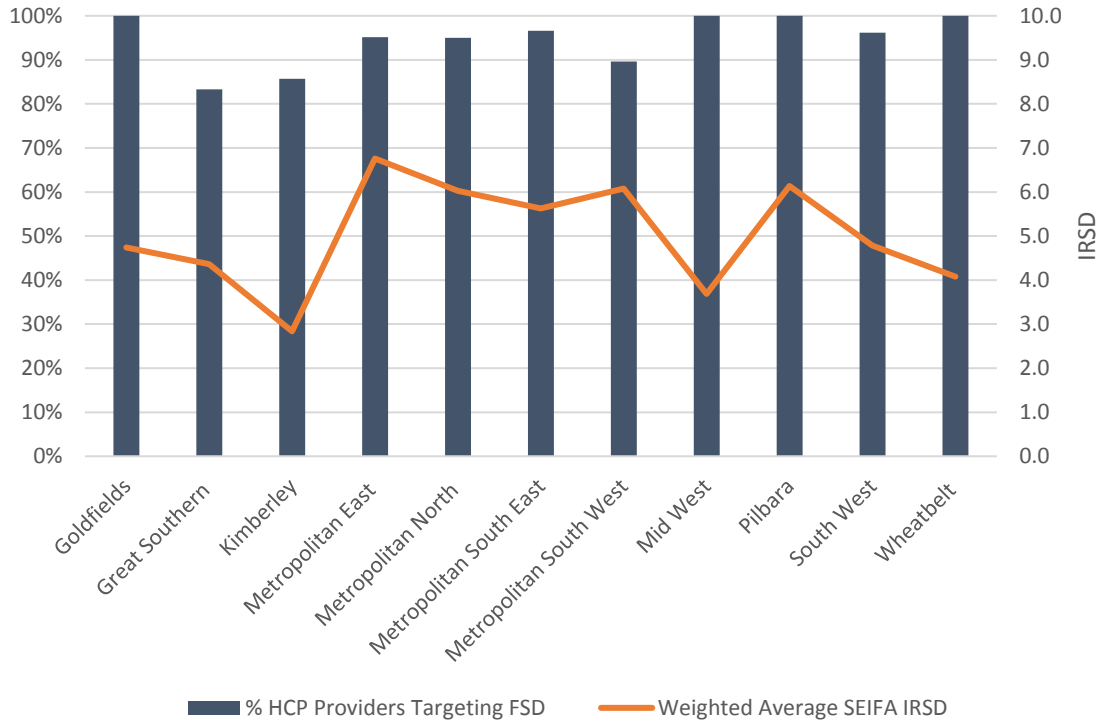
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 80: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in VIC



Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 81: Proportion of HCP Services who Target FSD by ACPRs and their IRSD Score in WA



Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Based on this analysis, it appears that the overarching trend is that many HCP service providers target FSD in areas that score low in the IRSD, or that are very financially and socially disadvantaged.

Barkly (NT), Flinders North (SA) and New England (NSW) were the exceptions to this trend.

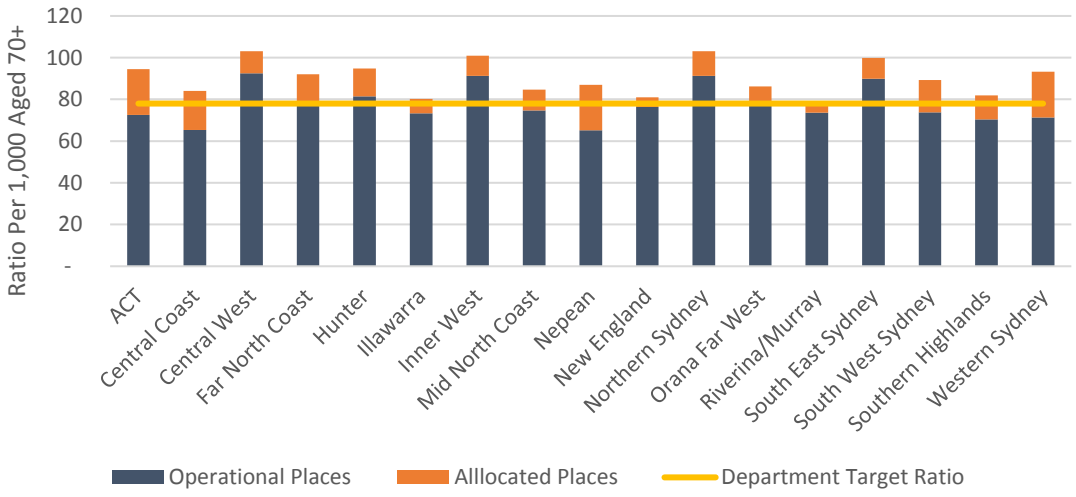
There appear to be adequate levels of HCP services who target the FSD in financially and socially disadvantaged communities in most ACPRs.

7. RAC OPERATIONAL AND ALLOCATED PLACES

To assess the relative supply of residential aged care places, we have reviewed current operational places per ACPR. We have then compared this to provisionally allocated and unused places per ACPR to understand future supply in the short term.

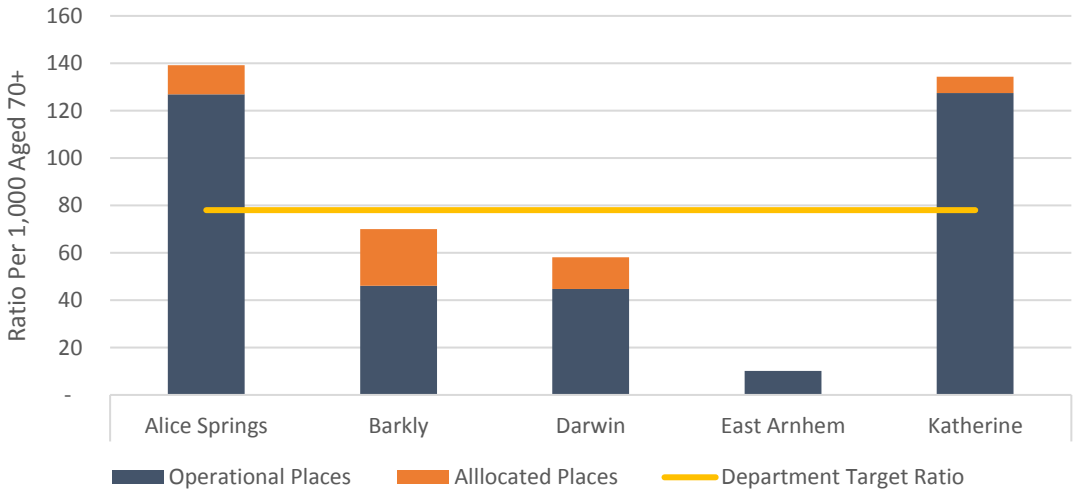
There are currently 250,300 residential care places allocated across Australia. Of these, approximately 31,700 are provisionally allocated and 7,100 are unused. In total, approximately 18% of allocated places are not operational. Nearly 10,000 places were allocated in the previous Aged Care Approvals Round (ACAR). Based on average design and construct time frames, these places are unlikely to come on line for approximately 4 years. Further, the unused places often reflect places that operators have taken off for refurbishment, renovation or extension of existing homes.

Graph 82: Allocated and Operational Places, ACT & NSW per ACPR, 30 June 2018



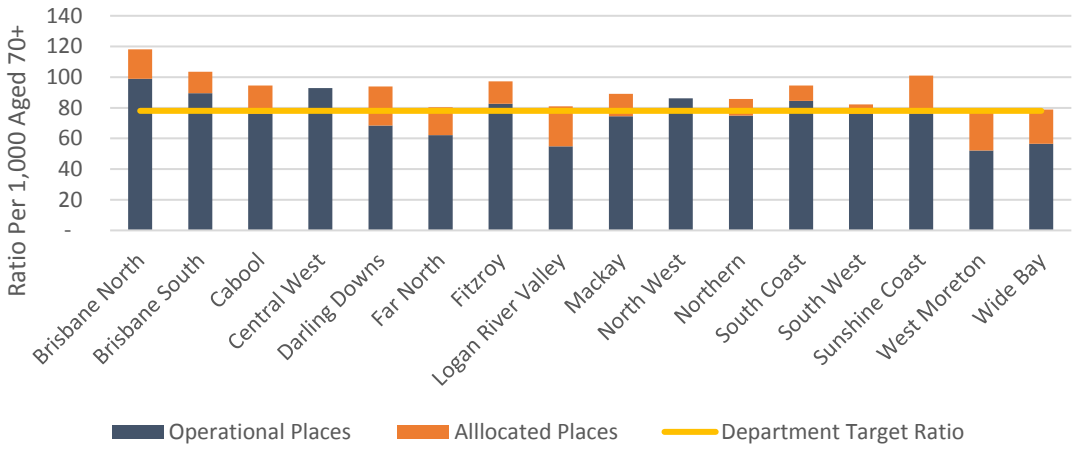
Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 83: Allocated and Operational Places, NT per ACPR, 30 June 2018



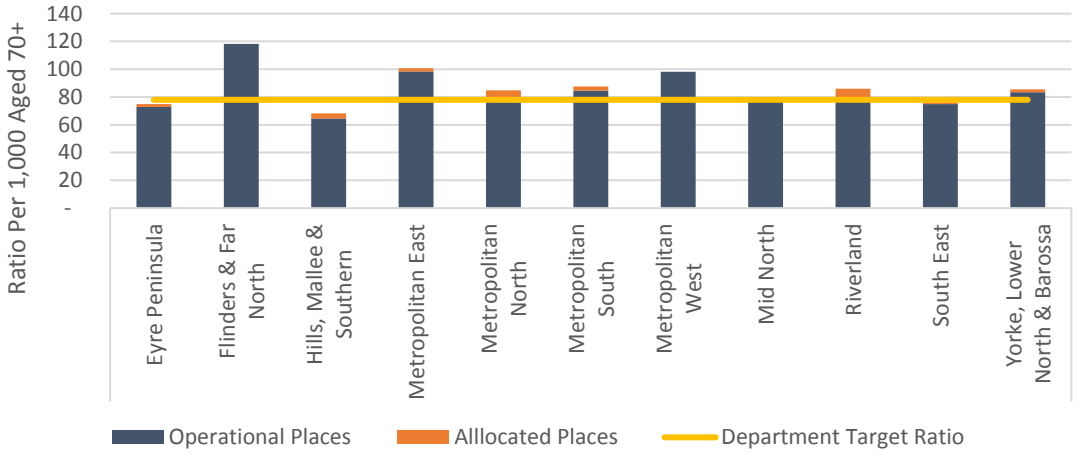
Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 84: Allocated and Operational Places, QLD per ACPR, 30 June 2018



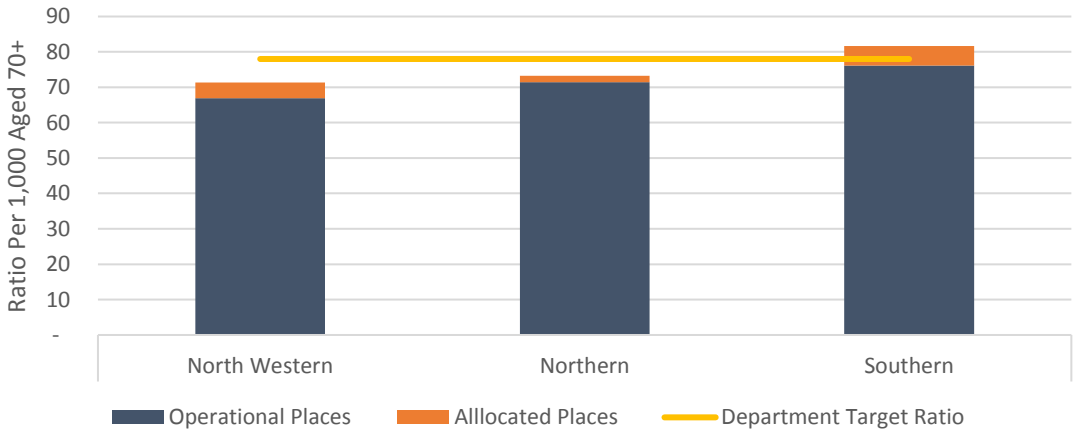
Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 85: Allocated and Operational Places, SA per ACPR, 30 June 2018



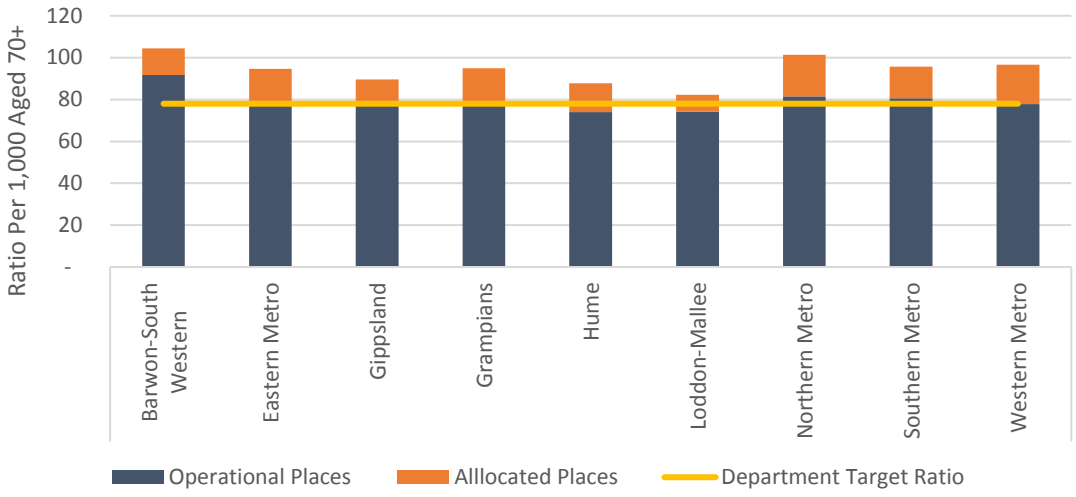
Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 86: Allocated and Operational Places, TAS per ACPR, 30 June 2018



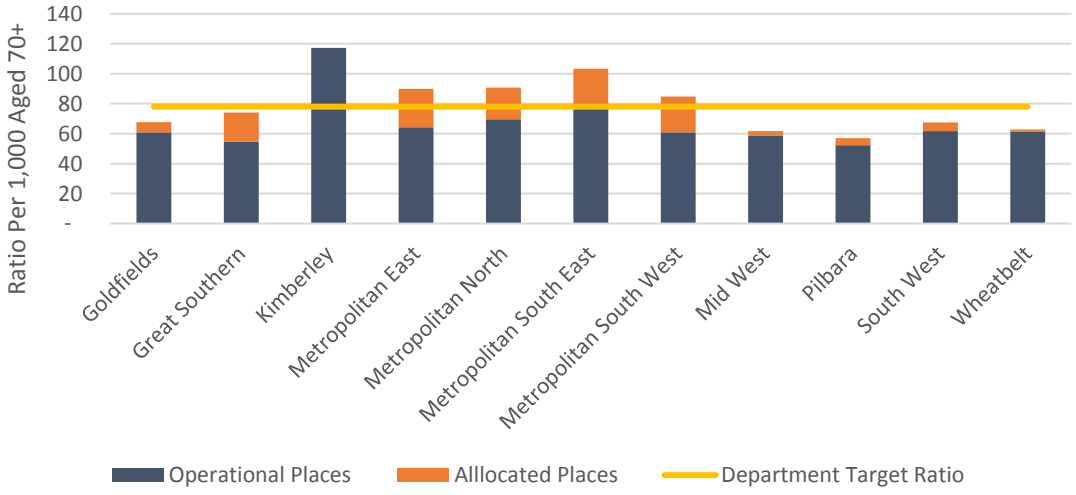
Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 87: Allocated and Operational Places, VIC per ACPR, 30 June 2018



Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

Graph 88: Allocated and Operational Places, WA per ACPR, 30 June 2018



Source: AIHW Department of Health, Services and Places in Aged Care Stocktake Data: 30 June 2018

The above analysis highlights that there are ACPRs that are both under and overallocated with RAC places. Areas that appear to have proportionally lower allocations include:

- Barkly (NT)
- Darwin (NT)
- East Arnhem (NT)
- Hills, Mallee & Southern (SA)
- North Western (TAS)
- Goldfields (WA)
- Mid West (WA)
- Pilbara (WA)

- South West (WA)
- Wheatbelt (WA)

As evident from the above analysis and from a general perspective, ACPRs that appear to have an undersuply of RAC are primarily located in regional, rural and remote areas.

8. RAC CONSUMER CHARACTERISTICS AND TARGETED SUPPLY

Ansell Strategic has reviewed the demographic characteristics of RAC consumers and combined this data with the supply of RAC providers who offer tailored care to meet their specific needs. This analysis allows us to understand if specialist supply meets specific demand levels by SNGs in each ACPR.

It is important to note that based on the data that Ansell Strategic was able to access, there does not appear to be data on the actual number of places under each SNG type that providers offer across Australia. Because of this, the true supply of SNG bed licenses is unknown. Our analysis is therefore based on the number of RAC facilities across all ACPRs who report to offer targeted care under the following SNGs:

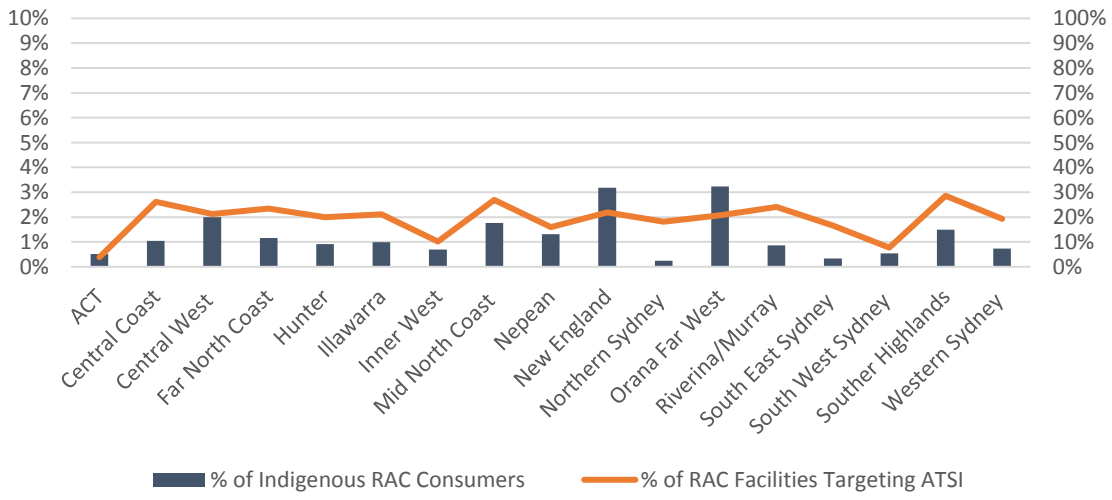
- ATSI;
- CALD; and
- FSD.

Our findings have been outlined below.

8.1 INDIGENOUS STATUS

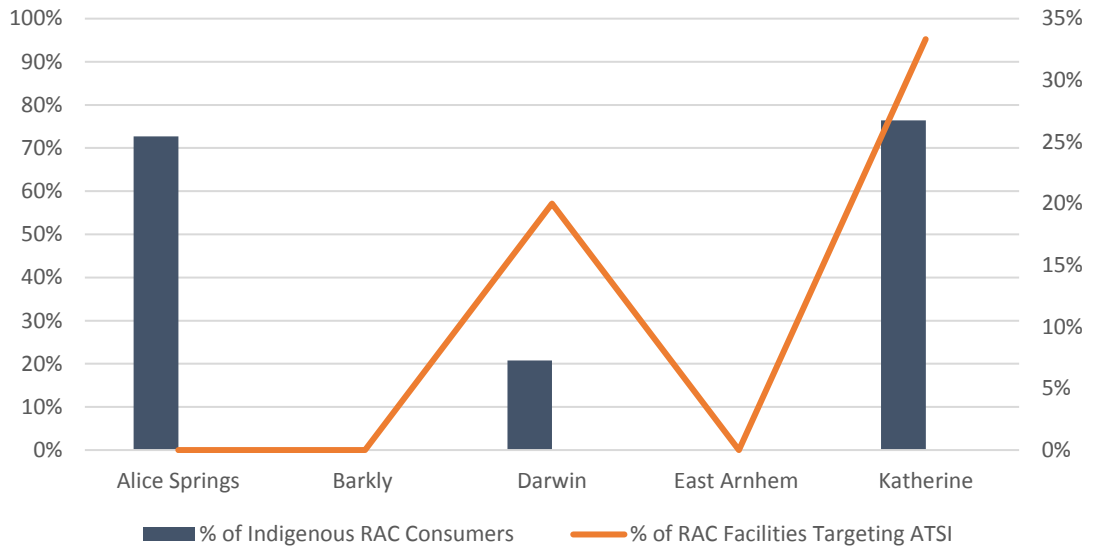
Ansell Strategic has analysed the number of RAC consumers who are Indigenous, non-Indigenous and those where their Indigenous status is unknown. We overlayed this data with the proportion of RAC facilities who target ATSI consumers. The results have been mapped by ACPR and are illustrated in Graph 89 to Graph 95, inclusive.

