Wintringham

Submission to the

Review of Pricing Arrangements in Residential Aged Care

April 2003

Wintringham

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Professor Warren Hogan
Review of Pricing Arrangements in Residential Aged Care
MDP 76
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Dear Professor Hogan

Thank you for visiting Wintringham and inspecting our services to homeless elderly men and women.

As I said to you at the time, our submission to the Review will concentrate primarily on our experiences gained from our work with the elderly poor. While many of the issues that we raise may well have universal application, we will not be attempting to represent the interests of mainstream aged care providers as I am presuming that these providers, or their peak bodies, will provide that information to you independently.

The elderly homeless remain one of the most disadvantaged and powerless groups in Australian society. At a time of life when most people would be enjoying their retirement, elderly homeless men and women live outside mainstream society making do with inadequate food, clothing and housing. Issues such as premature ageing and a wide variety of mental and physical health issues, only serve to exacerbate the limited opportunities they have to gain appropriate aged care services.

Wintringham believes that the primary government policy response to the existence of elderly homeless people must come through the Commonwealth aged care system, while at the same time, acknowledging that there needs to be a more vigorous linkage between this service system and that of the provision of safe and affordable housing.

The Commonwealth aged care system has as its rationale, the provision of appropriate aged care services to the Australian community. Unlike the Supported Assistance Accommodation Program (SAAP) system, it has not been designed around the needs of homeless people. The following paper is intended therefore to

offer advice from Wintringham to make the aged care system more responsive to a small but disadvantaged subsection of the aged community.

Established as an independent not-for-profit welfare company in 1989, Wintringham today provides services each night to over 600 elderly people, most of whom are either homeless or at risk of becoming homeless. These services include residential aged care services, community care packages, State funded support packages, a range of housing services and options, street based outreach work, advocacy services, as well as our work representing the interests of the homeless elderly on a variety of State and national ministerial advisory committees. For more details about these services and further background to the company, you could visit www.wintringham.org.au

Capital funding of aged care residential facilities

As a result of the Commonwealth's abandonment of the capital funding program in 1997, companies like Wintringham who concentrate their services at the very poor, have little or no hope of building new residential aged care services. Our three low care hostels were built during the period 1993-96 when a capital funding program was still in existence.

In spite of these hostels winning international recognition for the innovative way in which they have been able to provide a home and quality care services to aged people who were previously homeless, due to the cessation of Commonwealth capital funding Wintringham is extremely unlikely to attempt to use this experience to build new hostels. Indeed it is difficult to imagine how Wintringham could even get established in today's funding environment. While the Commonwealth is happy to point to Wintringham as an example of how their aged care policies are working, the reality is that it is these Commonwealth policies which will prevent any organisation from trying to replicate our successful models.

Attached to this submission are a number of appendices which demonstrate the general poverty of our clients, as well as showing how existing capital funding arrangements make it extremely difficult for Wintringham to develop new residential facilities.

To illustrate just how impoverished most of Wintringham's clients are, Appendix I shows that in two of our hostels (McLean Lodge which opened in 1993 and Wintringham Port Melbourne which opened in 1996), 78% of our residents came to the hostels with less than $10,000 in assets and an astonishing 60% had less than $1,000.

With a client base as poor as ours, it is clearly impossible to be able to use Accommodation Bonds to subsidise new hostel developments.

Recommendation: *Re-introduction of a highly targeted Capital funding program to be made available to facilities which undertake to provide in excess of 90% of places to Concessional residents.*

Although there is presently only very limited capital grants available, the Government is quick to point out that organisations like Wintringham who work with the elderly poor, are eligible for a Concessional subsidy which can be used to debt service a loan for capital works. We have no problem with the principle of the argument, its just that the amount of the subsidy is clearly insufficient.

At the time of the negotiations around the establishment of the Concessional subsidy in 1997, Wintringham provided data which demonstrated that organisations charging an industry standard Accommodation Bond were earning up to $20 a day per resident more than those organisations who did not charge a Bond. Unfortunately, Wintringham received very little support from our industry colleagues on this argument, and as a result a Concessional subsidy figure was set at only $13.20 a day.

Appendix 2 (i) demonstrates that the figures we provided in 1997 are remarkably similar to what can be provided today. Organisations who rely on the Concessional subsidy receive $9.20 a day per resident less than companies who actively seek out residents who can pay an Accommodation Bond. Clearly this is grossly iniquitous.

Appendix 2 (ii) demonstrates that $13.20 per day would service a debt of just $27,690 which is obviously considerably less than what is needed to build a new service. I wonder whether the Certification and Accreditation auditors would approve a residential facility that was built at a cost of $27,690 a bed.

A further anomaly in the Reforms is the existence of a two tier Concessional Supplement which funds those providers $7.70 a day if they have less than 40% Concessional residents, and $13.20 a day if they have more than 40%.

While the introduction of this two tier system was intended to act as an incentive to mainstream providers to provide services to homeless or financially disadvantaged residents, it severely impacts upon those organisations whose clients are exclusively financially disadvantaged, and who therefore have no opportunity to cross subsidise with income and fees from Accommodation Bonds paid by wealthier clients.

Wintringham therefore recommends the introduction of a third tier of $20.00 a day for those providers who reserve in excess of 90% of places for homeless or concessional residents. In order to make the change cost neutral, it is recommended that the second tier rate be lowered by an amount needed to fund the expenditure on what would be a relatively low number of third tier grants.

Recommendation: *The current two tier Concessional Supplement be replaced with a three tier system that more adequately addresses the cost issues associated with providing care to the homeless aged.*

At the time that the