Graph 89: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in ACT & NSW by ACPR



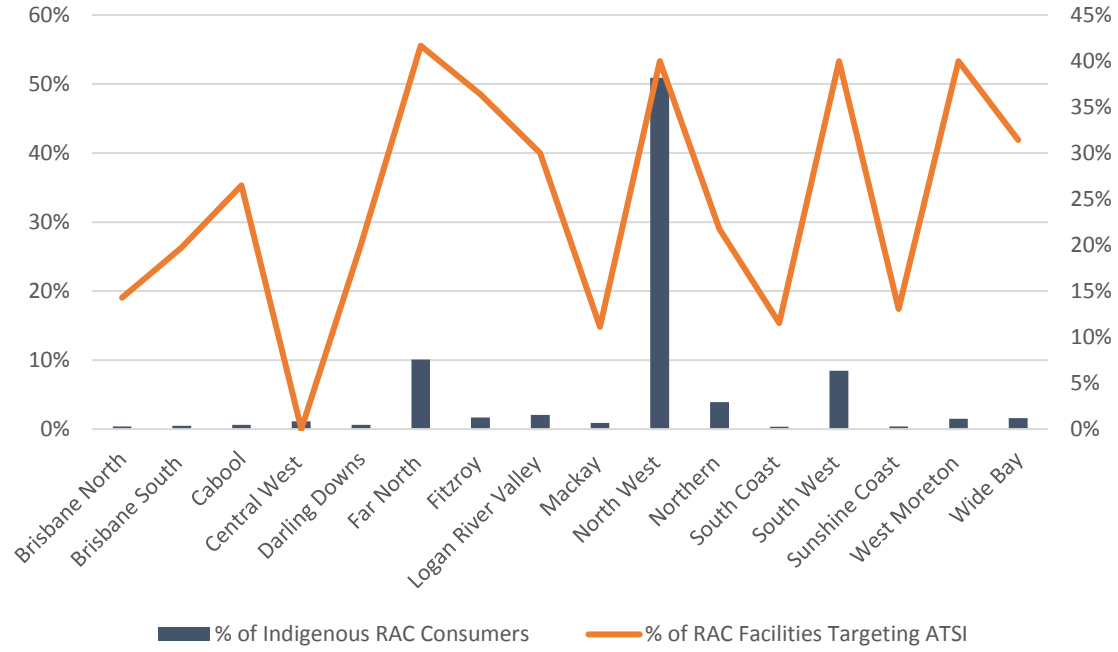
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 90: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in NT by ACPR



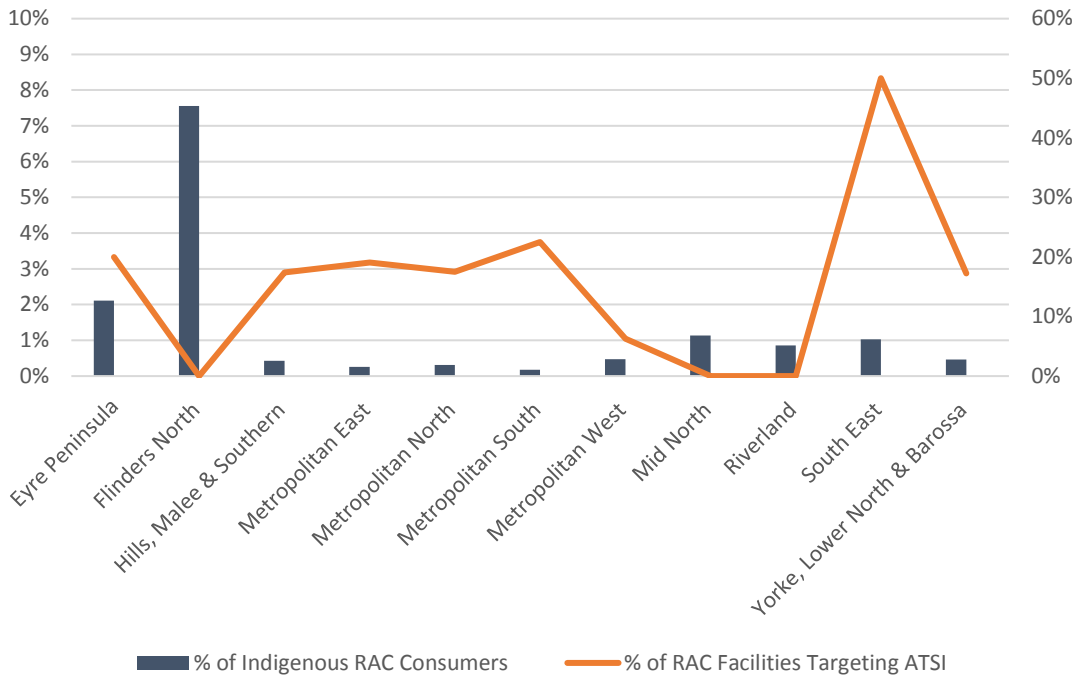
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 91: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in QLD by ACPR



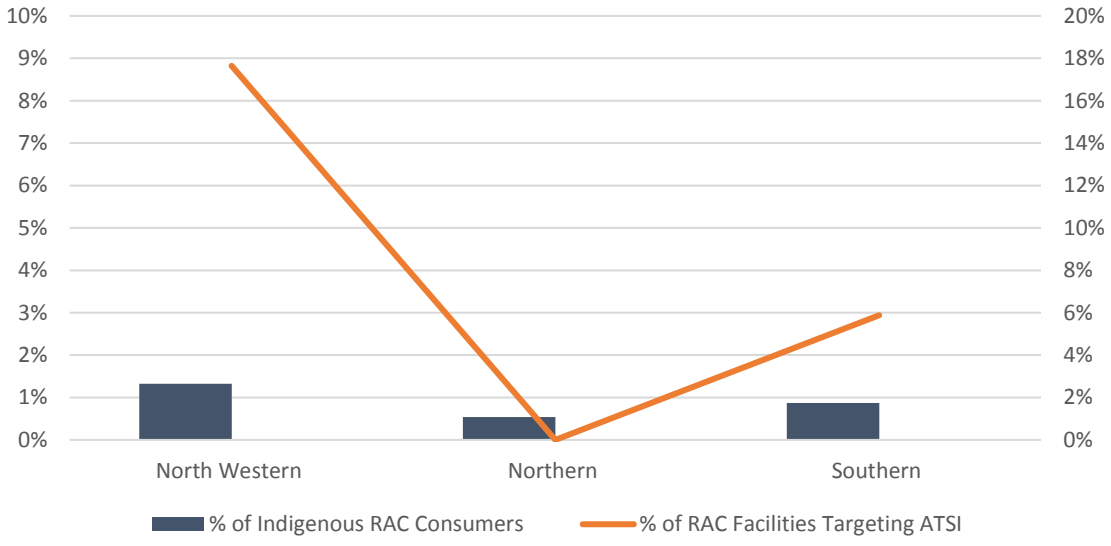
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 92: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in SA by ACPR



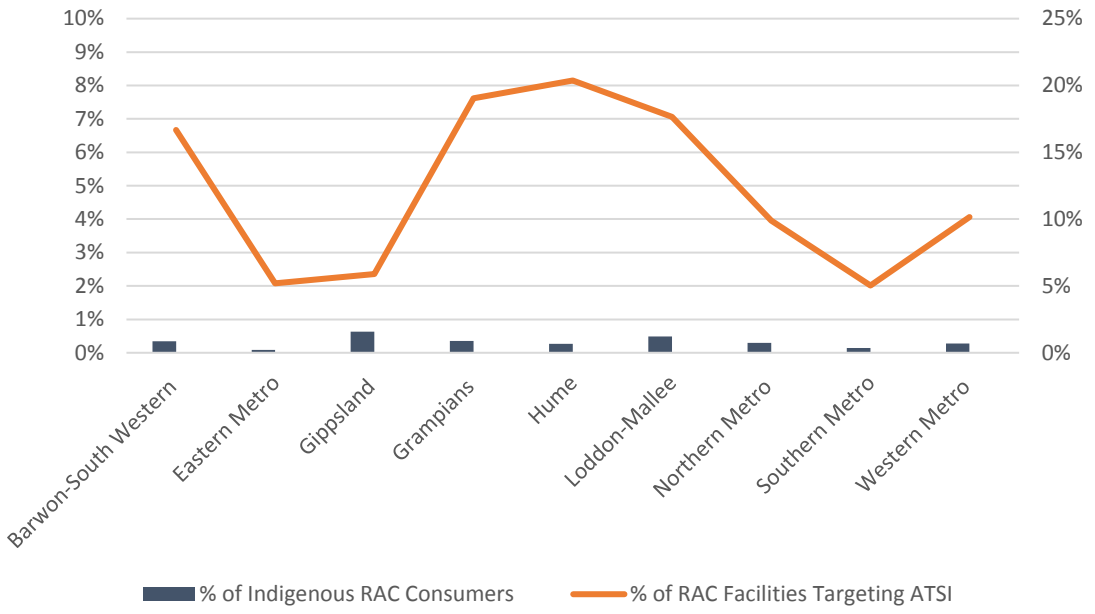
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 93: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in TAS by ACPR



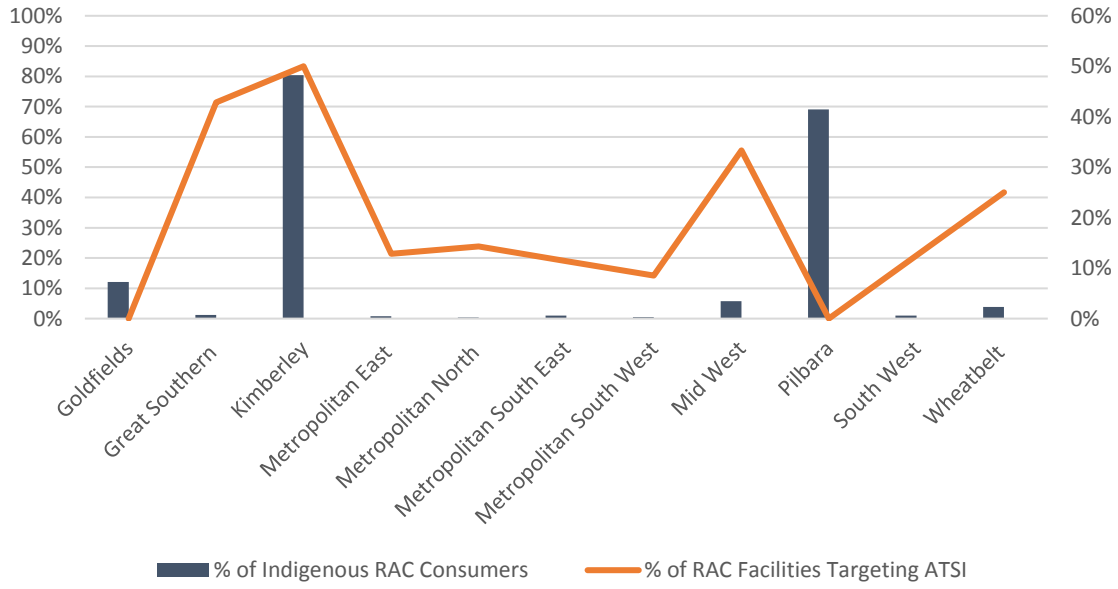
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 94: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in VIC by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 95: Proportion of Indigenous Consumers Compared to Proportion of RAC Facilities Targeting ATSI in WA by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

From this data, it appears that the overarching trend is that ACPRs located in regional, rural and remote areas possess lower proportions of facilities who report to offer ATSI targeted care and accommodation. This suggests the Indigenous communities living in outer ACPRs have limited choice and access to specialised aged care services.

There are ACPRs who appear to have limited registered ATSI services and high numbers of Indigenous consumers. These include all ACPRs situated within the NT, Northwest (QLD), Kimberly (WA) and Pilbara (WA).

These findings indicate that the supply of ATSI specific RAC generally reflected the demand within the area. There were some ACPRs which had limited registered ATSI services and/or ATSI RAC consumers. However, this may reflect the availability of flexible care programs that aim to target and provide care to ATSI who may require an alternate approach from mainstream home care and residential aged care.

In addition, our assessment of providers located in ACPRs with seemingly no or few RAC services targeting ATSI revealed that whilst these providers do not report offering ATSI beds in the Department's database, they advertise ATSI specific services on their websites. This indicates that the supply of ATSI targeted care and accommodation may actually be higher in some ACPRs than evident in our analysis.

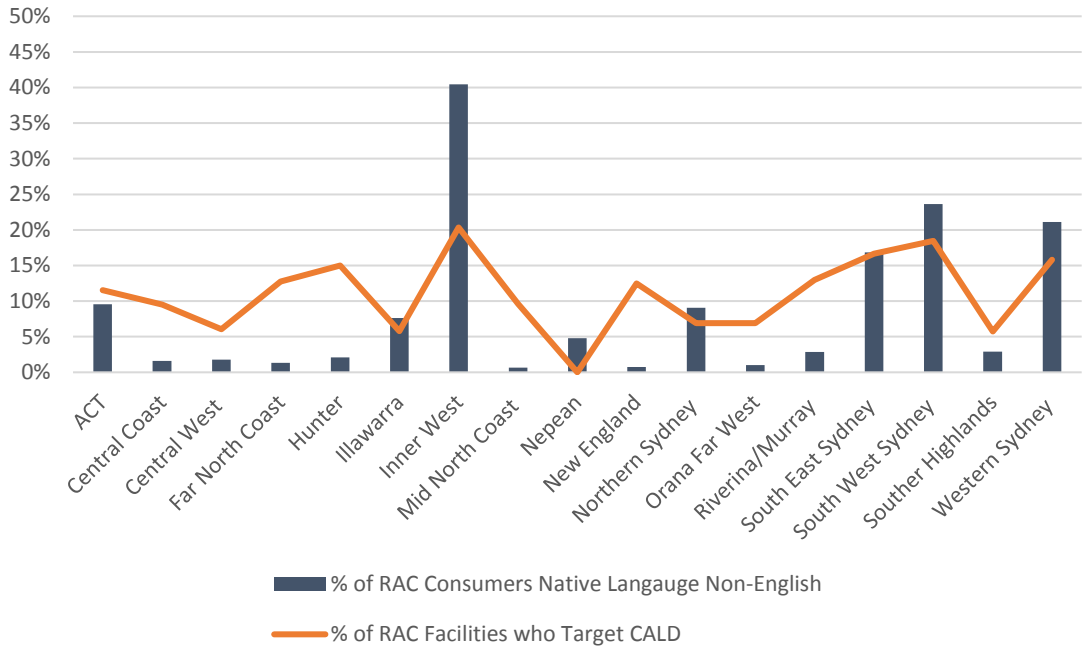
8.2 PRIMARY LANGUAGE AND COUNTRY OF BIRTH

An analysis of RAC consumers who speak a language other than English as their primary language and those whose COB was a non-English speaking country has been combined with data on the number of RAC facilities who offer CALD places.

Similar to our analysis of CALD HCP providers, we have been unable to further investigate the total number of CALD beds offered by providers, the specific demographic groups that these target and whether other culturally targeted services, such as translator services and community programs, are offered by providers. As such, the following analysis is a high level representation of the demand and supply of CALD specific RAC services.

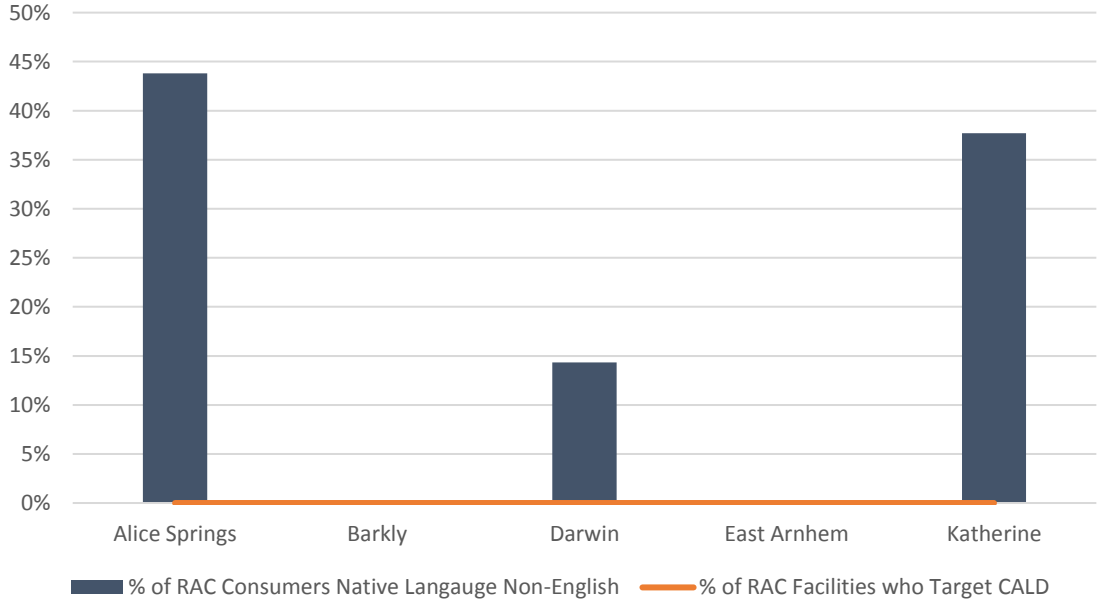
The findings have been presented in Graph 96 to Graph 109, inclusive.

Graph 96: Proportion of RAC Consumers whose Native Language is not English Compared to Proportion of RAC Facilities Targeting CALD in ACT & NSW by ACPR



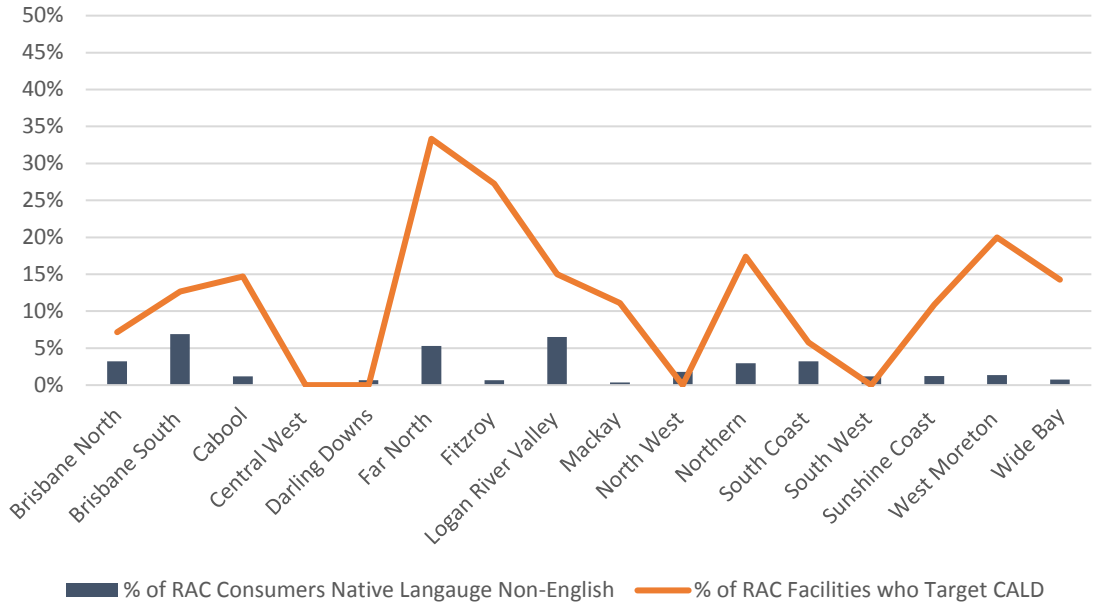
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 97: Proportion of RAC Consumers whose Native Language is not English Compared to Proportion of RAC Facilities Targeting CALD in NT by ACPR



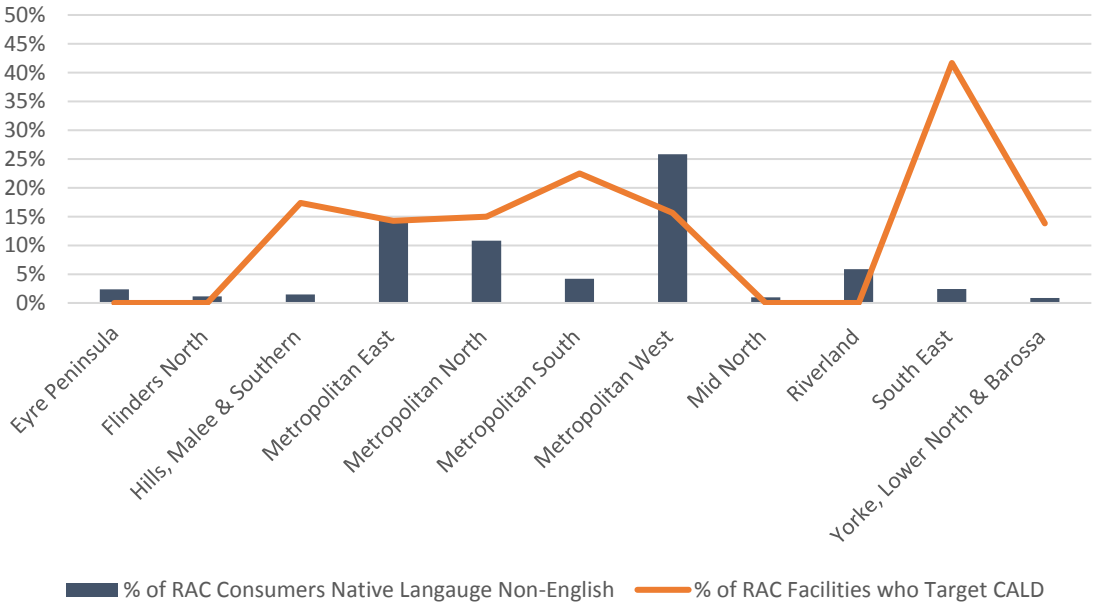
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 98: Proportion of RAC Consumers whose Native Language Is not English Compared to Proportion of RAC Facilities Targeting CALD in QLD by ACPR



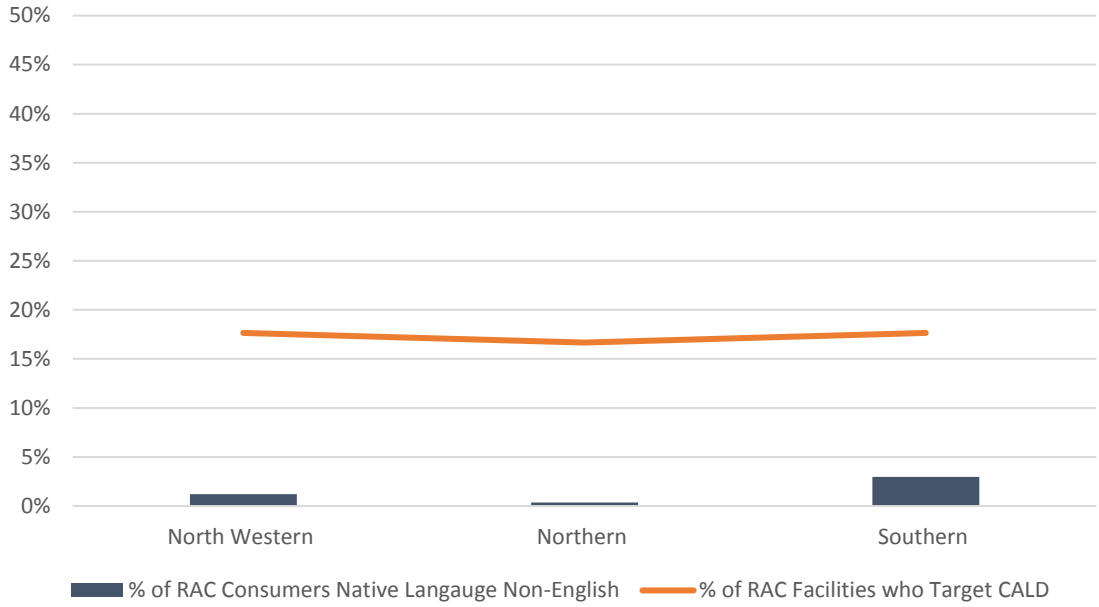
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 99: Proportion of RAC Consumers whose Native Language Is not English Compared to Proportion of RAC Facilities Targeting CALD in SA by ACPR



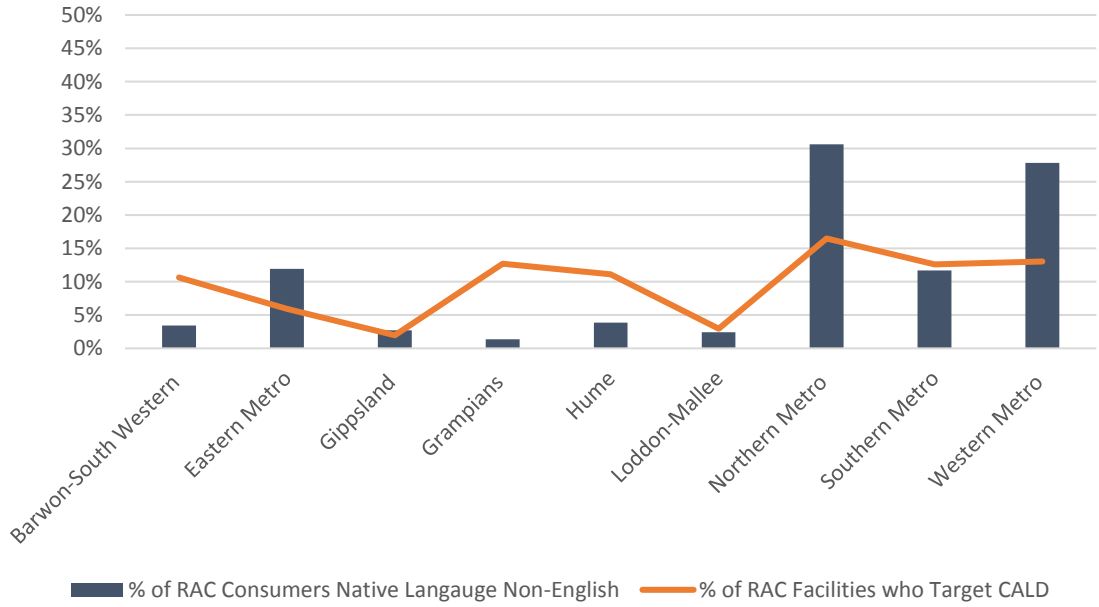
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 100: Proportion of RAC Consumers whose Native Language is not English Compared to Proportion of RAC Facilities Targeting CALD in TAS by ACPR



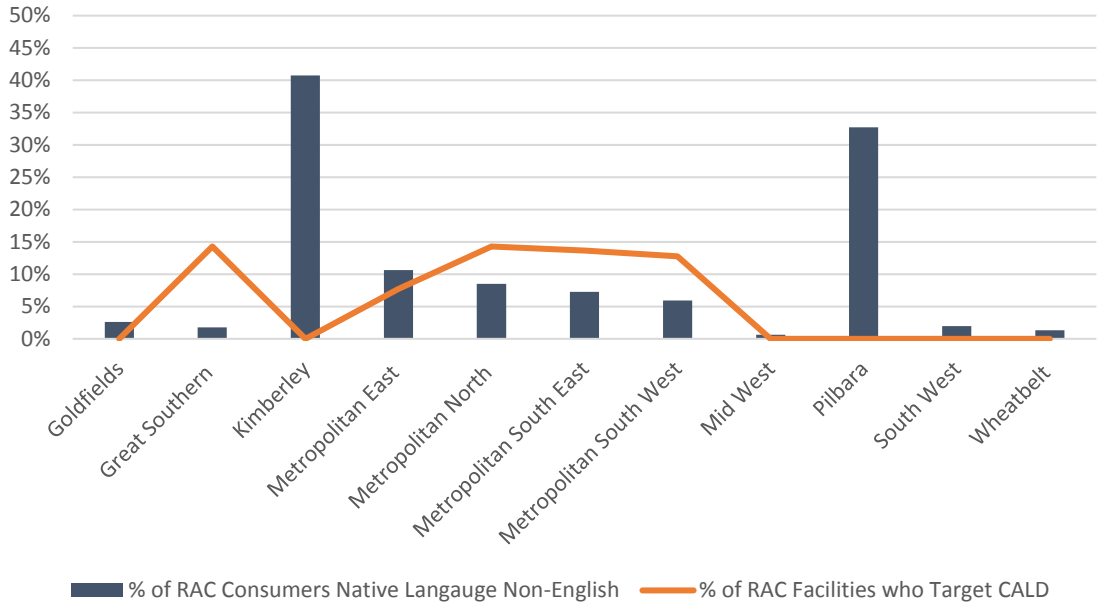
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 101: Proportion of RAC Consumers whose Native Language is not English Compared to Proportion of RAC Facilities Targeting CALD in VIC by ACPR



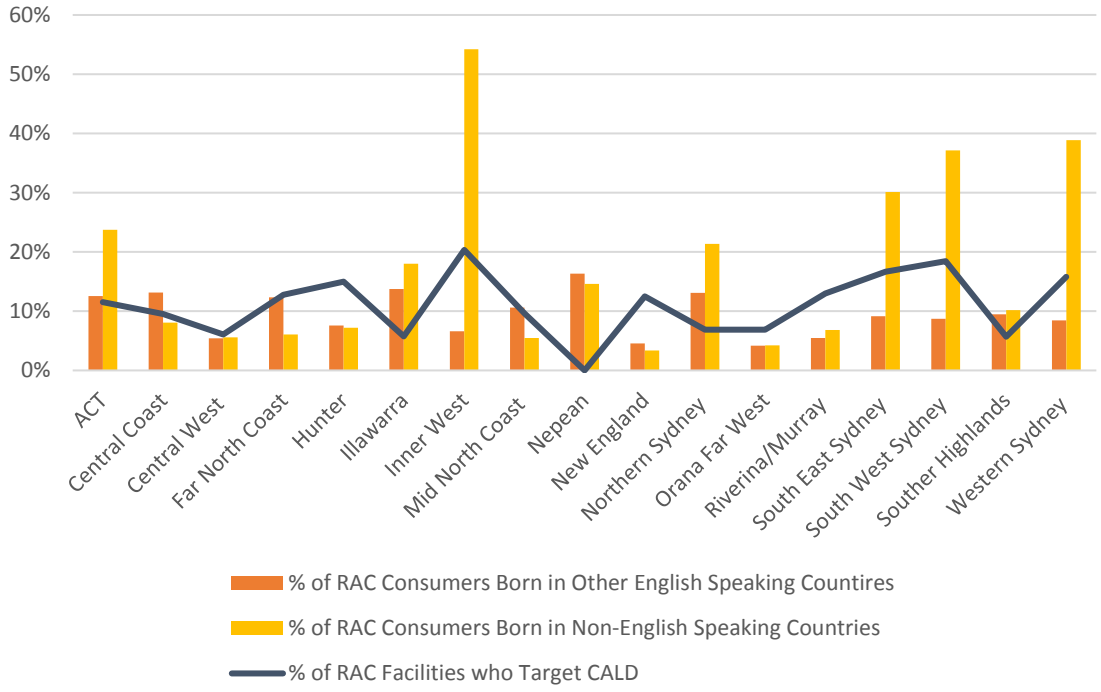
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 102: Proportion of RAC Consumers whose Native Language is not English Compared to Proportion of RAC Facilities Targeting CALD in WA by ACPR



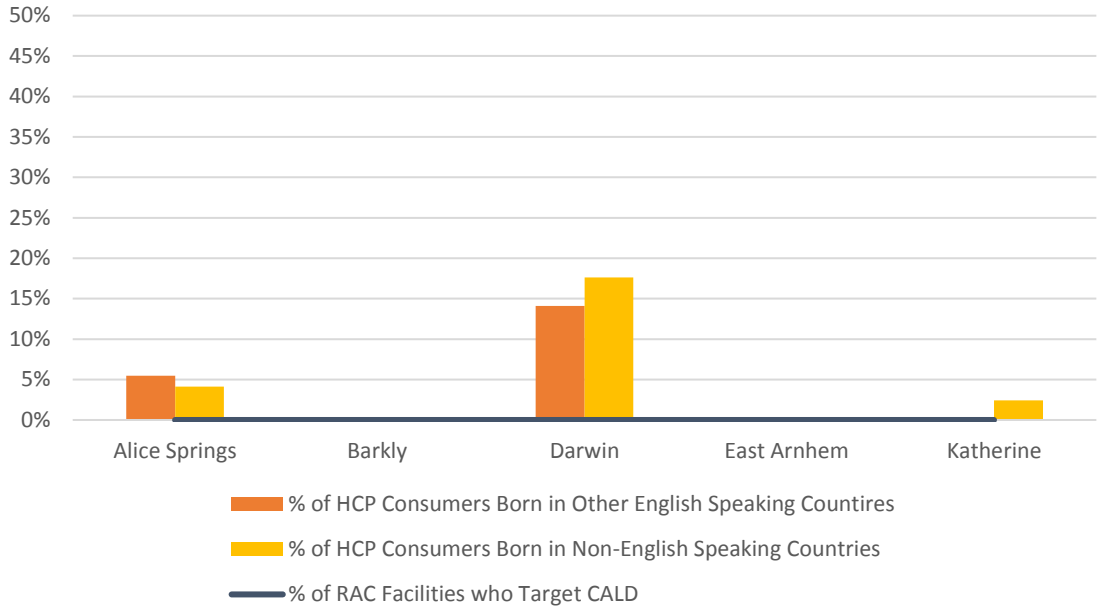
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 103: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in ACT & NSW by ACPR



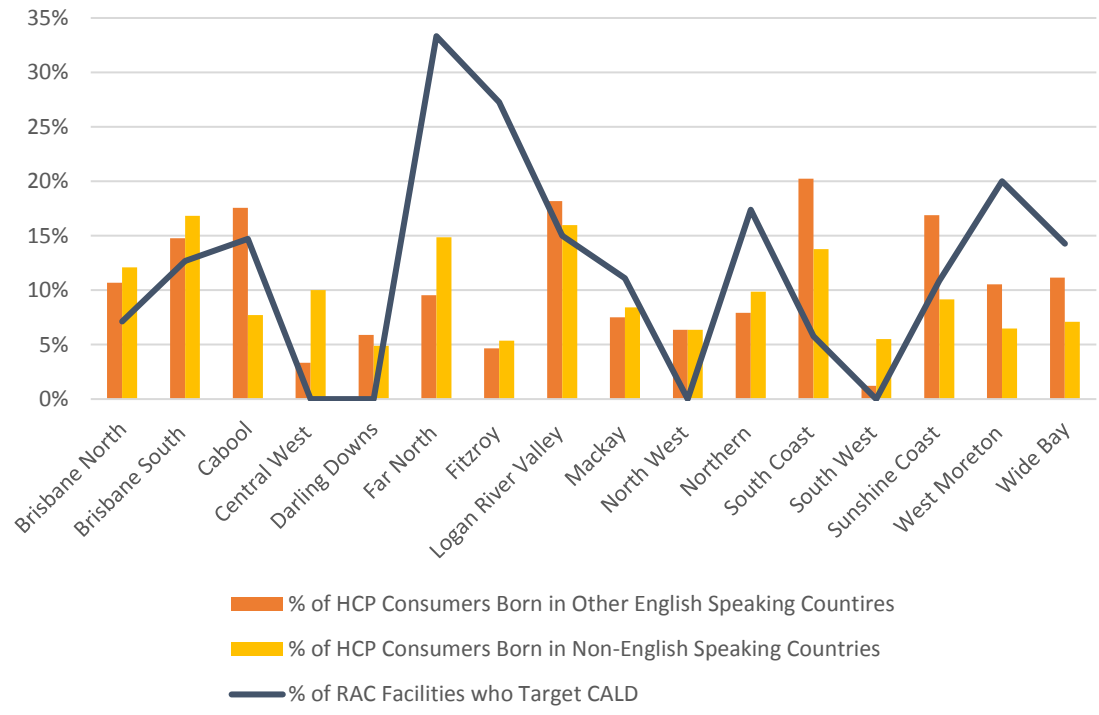
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 104: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in NT by ACPR



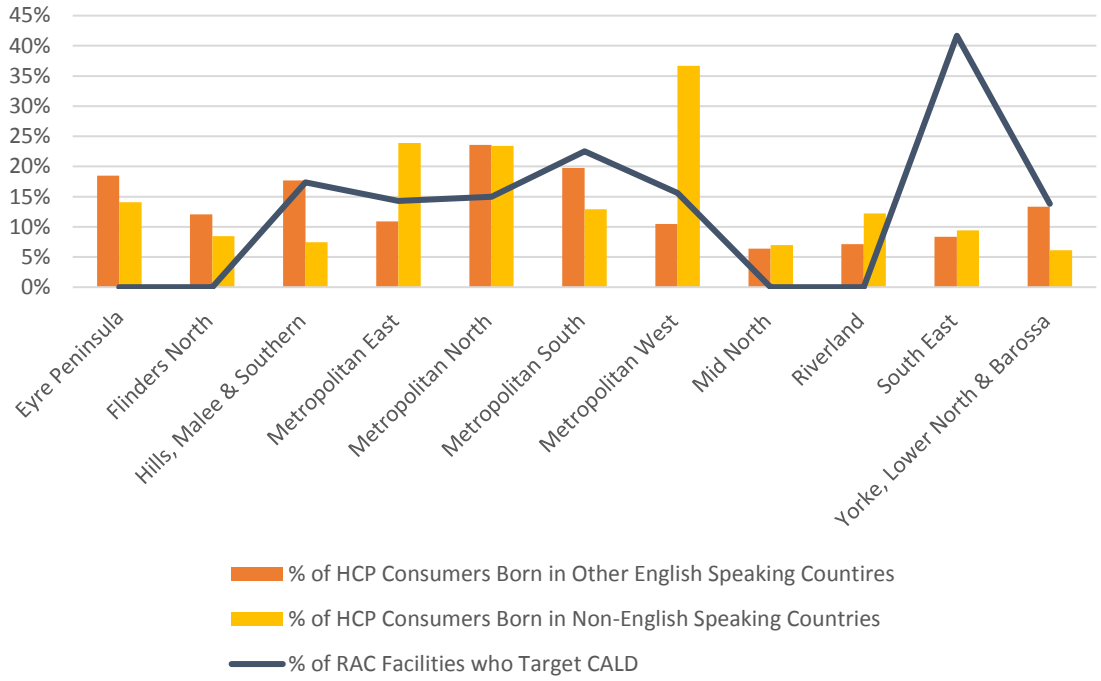
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 105: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in QLD by ACPR



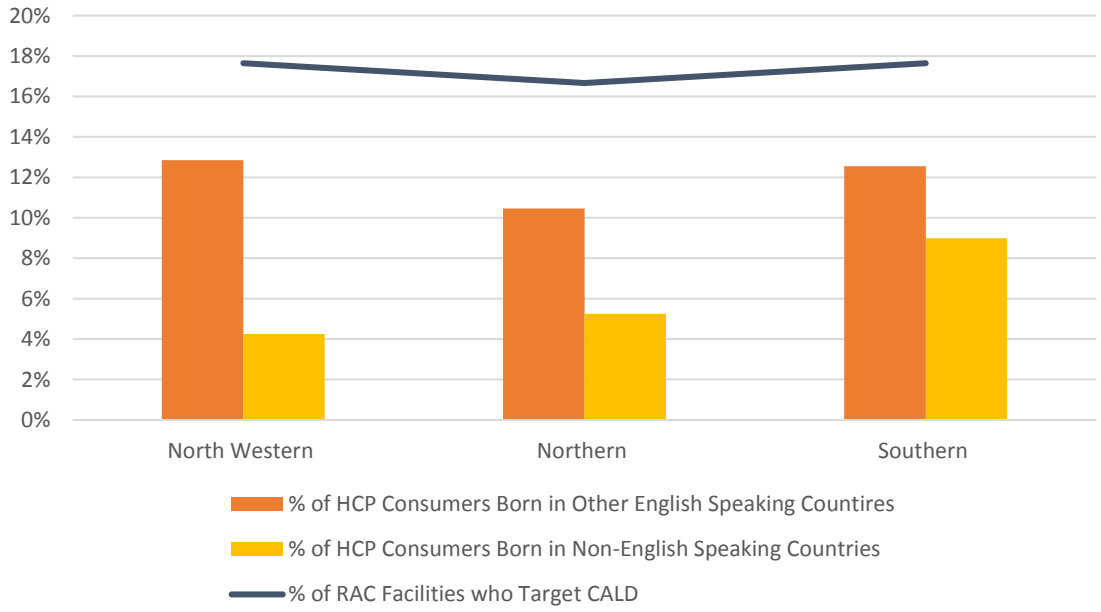
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 106: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in SA by ACPR



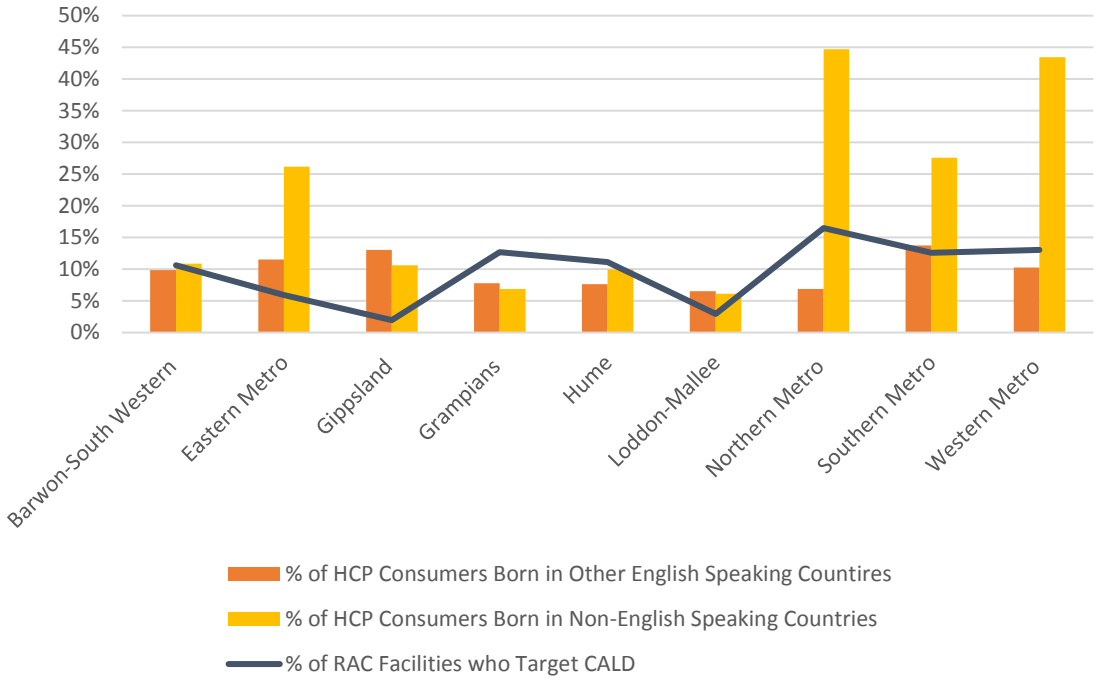
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 107: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in TAS by ACPR



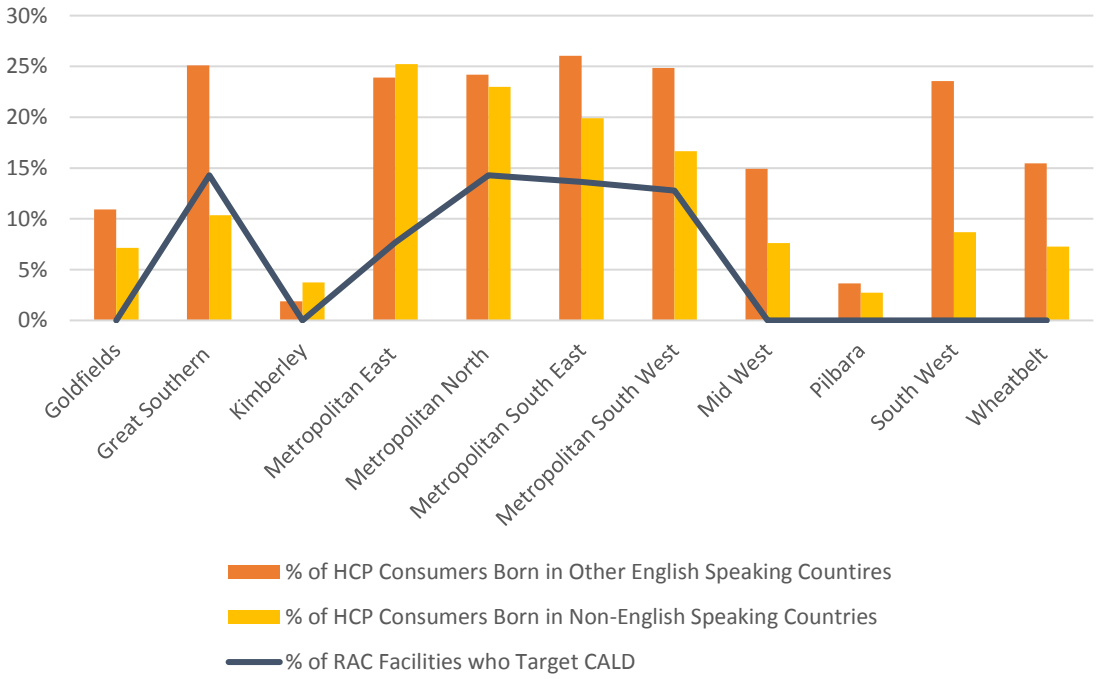
Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 108: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in VIC by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

Graph 109: Proportion of RAC Consumers' COB Compared to Proportion of RAC Facilities Targeting CALD in WA by ACPR



Sources: AIHW Gen Data: People Using Aged Care, May 2018 & AIHW Aged Care Service Information: Home Care Packages Information, March 2018

The overarching trend appears to be that there are fewer RAC facilities who offer CALD places as a proportion of CALD RAC consumers across Australia, despite Australia's growing demographically diverse population. However, due to gaps in the reporting of CALD bed licenses and no accessible data on the provision of other culturally targeted services that RAC providers may offer, the magnitude of this undersupply is unclear.

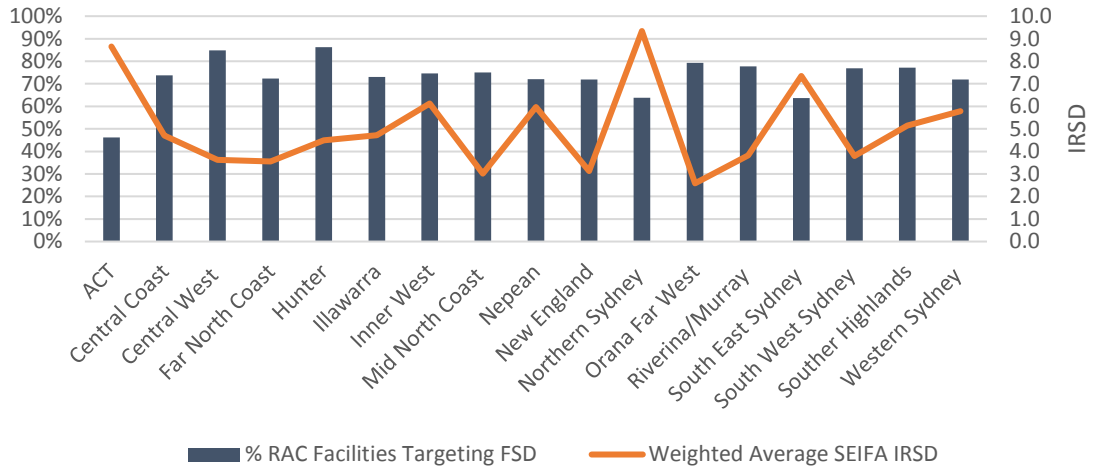
8.3 SOCIO-ECONOMIC INDEXES FOR AREAS

Ansell Strategic has reviewed the location of RAC by each ACPR and its IRSD score on the SEIFA scale. The purpose of this analysis is to examine if there are disadvantaged ACPRs who are allocated proportionately fewer FSD bed licenses.

An ACPR that achieves a score of 0 is categorised as highly disadvantaged, and one that achieves a score of 10 is categorised as highly advantaged.

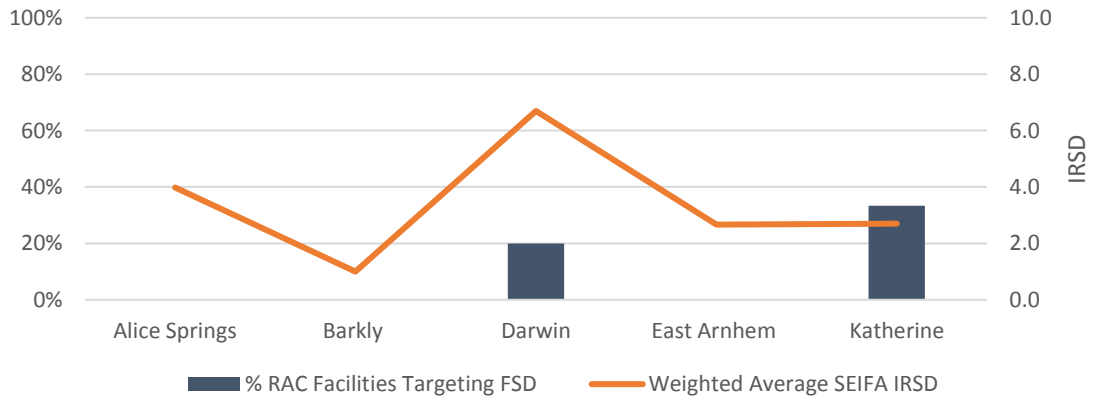
The results are presented in Graph 110 to Graph 116, inclusive.

Graph 110: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in ACT & NSW



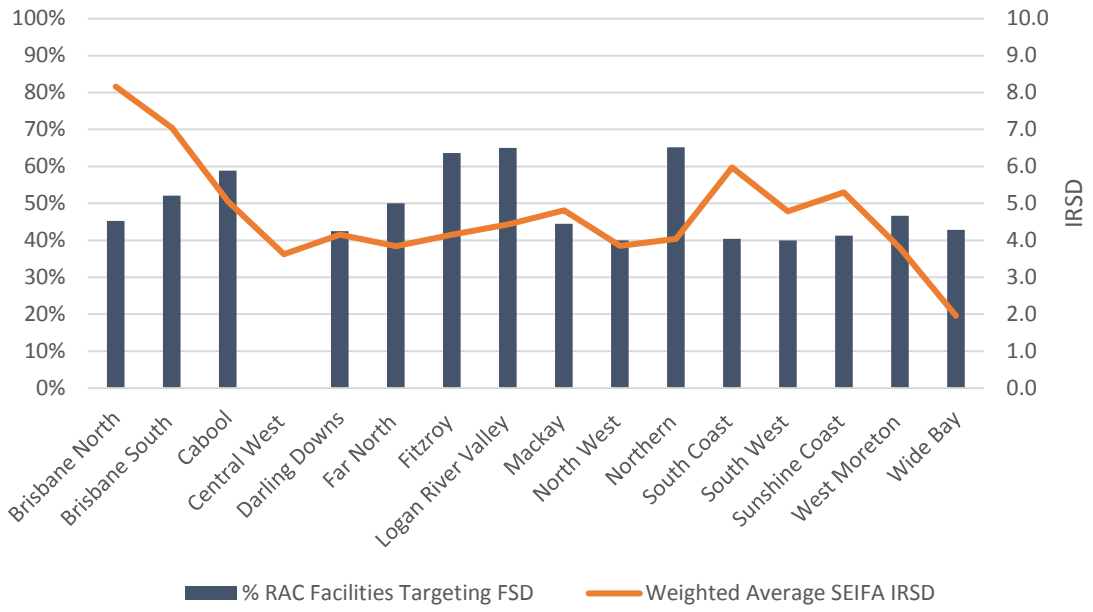
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 111: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in NT



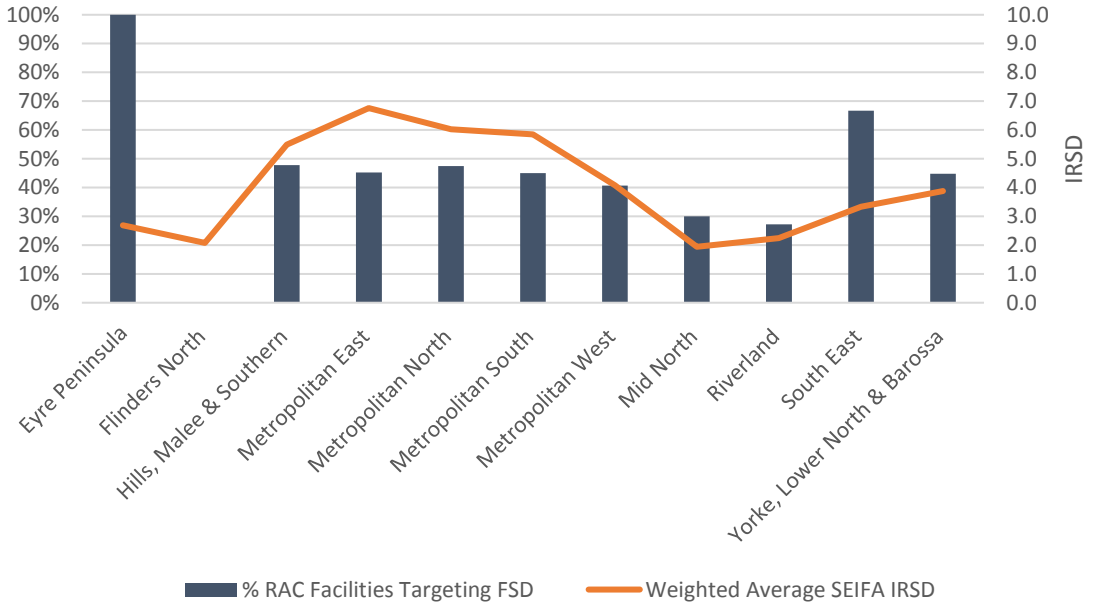
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 112: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in QLD



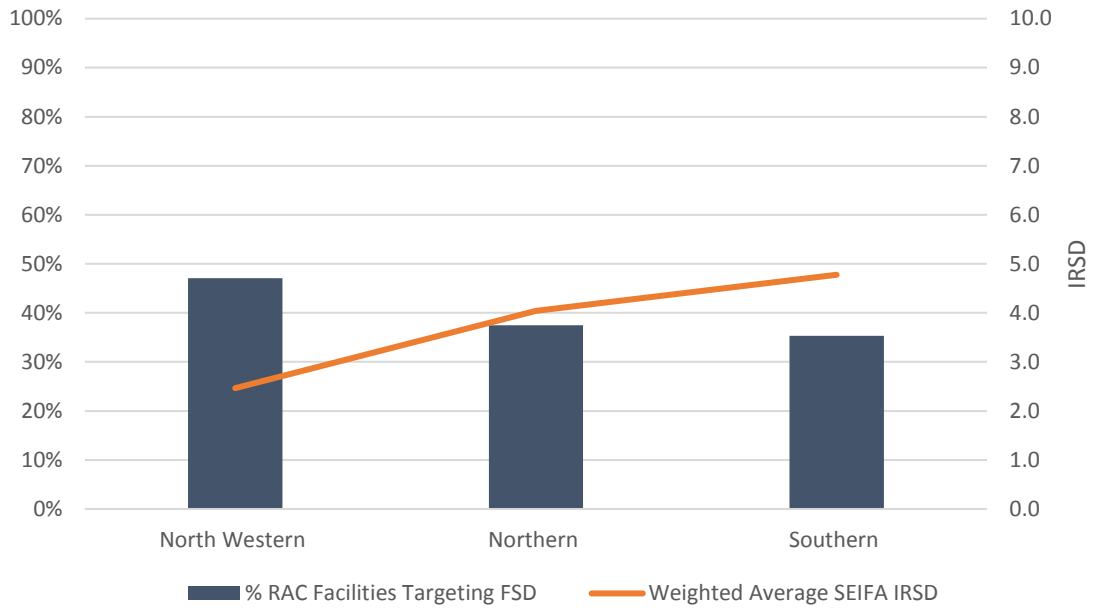
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 113: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in SA



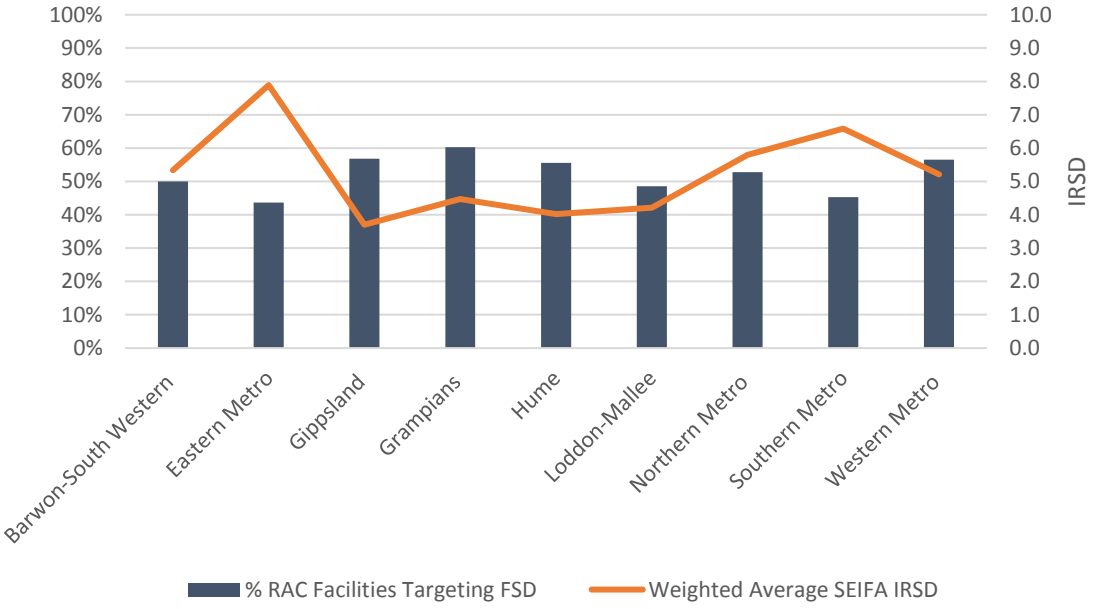
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 114: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in TAS



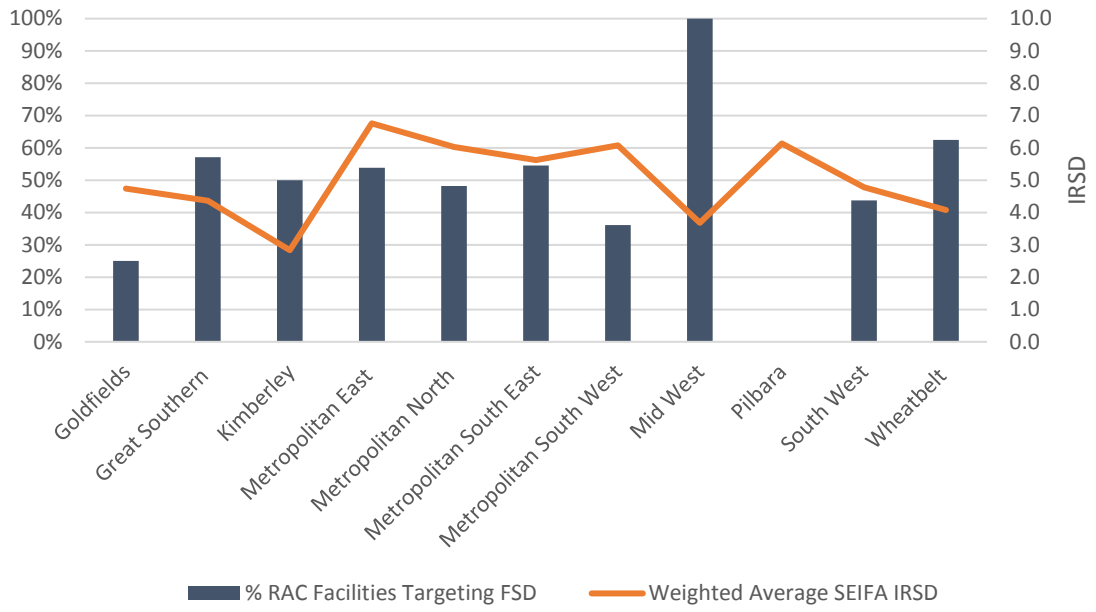
Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 115: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in VIC



Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

Graph 116: Proportion of RAC Facilities who Target FSD by ACPRs and their IRSD Score in WA



Sources: AIHW Aged Care Service Information: Home Care Packages Information, March 2018 & ABS 2016 Census

From this analysis it appears that the proportion of RAC facilities who offer FSD places appear relatively in line with the level of need for FSD places in most ACPRs.

However, there are a number of ACPRs that achieve a low IRSD score and who possess a low proportion of facilities that offer FSD places. These include:

- Barkly (NT), who achieves an IRSD score of 1.0 and where there appeared to be no RAC facilities and thus no access to or choice of FSD aged care services for local seniors;
- Katherine (NT), who achieves an IRSD score of 2.7 and where 33% of facilities offer FSD places;
- Central West (QLD), who achieves an IRSD score of 3.6 and where no facilities appeared to offer specific FSD places;
- Darling Downs (QLD), who achieves an IRSD score of 4.2 and where 43% of facilities offer FSD places;
- North West (QLD), who achieves an IRSD score of 3.9 and where 40% of facilities offer FSD places;
- Flinders North (SA), who achieves an IRSD score of 2.1 and where there appear to be no RAC facilities and thus no access to or choice of FSD aged care services for local seniors;
- Mid North (SA), who achieves an IRSD score of 1.9 and where 30% of facilities offer FSD places;
- Riverland (SA), who achieves an IRSD score of 2.2 and where 27% of facilities offer FSD places;
- Loddon Mallee (VIC), who achieves an IRSD score of 4.2 and where 49% of facilities offer FSD places; and

- Kimberley (WA), who achieves an IRSD score of 2.8 and where 50% of facilities offer FSD places.

This analysis reveals that whilst the proportion of facilities who offer FSD places is mostly in line with the levels of disadvantage of the ACPR, this trend is not evident in many regional, rural and remote ACPRs in Australia. However, facilities in these areas may not specifically advertise the provision of services for financially and socially disadvantaged services given their knowledge of the local community.

9. DEMAND AND SUPPLY OF CHSP/HACC SERVICES

The availability of information on in-home support services is limited due to the recent integration of the HACC and CHSP programs as well the limited reporting requirements. Further, CHSP providers have varying levels of funding and therefore the outreach and number of consumers supported per provider may significantly vary.

As such, we have focussed our analysis at a high level on factors impacting older Australians' access to formal home care and support. Variables examined as part of this component of the analysis include:

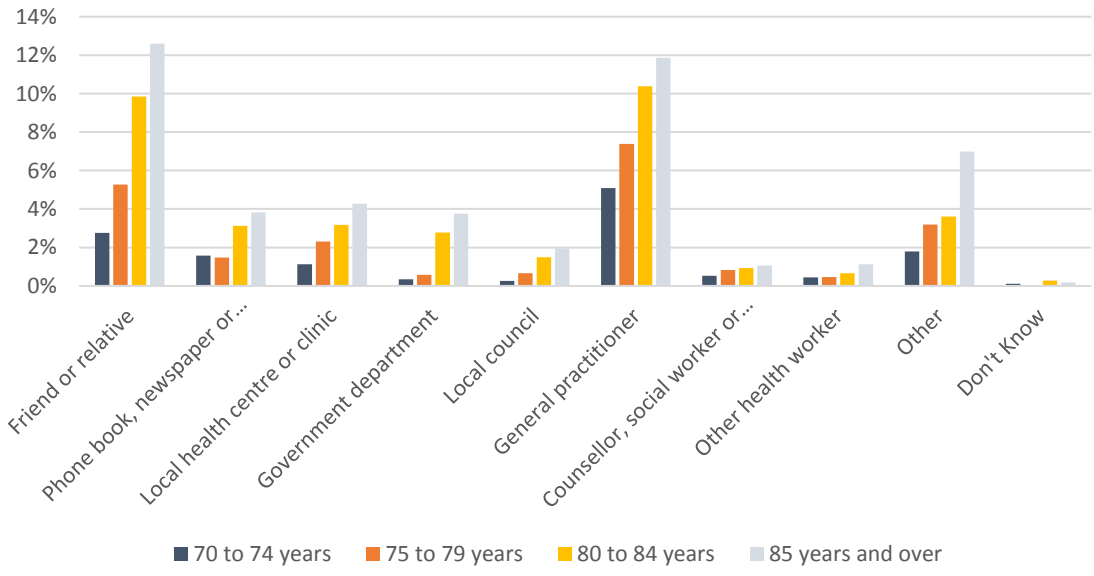
- Types of informal and formal carers;
- Frequency of informal assistance received with at least one activity;
- Frequency of formal assistance received with at least one activity;
- Frequency of formal assistance received with health care from organised services;
- How persons aged 70 and over found out about formal care providers;
- All reasons persons aged 70 and over are not receiving assistance from organised services; and
- Proportion of persons receiving formal and informal care by dwelling type.

9.1 ACCESS TO FORMAL IN-HOME SUPPORT SERVICES IN AUSTRALIA

To investigate the specific activities where assistance is required and the reasons for why older Australians are not accessing formal in-home support services, Ansell Strategic has analysed data compiled by the ABS from the 2015 Disability, Ageing and Carers Survey.

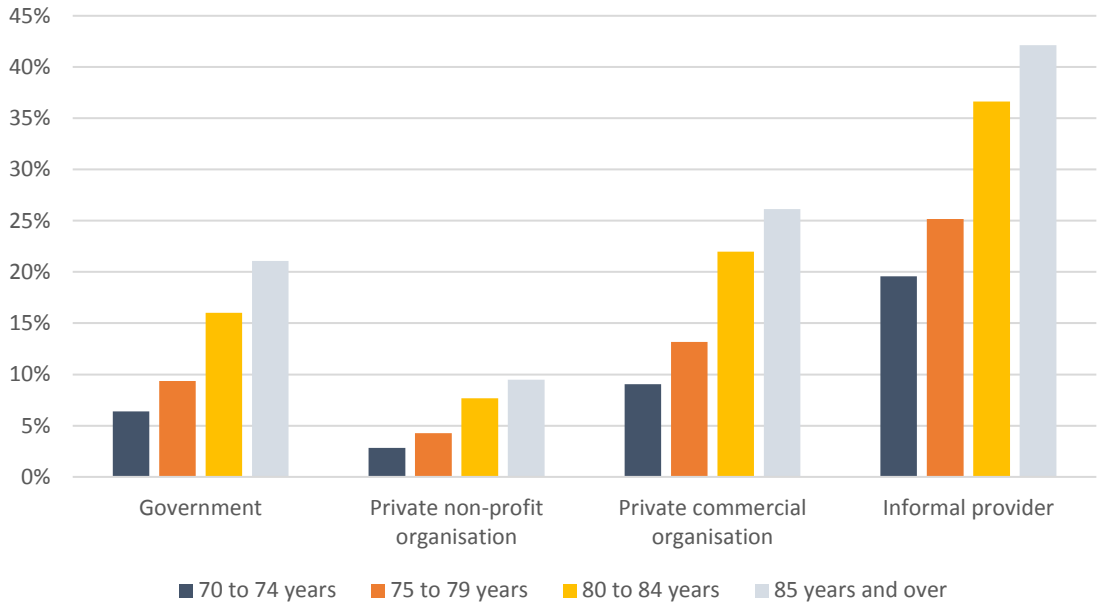
The findings from our analysis are presented in Graph 117 to Graph 122, inclusive.

Graph 117: Methods by Which Recipients Discovered and/or Accessed Formal Care



Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

Graph 118: Types of Formal Carers Providing Assistance to Persons Aged 70+

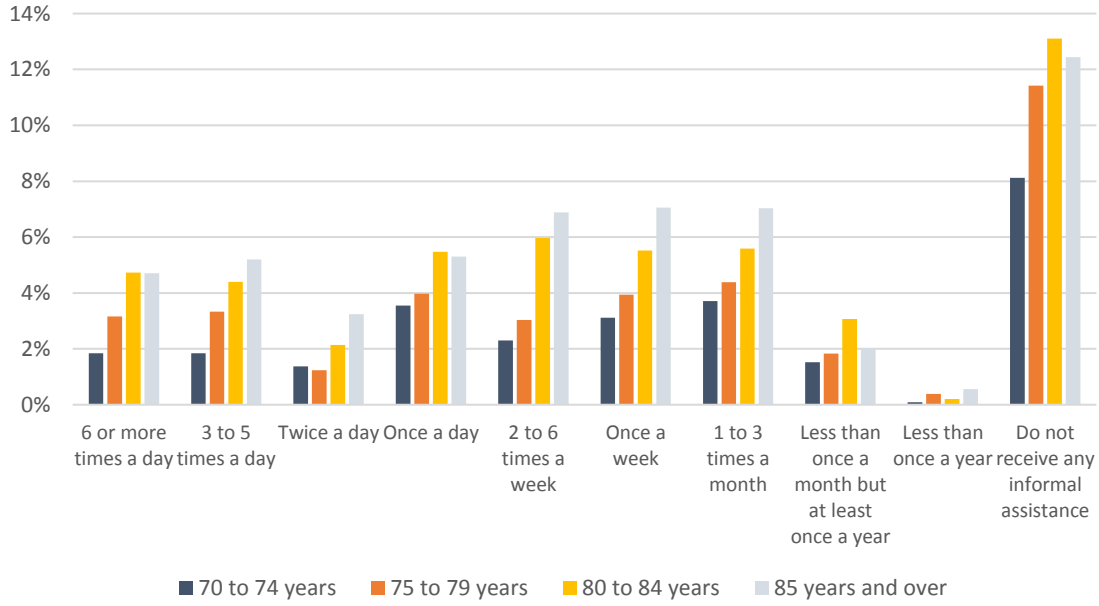


Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

The results from this analysis indicate that many older Australians receiving informal assistance at home are receiving support from unqualified carers, predominantly from their family and friends.

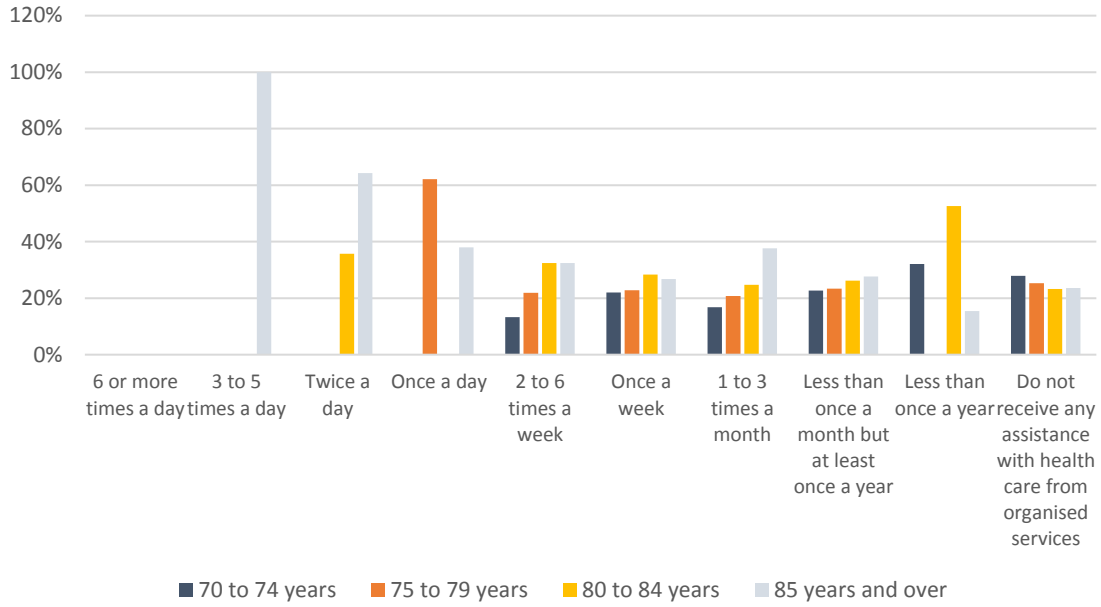
Graph 118 depicts that whilst most older Australians receive informal care, those who receive formal support access services from private commercial organisations.

Graph 119: Frequency of Persons Aged 70+ Receiving Informal Assistance with At Least One Activity



Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

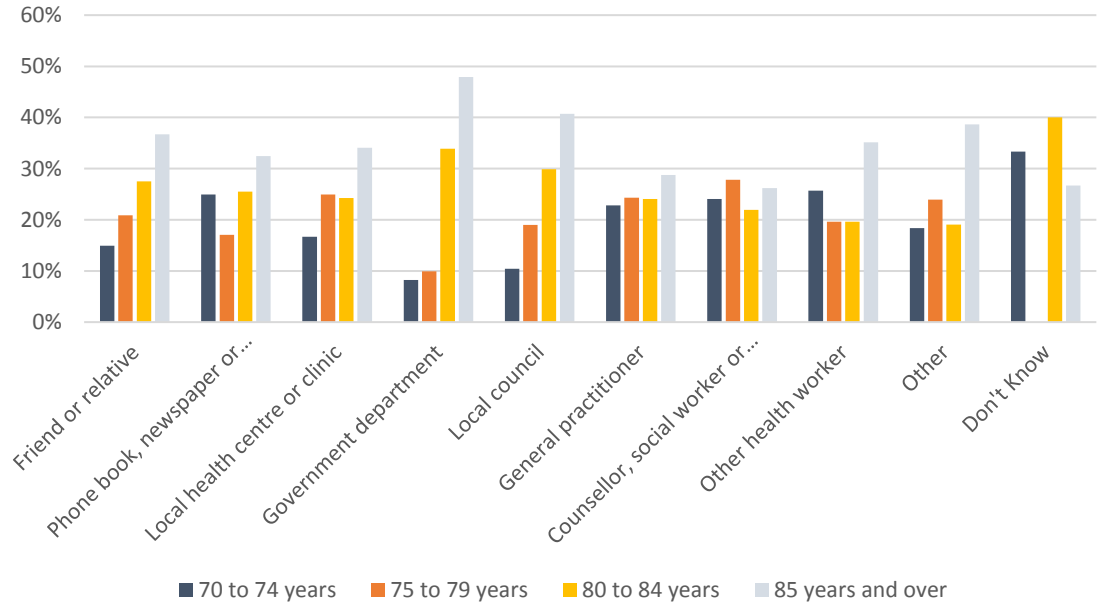
Graph 120: Frequency of Persons Aged 70+ Receiving Formal Assistance with At Least One Activity



Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

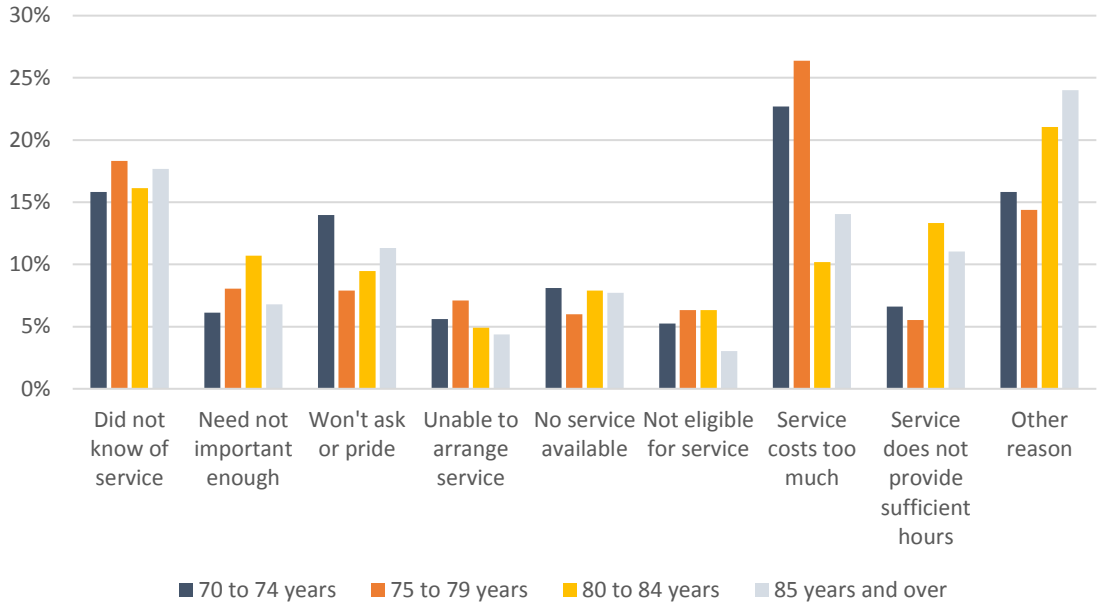
These findings indicate that older Australians aged 70 and over are receiving more frequent in-home assistance (up to six or more times a day) from informal carers than from formal carers. Moreover, it is predominantly those aged 80 years and over who are receiving frequent assistance (one to three times a month) from formal carers.

Graph 121: How Persons Aged 70+ Found out About Formal Assistance Provider



Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

Graph 122: All Reasons Persons Aged 70+ are Not Receiving Assistance from Organised Services, Excluding Not Applicable Responses



Source: Australian Bureau of Statistics 2015 Disability, Ageing and Carers Survey.

Of the survey respondents who found this question applicable to their circumstances, it appears that most persons aged 70 and over found out about formal assistance services through a Doctor referral or from family and friends. This was a particularly prominent trend amongst the older 85 years and over cohort.

It also appears that across all persons aged 70 and over, many are not receiving formal assistance services because they are unaware of them, they believe formal services are too costly or that they do not provide sufficient hours of assistance.

A qualitative assessment of the reasons for why some older Australians are not receiving formal in-home assistance demonstrates a lack of knowledge by older persons about these services, particularly by those who live in private dwellings, and a subsequent reliance on unqualified informal carers such as family and friends.

SECTION TEN

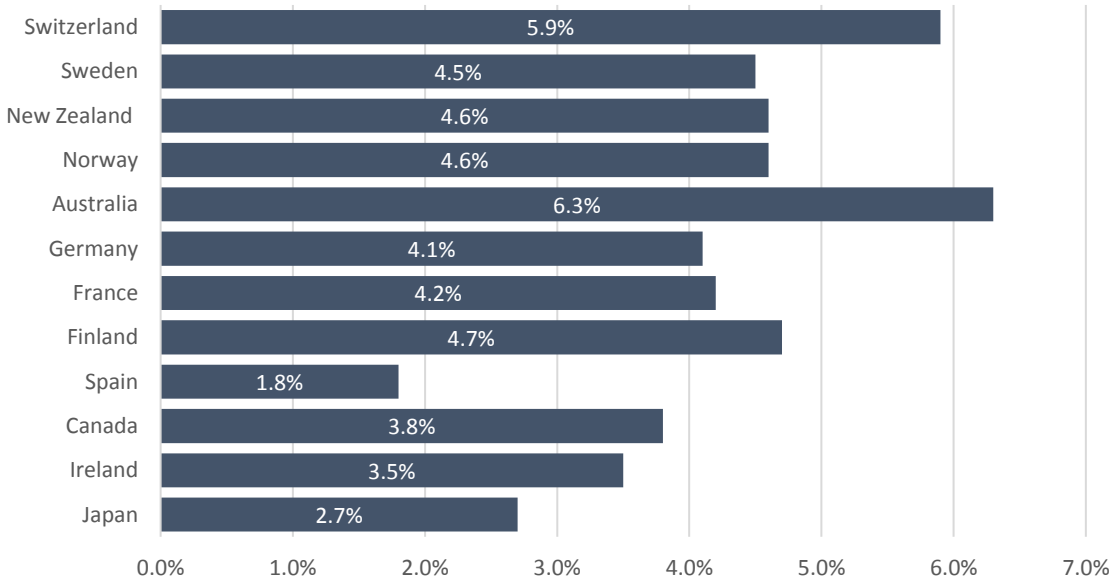
CARE LEVELS OF HCP AND RAC CONSUMERS & HOSPITAL DATA

ANSELL STRATEGIC

10. CARE LEVELS OF HCP AND RAC CONSUMERS & HOSPITAL DATA

International research on admission levels of older persons into aged care institutions (including RAC and equivalent) produced by the OECD reveals Australia has a higher proportion of seniors living in aged care institutions compared to other developed countries.

Graph 123: Proportion of Persons Aged 65 Years and Over Receiving Long Term Care in Institutions, 2015 or Latest Available Year



Source: OECD Health Statistics 2017

In light of the high institutionalisation rates of older Australians and as part of Objective Two of Activity One, Ansell Strategic has undertaken an analysis of the care levels of HCP and RAC consumers upon admission by ACPR to identify if there are ACPRs of Australia where:

1. There are many HCP consumers are admitted as a Level 4 and who may benefit from receiving RAC services; and
2. There are ACPRs of Australia where many RAC consumers are admitted under respite and who may benefit from receiving HCP services.

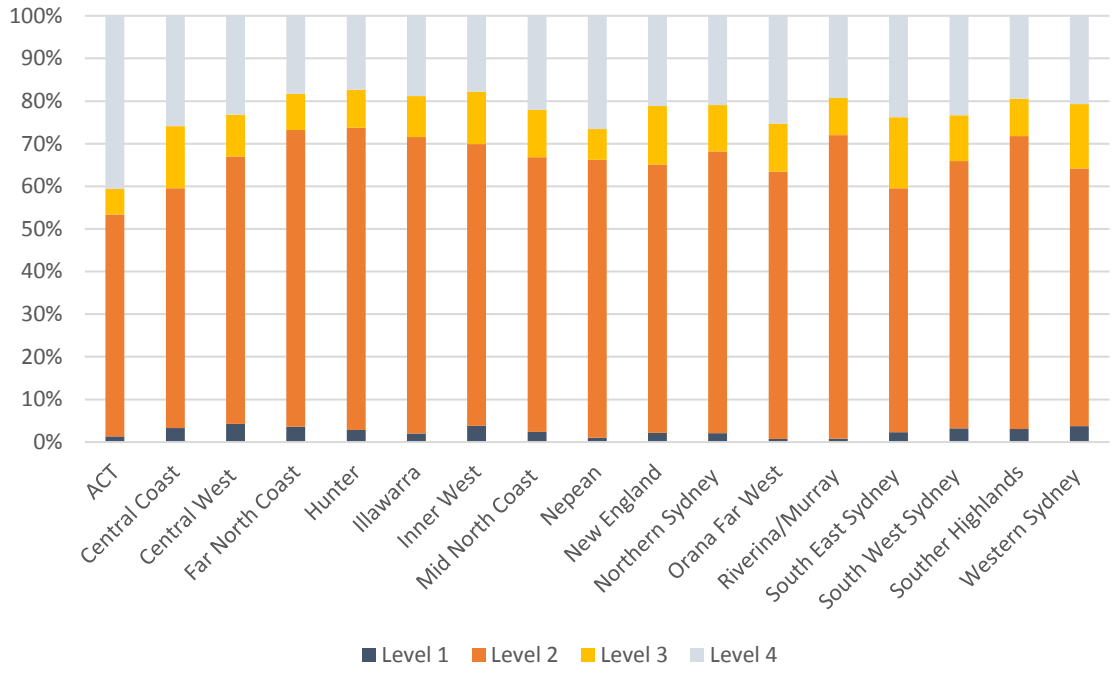
In addition, we have made broad observations of the ACFI levels of current RAC consumers combined with data on hospital services administered to persons aged 65 years and over to identify if there are regions where there appear to be low care level consumers in RAC facilities in conjunction with higher hospital admissions. The relationship between these two variables may signify a misalignment of aged care services that results in high and avoidable hospital admissions of seniors, which strain public hospital resources.

Our findings have been outlined in Sections 10.1 and 10.2 of this report.

10.1 CARE LEVELS OF HCP AND RAC CONSUMERS UPON ADMISSION

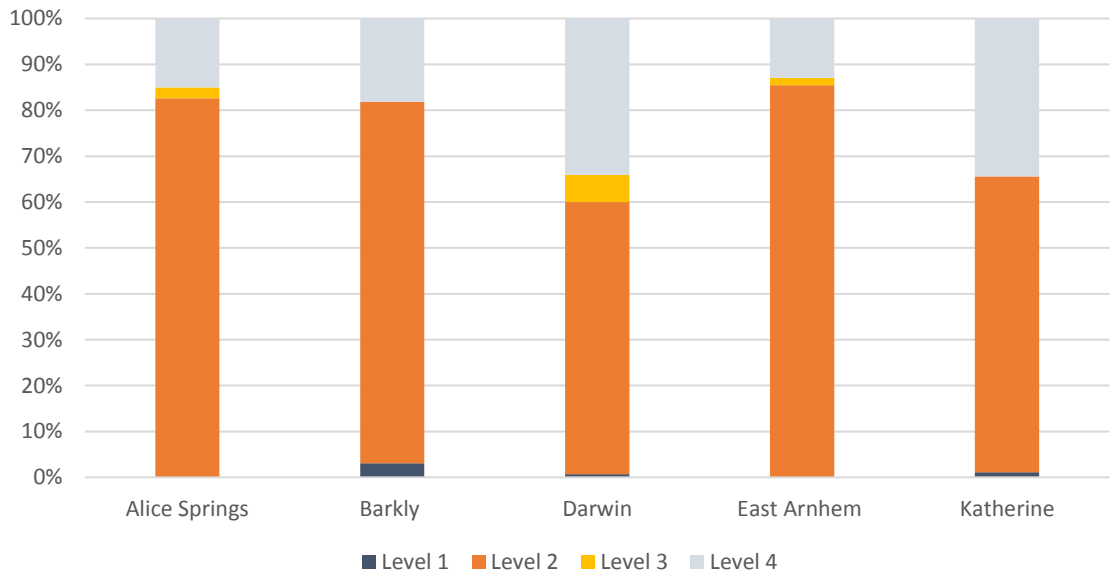
The following analysis evaluates the proportion of HCP admission between 2012-13 and 2015-16 by package Levels 1, 2, 3 and 4 by each ACPR. The results are presented in Graph 124 to Graph 130, inclusive.

Graph 124: HCP Admissions by Package Level in ACT & NSW by ACPR, 2012-13 to 2015-16



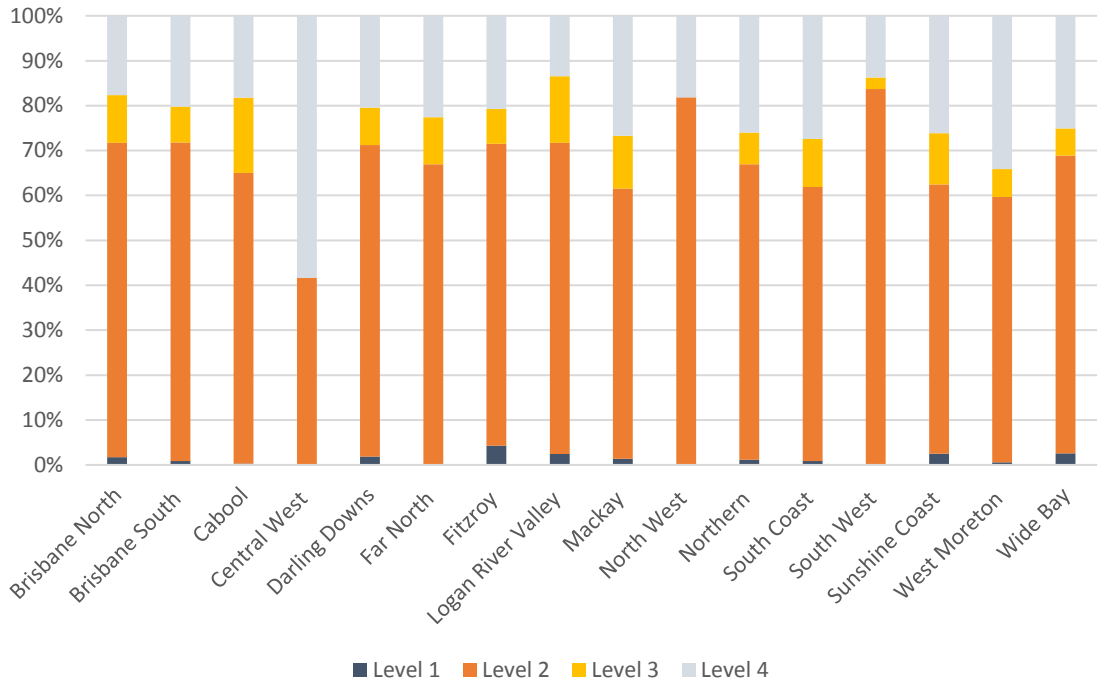
Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 125: HCP Admissions by Package Level in NT by ACPR, 2012-13 to 2015-16



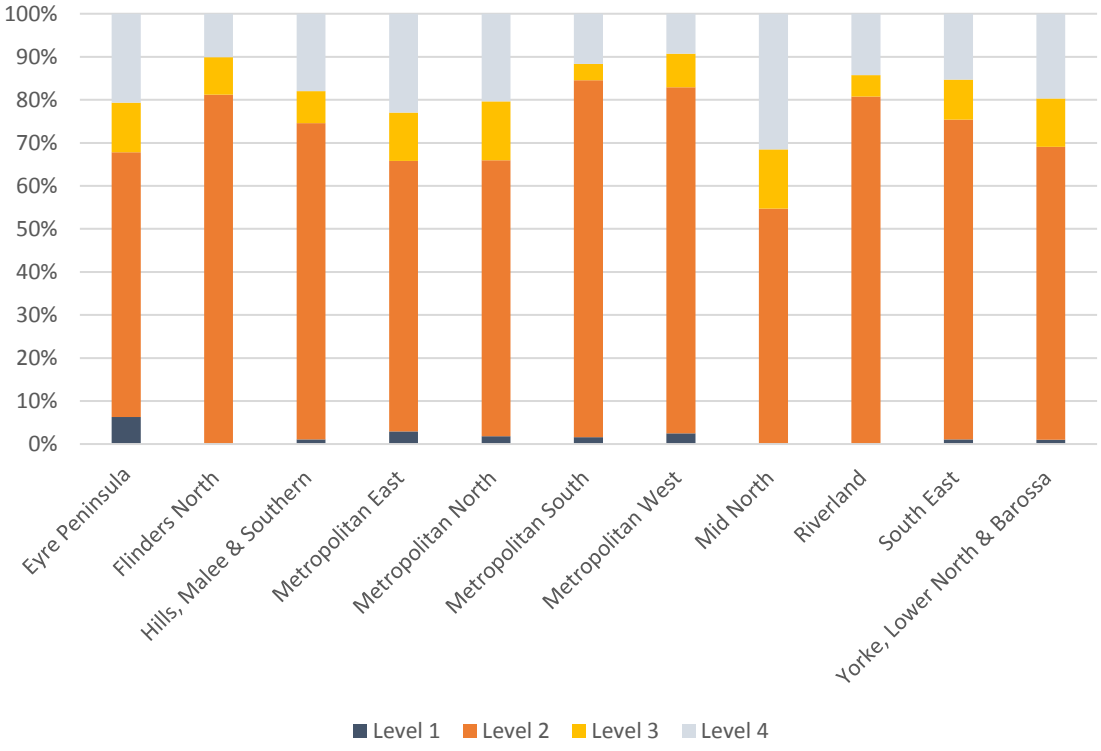
Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 126: HCP Admissions by Package Level in QLD by ACPR, 2012-13 to 2015-16



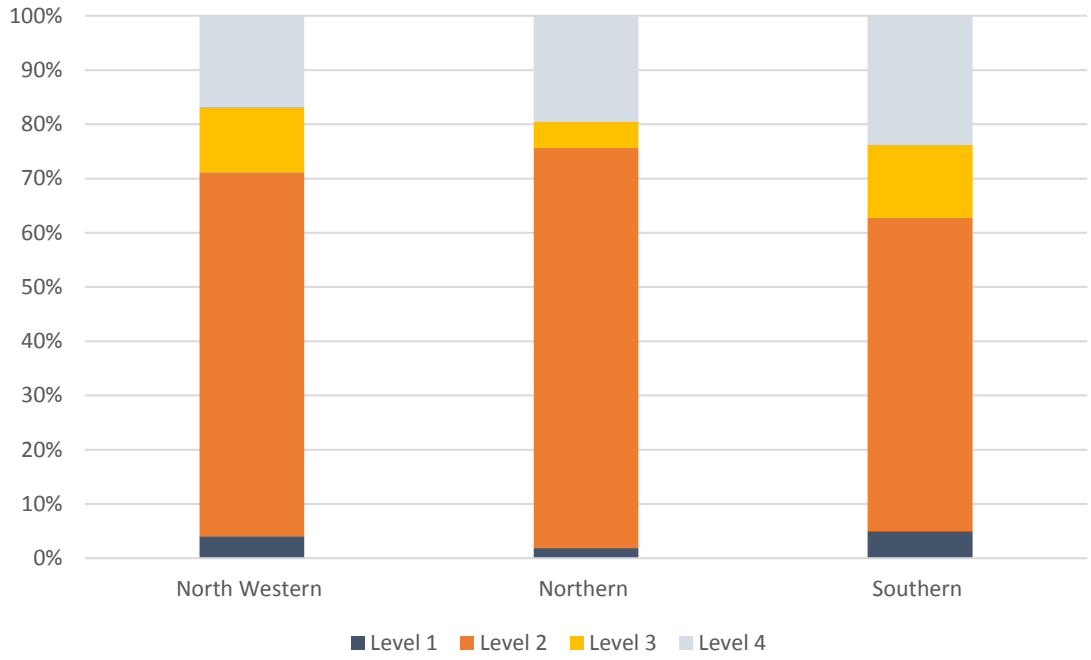
Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 127: HCP Admissions by Package Level in SA by ACPR, 2012-13 to 2015-16



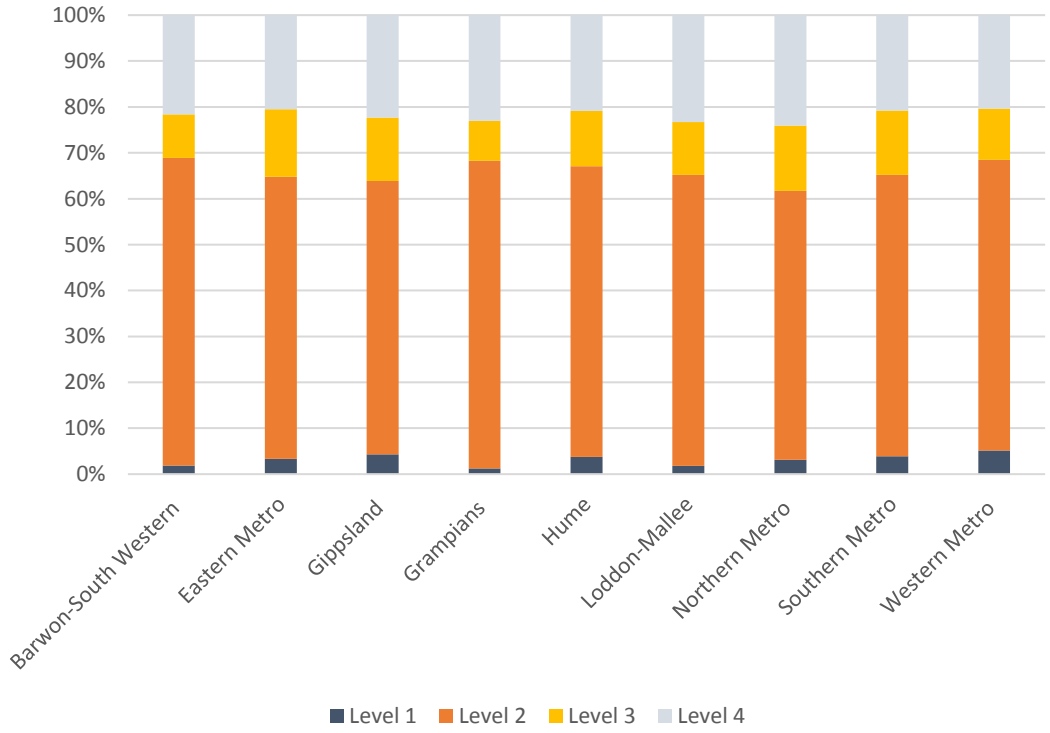
Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 128: HCP Admissions by Package Level in TAS by ACPR, 2012-13 to 2015-16



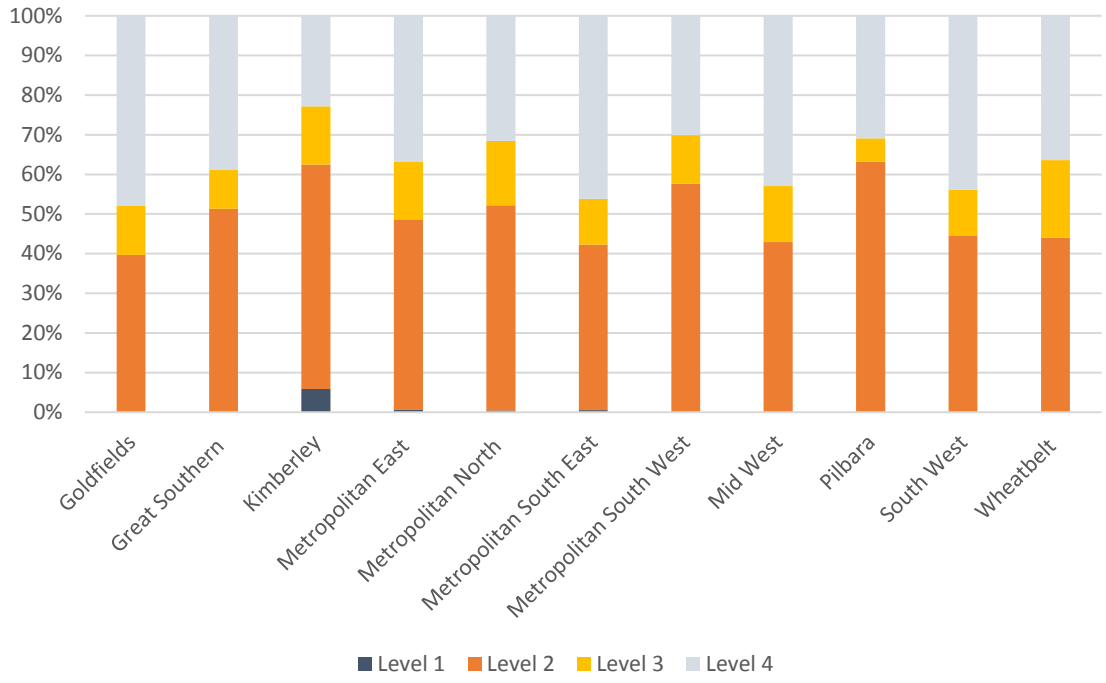
Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 129: HCP Admissions by Package Level in VIC by ACPR, 2012-13 to 2015-16



Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Graph 130: HCP Admissions by Package Level in WA by ACPR, 2012-13 to 2015-16



Source: AIHW Admissions into Home Care, 2012-13 to 2015-16

Most consumers prefer home care services compared to residential aged care. Despite lower access to RAC services, regional, rural and remote ACPRs admit a lower proportion of consumers on a level 4 package compared to metropolitan ACRPs.

On average, approximately 25% of admissions across all ACRPs are for level 4 consumers. Ansell Strategic has utilised this metric to focus the analysis on ACRPs who admitted more than 35% of consumers on a level 4 package to identify ACPRs who are admitting a greater proportion of consumers on a level 4 package.

Our analysis revealed that the following ACPRs appear to be admitting proportionately more consumers on a Level 4 package:

- ACT, with 41% of admissions involving consumers on a level 4 package;
- Central West (QLD), with 58% of admissions involving consumers on a level 4 package;
- Goldfields (WA), with 47% of admissions involving consumers on a level 4 package;
- Great Southern (WA), with 39% of admissions involving consumers on a level 4 package;
- Metropolitan East (WA), with 37% of admissions involving consumers on a level 4 package;
- Metropolitan South East (WA), with 46% of admissions involving consumers on a level 4 package;
- Mid West (WA) with 42% of admissions involving consumers on a level 4 package;
- South West (WA) with 43% of admissions involving consumers on a level 4 package; and
- Wheatbelt (WA), with 36% of admissions involving consumers on a level 4 package.

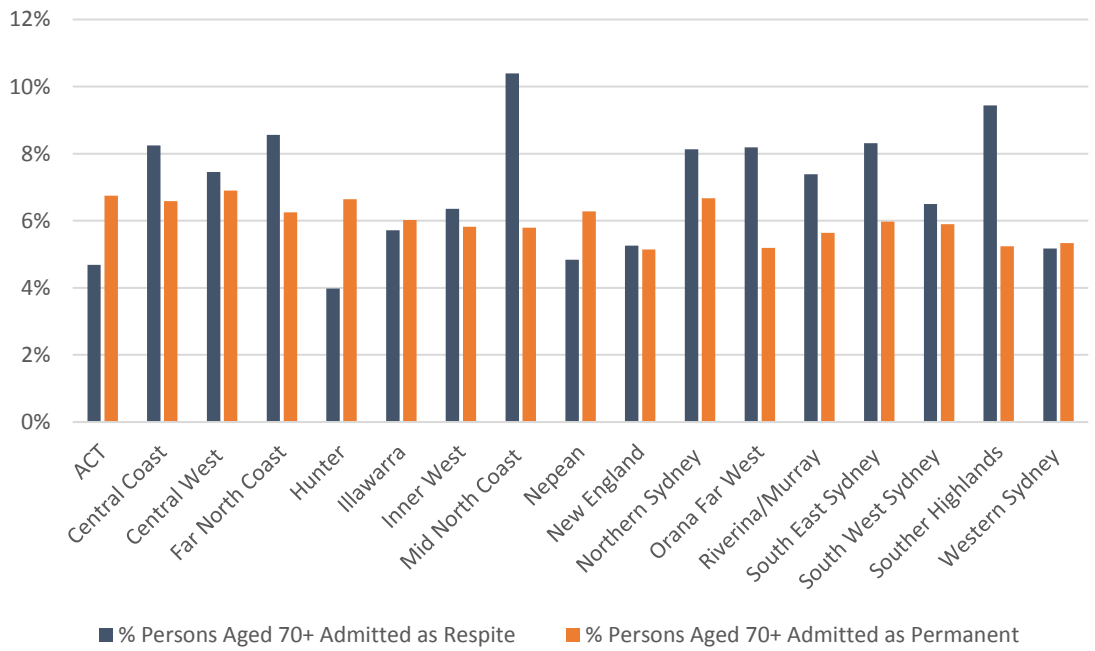
This analysis indicates that most ACPRs in WA, in both metropolitan and regional locations, are admitting proportionately more consumers on a level 4 package compared to other ACPRs across Australia. Central West in Queensland appears to have admitted the greatest proportion of consumers on a Level 4 package compared to other ACPRs in Australia.

Our analysis of HCP consumers' care needs upon admission reveals that it is mostly ACPRs in WA that are admitting proportionately more consumers on a HCP level 4. Whilst this may be due to limited RAC resources in regional, rural and remote ACPRs, the high proportion of level 4 admissions are also observed in metropolitan ACPRs of WA where RAC services are more readily accessible.

For RAC consumer admissions, Ansell Strategic has examined the proportion of respite and permanent RAC admissions as a proportion of the population aged 70 and over in each ACPR. With approximately 6.3% of Australia's older population currently admitted permanently into RAC facilities, this helps identify if there are ACPRs who are over-institutionalising the local older community. From this analysis we can also consider whether there are ACPRs in Australia who are admitting a large volume of respite consumers, whose care needs may be better met through HCPs and/or CHSP/HACC services.

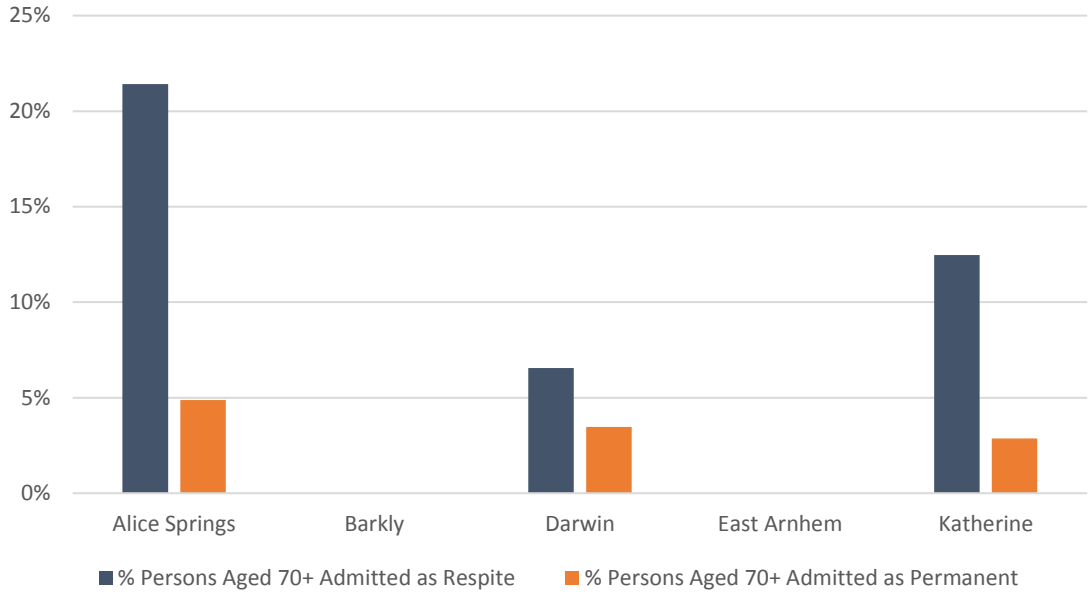
The results are presented in Graph 131 to Graph 137, inclusive.

Graph 131: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in ACT & NSW by ACPR, 2015-16



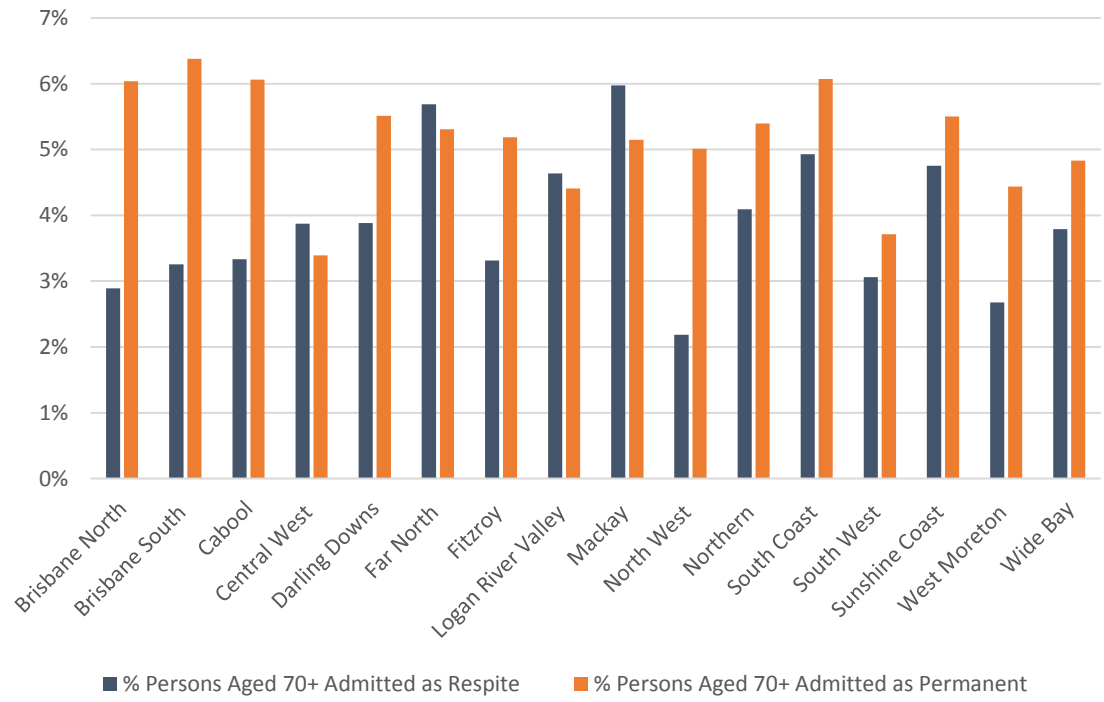
Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 132: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in NT by ACPR, 2015-16



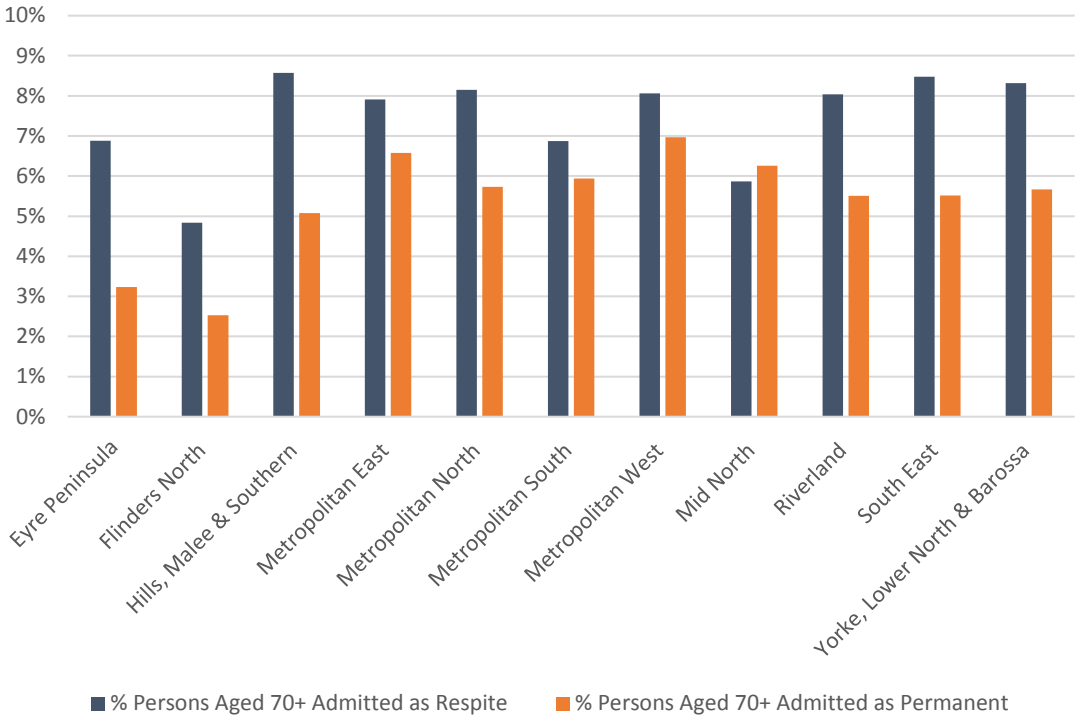
Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 133: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in QLD by ACPR, 2015-16



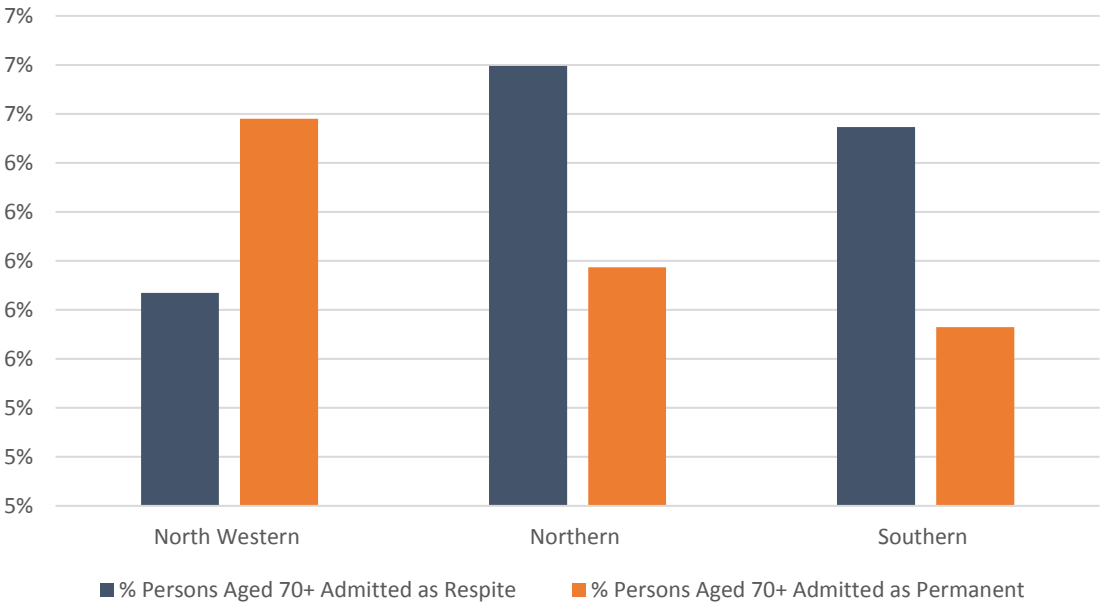
Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 134: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in SA by ACPR, 2015-16



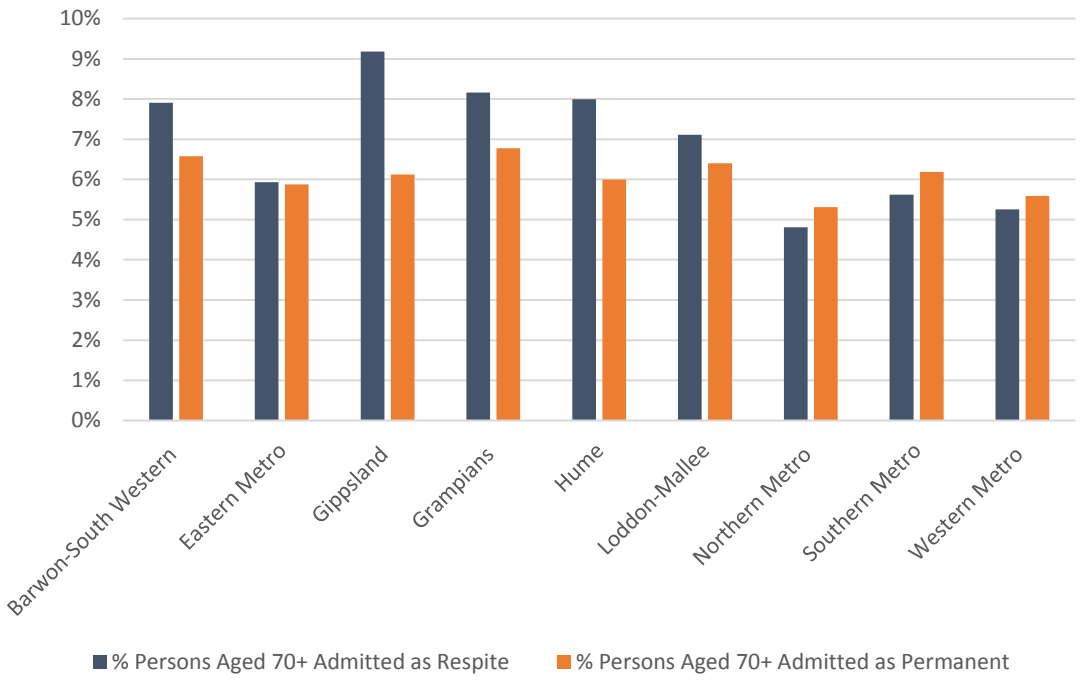
Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 135: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in TAS by ACPR, 2015-16



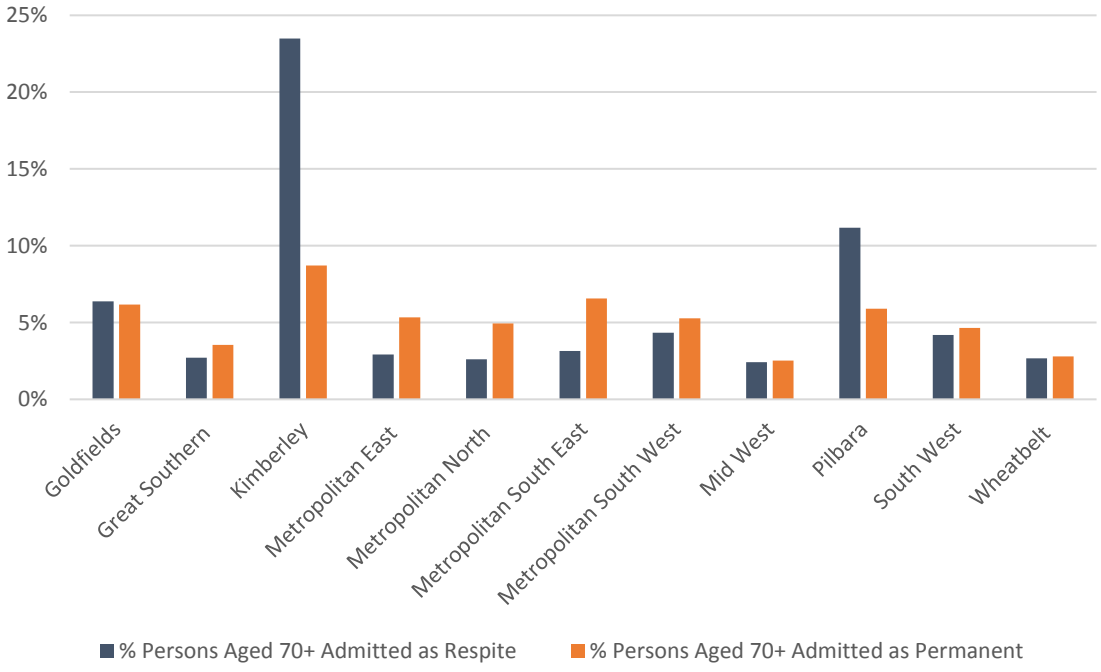
Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 136: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in VIC by ACPR, 2015-16



Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Graph 137: RAC Respite & Permanent Admissions as a Proportion of Persons Aged 70 and Over in WA by ACPR, 2015-16



Source: AIHW Admissions into Residential Aged Care, 2015-16 & Australian Bureau of Statistics 2016 Census

Evident from this analysis is that majority of metropolitan ACPRs across Australia are within range of the national average of approximately 6.3% for permanent admissions.

There is greater variance in the proportion of respite admissions across each ACPR. The ACPRs who appear to have admitted the greatest proportion of the local elderly community (denoted by 10% or greater) into respite accommodation include:

- Mid North Coast (NSW), with 11% of the population aged 70 and over admitted into respite accommodation between 2012-13 and 2015-16;
- Alice Springs (NT), with 21% of the population aged 70 and over admitted into respite accommodation between 2012-13 and 2015-16;
- Katherine (NT), with 12% of the population aged 70 and over admitted into respite accommodation between 2012-13 and 2015-16;
- Kimberley (WA), with 23% of the population aged 70 and over admitted into respite accommodation between 2012-13 and 2015-16; and
- Pilbara (WA), with 11% of the population aged 70 and over admitted into respite accommodation between 2012-13 and 2015-16.

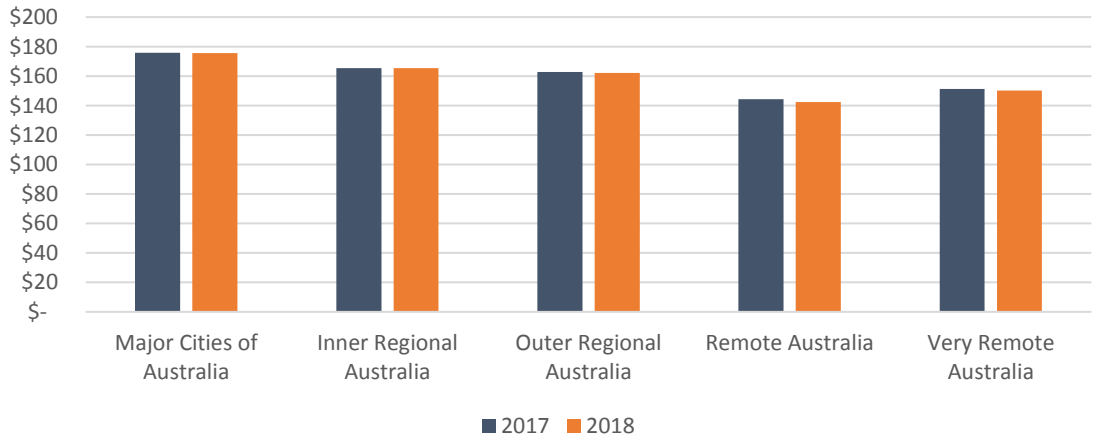
The ACPRs identified in this analysis appear to be located in regional, rural and remote locations. As we identified in Sections 5 and 8 of this report, the higher proportions of respite admissions may be a cause of fewer HCP and CHSP/HACC services accessible to these older communities.

It is likely that the older populations in these ACPRs may benefit from enhanced access to HCP, transitional and CHSP/HACC services that are targeted to reduce avoidable respite and hospital admissions.

10.2 CARE LEVELS OF PERMANENT RAC CONSUMERS AND HOSPITAL CARE SERVICES

Ansell Strategic has analysed the ACFI levels of existing RAC consumers and hospital services administered to older Australians by Metropolitan, inner regional, outer regional, remote and very remote areas of Australia.

Graph 138: ACFI Levels of RAC Consumers between 2016 and 2017 by Regions of Australia



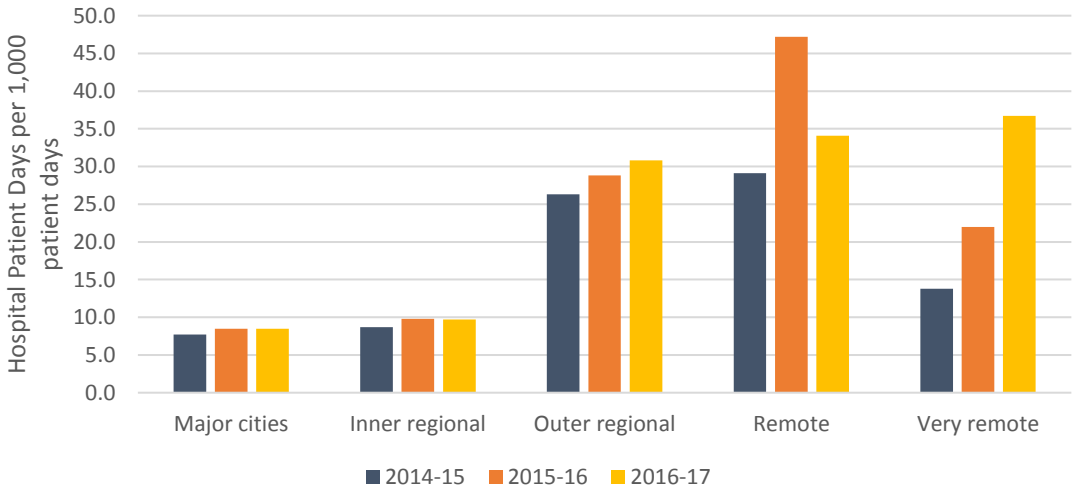
Source: Department of Health May 2018 Monthly ACFI Monitoring

From Graph 138 it is apparent that RAC consumers residing in remote and very remote Australia possess lower ACFI levels than RAC consumers living in metropolitan areas. Broadly, this indicates that RAC consumers in these regions are admitted into RAC facilities with lower care requirements than their metropolitan peers.

In the graphs below it is evident that hospital patient days is increasing for those eligible and waiting for residential aged care is increasing. Whilst in remote areas the number of patient days has declined from 2015-16, overall, the hospital patient bed days for regional, remote and very areas continues to increase.

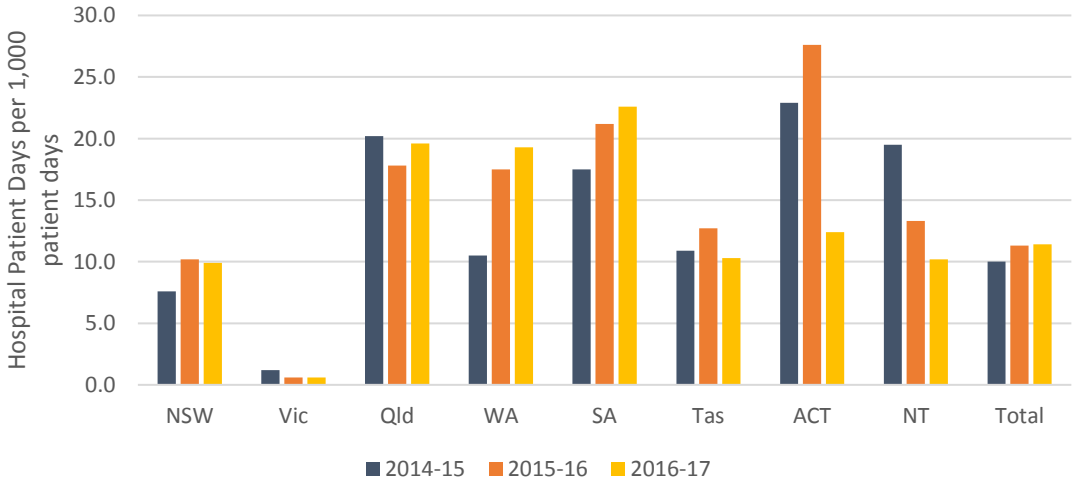
Across majority of the States, a similar trend is evident. The territories (ACT and NT) have recorded a decline.

Graph 139: Hospital patient days per 1,000 patient days, used by those eligible and waiting for residential aged care, by remoteness, 2016-17



Sources: AIHW Admitted patient care 2016–17: Australian hospital statistics

Graph 140: Hospital patient days per 1,000 patient days, used by those eligible and waiting for residential aged care, by States and Territories, 2016-17



Sources: AIHW Admitted patient care 2016–17: Australian hospital statistics

An analysis of hospital services administered to people assessed as eligible for residential aged care reveals that in remote and very remote regions, there are higher proportions of Australians accessing hospital care services.

The findings from this analysis present consistent trends of higher consumption of hospital services by older Australians in remote and very remote regions of Australia. In combination with the lower ACFI levels of current RAC consumers in remote and very remote regions, the relationship between these two variables may indicate that some older Australians who require high care services are not accessing RAC and are instead relying on hospitals to address their care requirements. This could also be a reflection of the availability of home care services and support.

Based on our findings from Section 7 of this report, one cause of older Australian's high reliance on hospital services in remote regions of Australia is the limited targeted supply of RAC services that are readily accessible and in close proximity to them.

SECTION ELEVEN

FUTURE DEMAND AND FUNDING ESTIMATES

ANSELL STRATEGIC

11. FUTURE DEMAND AND FUNDING ESTIMATES

11.1 OVERVIEW

The following section analyses future demand and funding estimates in the context of our evolving sector, consumer preferences and the desire for a sustainable aged care industry.

We have modelled at a macro level the future funding for care expenditure for residential aged care and home care packages. These have then been scenario tested for the introduction of greater user contributions and a change to the proportional level of home care and residential aged care services.

We have focussed our analysis on Commonwealth expenditure on home care packages and residential aged care. We acknowledge that CHSP forms a component of aged care funding, however given the limited level of data on consumers, the differing funding arrangement (being block funding compared to user driven) and the potential integration of CHSP with home care packages, we have excluded this from the scenario analysis.

We have also focussed on care costs as this is a major area that the Government contributes to. For home care, we consider care costs to reflect the home care package subsidies for each level. We have not included other subsidies or supplements. For residential aged care, we consider care costs in the context of ACFI subsidy contributions. We have not included any other subsidies or supplements and we did not include respite or flexible care.

By only analysing the care expenditure component, we are excluding consumer and/or Commonwealth expenditure on the basic daily fee, accommodation costs and other items. Our focus of consumer contributions is therefore analysing the means tested and income tested care fees that consumers may be required to pay to assist with their care costs.

Through the analysis, we have also considered the potential to reinvest any potential savings into residential aged care. With this, we have placed a primary focus on additional care hours that could be available by undertaking these initiatives.

11.1.1 Assumptions

The table below summarises assumptions in the baseline model to forecast care expenditure.

In projecting baseline aged care expenditure, we have reconciled forecasted Government expenditure to the Government Budget. The projections in this report are approximately 10% lower than the Government Budget. This difference represents other supplements (accommodation and care), respite, other aged care service and other allocated costs that have not been modelled in this project. Therefore, the baseline case is comparable.

Table 3: Baseline Care Expenditure Projection Assumptions

Item	Baseline Assumption	Rationale
Care Costs: ACFI	$172.16 per resident, per day	Based on the average National ACFI per the most recent ACFI monthly monitoring report.
Care Costs: Home Care Packages	$23,417 per package, per annum	We have calculated the weighted average annual home care package subsidy based on the split of packages at 30 June 2017

<table>
<tr><th>Item</th><th>Baseline Assumption</th><th>Rationale</th></tr>
<tr><td></td><td></td><td>per the ACFA report (page 87) and published subsidy rates, current as at 30 September 2018.
The decision to apply the current split is based on ACFA and Department commentary which indicates that whilst the total number of packages will increase each year, the number of packages at each funding level will continue to be capped in line with the aged care target provision ratio and the available budget.

<table><tr><th>Level</th><th>Split</th><th>Subsidy Rate</th></tr><tr><td>Level 1</td><td>2%</td><td>$22.66</td></tr><tr><td>Level 2</td><td>66%</td><td>$41.22</td></tr><tr><td>Level 3</td><td>9%</td><td>$90.62</td></tr><tr><td>Level 4</td><td>23%</td><td>$137.33</td></tr></table>
We have also applied a package utilisation factor of 95%. This is to recognise that not all packages allocated will be fully utilised throughout the year due to time taken to accept packages. We understand that the Department is seeking to obtain additional data regarding the average time to accept packages.</td></tr>
<tr><td>Places: Residential Aged Care</td><td>Refer to table</td><td>In the baseline model we have utilised the residential aged care operational place targets per the Department of Health Portfolio Budget Statements.

<table><tr><th></th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Places</td><td>210,100</td><td>217,000</td><td>225,000</td><td>234,000</td></tr></table>
Post FY2022, we have assumed the ratio will stay the same which is approximately 75 RAC places for every person aged 70 and over. We note this is lower than the Department Target Ratio of 78 residential aged care places per 1,000 people aged 70 and over.</td></tr>
<tr><td>Places: Home Care Packages</td><td>Refer to table</td><td>In the baseline model we have utilised the home care package targets per the Department of Health Portfolio Budget Statements.

<table><tr><th></th><th>2019</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>Packages</td><td>111,500</td><td>134,500</td><td>144,500</td><td>151,500</td></tr></table>
Post FY2022, we have assumed the ratio will stay the same which is approximately 48 HCP for every person aged 70 and over. We note this is higher than the Department Target Ratio of 45 home care packages places per 1,000 people aged 70 and over.</td></tr>
<tr><td>Consumer Contributions: Residential Aged Care</td><td>6% of ACFI Expenditure</td><td rowspan="2">Consumers may be required to contribute to their care costs in residential aged care through means tested care fees. As per the supporting analysis and observations provided by ACFA for the Legislated Review of Aged Care, in FY2016, post 1 July 2014 residents paid Means Tested Care Fees of $238.4 million, whilst the Government paid $3,733 million (note, this is for post 1 July 2014 residents only). This equates to the Government funding 94% of care costs and consumers contributing 6%. In the baseline model, we have assumed this level will continue.</td></tr>
<tr><td>Government Contributions: Residential Aged Care</td><td>94% of ACFI Expenditure</td></tr>
</table>

Item	Baseline Assumption	Rationale
		We have also assumed there will be no change in legislation or policy.
Consumer Contributions: Home Care Packages	2% of Home Care Package Expenditure	Consumers may be required to contribute to their care costs in the home care package program through income tested care fees. As per the supporting analysis and observations provided by ACFA for the Legislated Review of Aged Care, in FY2016, post 1 July 2014 consumers paid Income Tested Care Fees of $13.1 million, whilst the Government paid $516 million (note, this is for post 1 July 2014 residents only). This equates to the Government funding 98% of care costs and consumers contributing 2%. In the baseline model, we have assumed this level will continue. We have also assumed there will be no change in legislation or policy. *Note, we have not included in the basic daily care fee as this is optionally charged by providers, and if charged it increases the value of the consumers' package.*
Government Contributions: Home Care Packages	98% of Home Care Package Expenditure	
Population Projections	ABS Population Projections	We have utilised national population projections published by the ABS. Series B has been utilised, as this represents moderate growth forecasts.
Indexation	1.5% per annum	Annual indexation for ACFI and home care package expenditure has been assumed at 1.5% per annum in line with previous annual uplifts to subsidies. We acknowledge that indexation for subsidies can vary and the baseline assumption is lower than the Reserve Bank of Australia inflation targets of 2% to 3% per annum.

To calculate the reinvestment opportunity into residential aged care, we have calculated the potential additional care hours a resident would be able to receive on a per resident, per day basis. This calculation utilises the following:

- The forecasted number of people in RAC in each scenario;
- Assumes an average care labour cost of $132.55 per resident, per day (Stewart Brown – June 2018);
- Assumes average care labour hours of 3.28 hours per resident, per day (Stewart Brown – June 2018); and
- Labour inflation rate of 2.5% per annum.

11.2 SCENARIOS

We have modelled four different scenarios that consider changing the ratio of home care and residential aged care and the proportion of Government and consumer contributions.

11.2.1 Changing the Ratio of Home Care Packages and Residential Aged Care

As highlighted in Section 4, there is a growing consumer preference to age within the home and delay entry into residential aged care. The Government has indicated support for this preference and whilst they target an increase in the overall availability of subsidised aged care, the proportional growth will be in home care packages over residential aged care. By 2022, the Government targets a ratio of 78 residential aged care places, 45 home care package places and 2 short term restorative care (STRC) places per 1,000 people aged 70 and over. Per the 2019 Budget, the ratio equates to approximately 75 residential aged care places, 48 home

care package places per 1,000 people aged 70 and over. We have used the latter ratio for the baseline projections.

With such strong demand for home care services as evident in waitlists and the analysis of informal care support, we have undertaken a scenario analysis to understand the impact of changing the target ratio as follows:

Table 4: Baseline and Scenario 1 Ratios

	Budget 2019 Ratio at FY2022	Scenario 1
Residential Aged Care	75	63
Home Care	48	60
Total	**123**	**123**

We have assumed a steady state change in the ratio over a 10 year period. It should be noted that the proposed dependency levels on RAC results in long term care closer to those in other OECD countries (refer to Section 10). It should be noted that whilst there is an opportunity to reduce RAC dependency levels, given Australia's geographical spread, it can be difficult to effectively and efficiently deliver home care in some areas. As such, in developing our assumptions we have considered that Australia is likely to always have slightly higher dependency level on RAC than other OECD countries.

The potential savings are likely to be offset by the introduction of a higher level 5 package. As such, in scenario 2 we have also modelled the introduction of a level 5 package (scenario 2). The funding for a level 5 package has been assumed to be the mid-point between the average national ACFI ($172.16 per resident per day at May 2018) and the daily subsidy for a level 4 package ($137.77 per consumer per day). This equates to $154.97 per consumer.

We have then assumed a split in packages which would be achieved over a 10 year steady ramp up period until 2029. The assumed split of packages with the introduction of a level 5 package has been summarised below:

Table 5: Current and Scenario 2 Package Splits

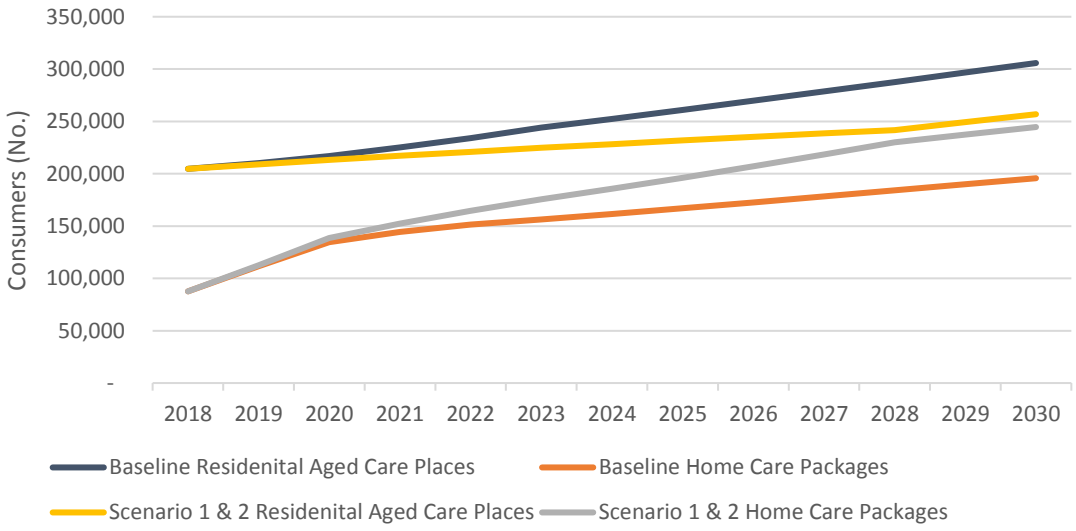
	Baseline (Current) Package Split	Scenario 2 Package Split
Level 1	2%	15%
Level 2	66%	25%
Level 3	9%	30%
Level 4	23%	20%
Level 5	0%	10%

The graph below demonstrates the change in the mix of RAC and HCP. Under Scenario 1 and 2, RAC places will grow at a steady rate of approximately 2% per annum. Whereas HCP will grow at a more significant rate until the steady state ratio is achieved in FY2028. Scenario 1 and 2 proposes that there would be a doubling of the number of packages from FY2018 by FY2022, from a Government estimated number of packages of 87,600 in at the end of FY2018 to 164,700 packages in FY2022. This is 13,000 more packages over the Government's current forward estimates.

In Scenario 1 and 2 we can see that the proportion of consumers in RAC and HCP becomes more in line by FY2027. It is forecast that by this date 4.5% of people aged 65 and over would

be in long term care (RAC). This is slightly above some OECD nations but in line with New Zealand, Sweden and Norway.

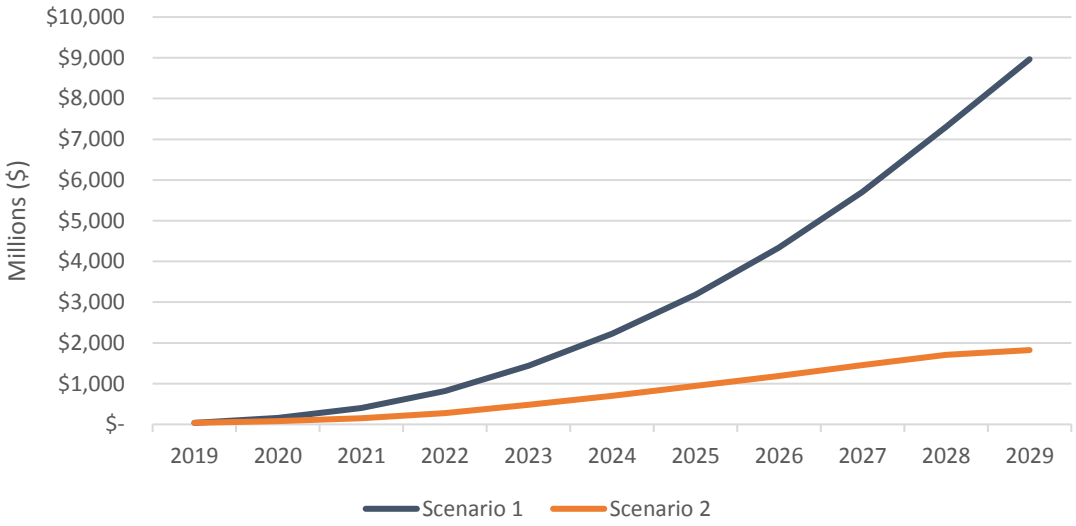
Graph 141: Projected Consumers, Baseline and Scenario 1 and 2, 2019 to 2030



Source: Ansell Strategic calculations

Under Scenario 1, there is forecasted opportunity to reinvest approximately $8.9 billion over 10 years (between FY2020 and FY2029) into residential aged care. The introduction of a level 5 package would reduce this potential reinvestment opportunity to $1.8 billion over the same time frame.

Graph 142: Cumulative RAC Reinvestment Opportunity: Scenario 1 and Scenario 2, 2019 – 2029

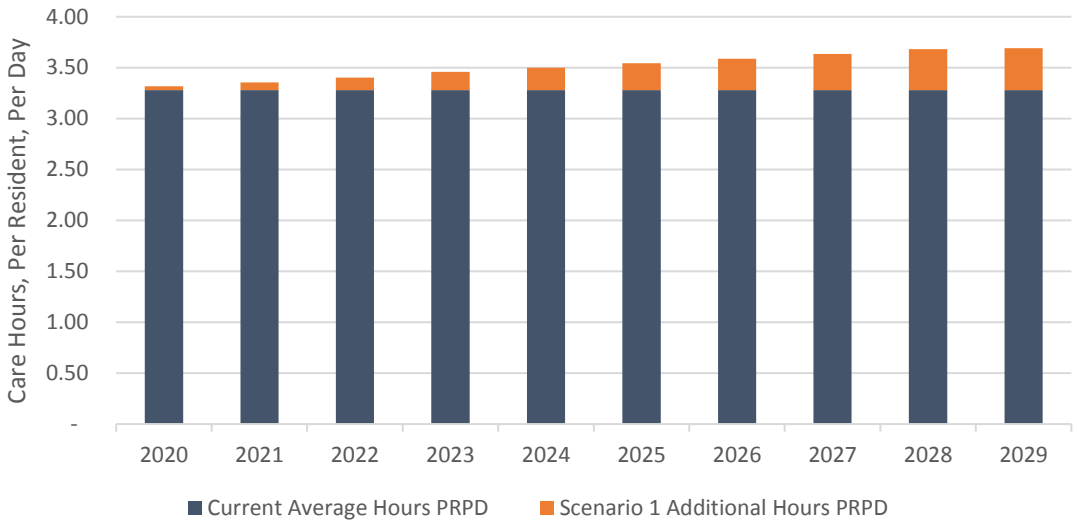


Source: Ansell Strategic calculations.

Under Scenario 1, reinvesting back into residential aged care could result in the average care hours per resident, per day, increasing by 7%, or 0.22 hours (13 minutes) in five years' time.

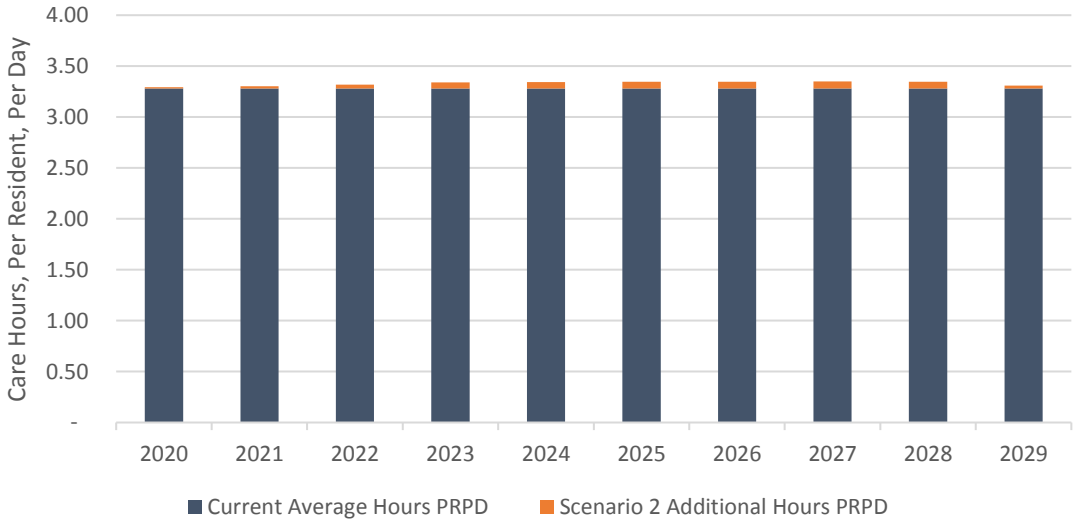
In ten years, the average care hours per resident, per day could potentially increase by 13%, or 0.41 hours (25 minutes).

Graph 143: Scenario 1 Additional Care Hours, Per Resident, Per Day



Under Scenario 2, the average care hours per resident, per day, could increase by 3%, or 0.09 hours (5 minutes) in five years time.

Graph 144: Scenario 2 Additional Care Hours, Per Resident, Per Day



11.2.2 Changing Consumer Contributions

As evident in the assumptions rationale and in Section 4, consumer contributions represent a small fraction towards care costs in residential aged care and home care. In Scenario 3, we have assumed a greater consumer contribution to care costs through means and income tested care fees. This has been applied in two waves, the first being an increase in consumer contributions to 15% from FY2020 to FY2024 and the second wave a further increase to consumer contributions to 25% from FY2025 onwards. We have only applied this to incoming consumers (grandfathered) and have assumed an average length of stay of 34% (2 years and

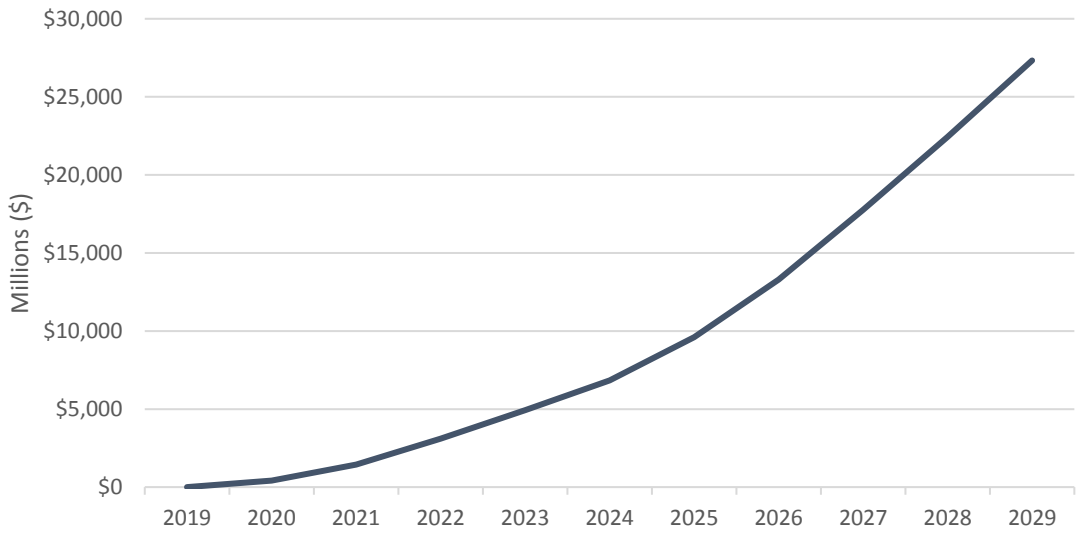
11 months) in residential aged care and 41% (2 years and 5 months) in home care packages as per the latest information provided by the AIHW.

Table 6: Contributions to Care Costs, Current and Scenario 3

	Current	Scenario 3	
		FY2020 to FY2024	FY2025 onwards
Consumer Contributions: Residential Aged Care	6%	15%	25%
Government Contributions: Residential Aged Care	94%	85%	75%
Consumer Contributions: Home Care Packages	2%	15%	25%
Government Contributions: Home Care Packages	98%	85%	75%

The potential reinvestment into residential aged care by introducing a more user pay system are projected to be more than $**27.3** billion over 10 years for Scenario 3. This averages $**2.7** billion reinvestment per annum between FY2020 and FY2029.

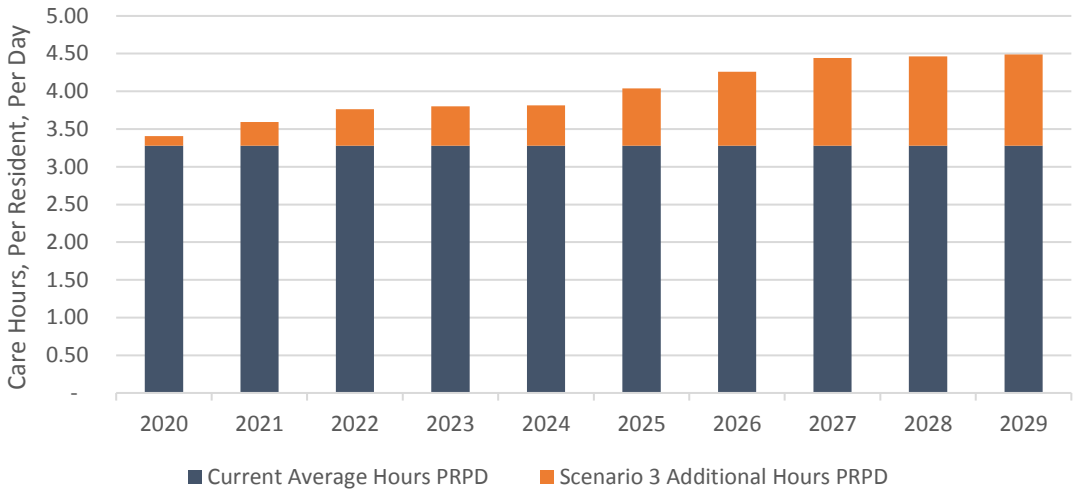
Graph 145: Cumulative RAC Reinvestment Opportunity: Scenario 3, 2019 – 2029



Source: Ansell Strategic calculations.

Scenario 3 would enable a material reinvestment back into residential aged care and could potentially result in a 23% increase in care hours per resident, per day (0.53 hours, or 32 minutes) in five years' time, and a 37% increase (1.21 hours) in 10 years' time.

Graph 146: Scenario 3 Additional Care Hours, Per Resident, Per Day



ACFA undertook a high level analysis of consumer contribution levels trends since the introduction on income tested fees. The analysis found that 77% of post 1 July 2014 consumers were full pensioners. Further, the analysis found that the income tested care fee has resulted in a disproportionate representation of self-funded or part pensioner consumers in the various package levels, with only 14% of level 1 package consumers being self-funded retiree or part pensioner. This is compared to 29% of level 4 package consumers being self-funded retirees or part pensioners.

The above trend coupled with anecdotal evidence indicates that current fee levels deter part-pensioners and self-funded retirees from using home care packages as they have to pay more. This structure results in people using services through CHSP, the private market, or relying on informal care.

As described in the 2010 Intergenerational Report;

> **"…Baby Boomers currently comprise 25% of the population, yet they own 55% of the nation's private wealth… And in 2020, when the oldest Boomers hit their mid-70's we will witness the biggest intergenerational wealth transfer in history."**

Given the expenditure for aged care continues to rise and with a declining dependency ratio, there is growing pressure on the Commonwealth budget that is already in deficit. **As we move towards a more consumer directed model we need to consider introducing a more effective user-pay environment. This then enables the Commonwealth to support those who cannot afford care services.**

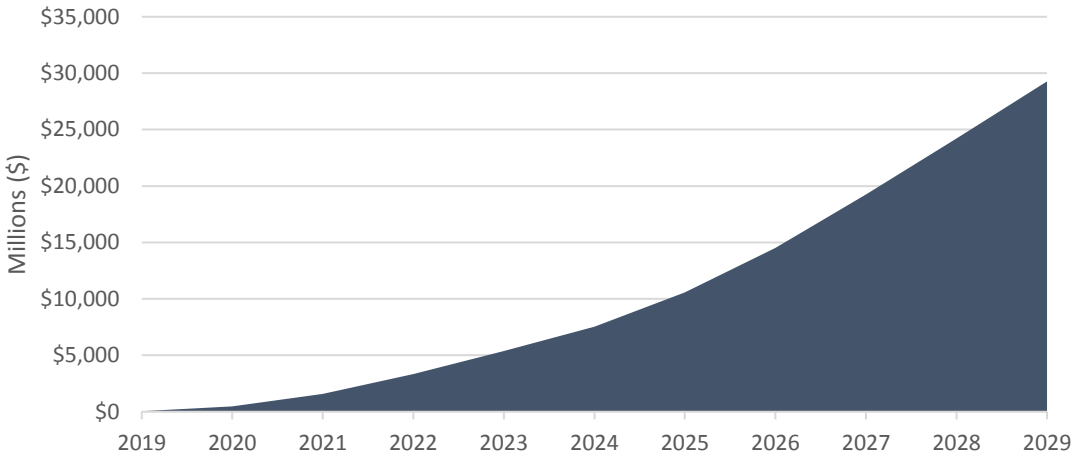
As stated previously, the above analysis does not include accommodation supplements, which equated to $930 million in 2016-17. Whilst further analysis is required to consider the impact changes to the accommodation supplement may have on Commonwealth expenditure, this will also be important to consider further due to more costly care services and housing utilisation pressure issues.

11.2.3 Combined Scenario Analysis

We have also undertaken a combined analysis of Scenario 2 (change in proportion of home care and residential age care and the introduction of a Level 5 package) and Scenario 3 (increasing consumer contribution towards care).

Under this combined scenario, a significant reinvestment into residential aged care of $30.1 billion over 10 years is estimated.

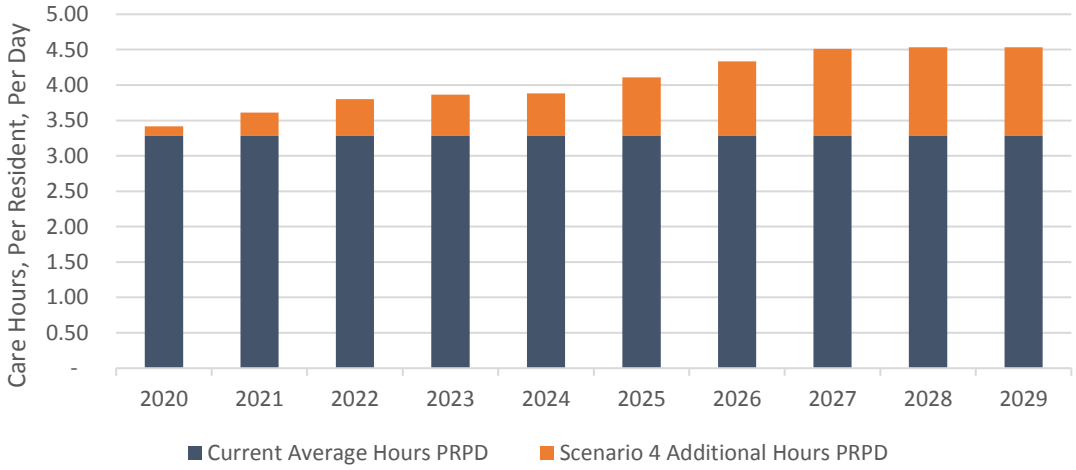
Graph 147: Cumulative RAC Reinvestment Opportunity: Scenario 4, 2019 – 2029



Source: Ansell Strategic calculations.

This could translate into a potential increase in average care hours by 19%, or 37 minutes in 5 years time. In ten years, this could potentially result in average care hours by 40%, or 1.3 hours. This could materially change the quality of care delivered and improve the wellbeing of older Australians in residential aged care.

Graph 148: Scenario 4 Additional Care Hours, Per Resident, Per Day



11.3 CONCLUSION

As evident in the above scenarios, there is a significant opportunity to improve the outcomes of Australia's aged care system by introducing a system that provides a greater proportion of

home care services and by having a more user pay system. Not only does this create a system that better enables older Australians to age in place, but it also creates an opportunity to reinvest into the residential aged care sector and improve the quality of care and resident wellbeing.

Other financial and non-financial benefits from introducing these measures include, but are not limited to:

- **Reducing pressure on hospitals.** As evident in Graph 8, we have increasing numbers of seniors in hospitals who are waiting on residential aged care or can no longer be cared for in their home. A more comprehensive and accessible aged care sector would reduce this number. This would not only translate to financial savings for the Government (State, Territory and Commonwealth) with day rates in hospital far exceeding the cost of residential aged care and home care, but would also be a preferred option for older Australians and their families.
- **Meeting consumer preferences**. International research continues to demonstrate the desire for people to age in place. Whilst there will always be a need a for residential aged care for people with complex health, behavioural and palliative care needs, the role of home care will become more important in enabling people to continue to live in their community.
- **Encouraging innovative and quality care and support**. Providers of residential aged care and home care continue to face financial pressure due to the growth in care income not offsetting the rising care costs. The impact of this pressure has been the focus of recent media attention. If we introduce a more equitable user-pay system as we transition to a more consumer centric model, we are likely to see consumers have greater control, choice and be able to dictate and drive more innovation to meet their preferences and needs.
- **Addressing workforce pressure.** Our taxpayer to retiree ratio continues to decline and there is competing demand for a similar workforce in child care, the disability sector and health sector. There will be more pressure and challenges attracting and retaining a quality workforce. This can be balanced by ensuring that the sector is adequately funded to maintain a strong, skilled workforce and can be achieved by reinvesting back into residential aged care as demonstrated in the scenarios above.

The Australian aged care sector is facing one of the most challenging times as we enter a period of uncertainty coupled with escalating fiscal pressure and unprecedented demand. At a time where investment from providers is critical to deliver innovative and quality care solutions for our seniors, we have seen the Commonwealth cut funding to residential aged care and restrict the supply of home care packages.

The sector acknowledges the fiscal pressure that the Government faces, however, as evidenced in this analysis, there are potential solutions that can result in a more equitable funding system. These solutions could also reduce pressures on hospitals, meet consumer preferences, encourage innovation and quality care solutions and assist in addressing workforce pressure.

SECTION TWELVE
RECOMMENDATIONS

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12. RECOMMENDATIONS

12.1 RECOMMENDATIONS

The findings from Module One have highlighted a clear opportunity to make a positive impact on the aged care sector through the Royal Commission's investigation.

Improve Access to Home Care Packages

Since commencing this project, the home care packages waitlist has continued to grow. Whilst the Government has increased the number of packages since the February 2017 changes, these have been predominantly allocated as lower level packages.

The most recent report (which is dated post the analysis of the main body of this initial report) attempts to highlight that the 127,000 people on the waitlist either have:

- Access to an interim package;
- Access to CHSP services; and/or
- Approved for residential aged care.

However, there are many counter arguments to this including:

- The pressure that it puts on informal carers or the wider health system by having a lower package;
- The recent advice from the Government that people accessing support through home care packages should not also be accessing CHSP support; and
- There is a preference to age in place at home, and we should have sufficient packages in place to prevent early admission into residential aged care.

We recommend aiming to improve the access of home care packages to older Australians. This should address the shortfalls in home care package access and the negative societal impact this causes.

Based on the analysis undertaken in Section 11, findings suggest that a target ratio of home care packages should be further explored (i.e. 60 home care packages per 1,000 people aged 70 and over) in conjunction with the possibility of targeting a specific number of packages to be made available (i.e. doubling the number of home care packages from 91,000 at 30 September 2018 to 185,000 by FY2024).

In addition, consideration for the introduction of a Level 5 package as well as for a change in the composition of packages should be given.

Reinvesting into Residential Aged Care

As our findings in Section 11 demonstrated, there is a significant opportunity to reinvest in residential aged care to improve quality and sustainability. As this demonstrates, any potential savings should be reinvested back into residential aged care funding which would translate to increased care labour hours per resident.

Equitable Funding of Aged Care

Many of the challenges facing the sector stem from the inequitable funding and means testing arrangement. The Government Commissioned Legislated Review of Aged Care 2017 (The Tune

Report) illustrated the strain this has placed on the Australian economy. The Government's response has been to restrict supply as outlined in this report.

The Tune Report proposed an adjustment to the means testing and annual lifetime caps on user contributions, as well other initiatives to achieve a more sustainable balance between Government and consumer investment in care services. The analysis provided in Section 11 proposes a more gradual transition toward this outcome and alternative approaches can be modelled to support policy development going forward.

GLOSSARY

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GLOSSARY

Abbreviation	Term
ABS	Australian Bureau of Statistics
ACFA	Aged Care Financing Authority
ACFI	Aged Care Funding Instrument
ACPR	Aged Care Planning Regions
ACT	Australian Capital Territory
AIHW	Australian Institute of Health and Welfare
Ansell Strategic	Ansell Strategic Pty Ltd
ATSI	Aboriginal and Torres Strait Islanders
CALD	Culturally and Linguistically Diverse
CHSP	Commonwealth Home Support Program
COB	Country of Birth
DOH	Department of Health
HACC	Home and Community Care
HCP	Home Care Packages
IRSD	Index of Relative Socio-economic Disadvantage
LGA	Local Government Area
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Cooperation and Development
QLD	Queensland
RAC	Residential Aged Care
Royal Commission	Aged Care Royal Commission
SA	South Australia
SA2	Statistical Area Level 2
SEIFA	Socio-Economic Index for Areas
SNG	Special Needs Group
TAS	Tasmania
VIC	Victoria
WA	Western Australia
The Department	The Department of Health

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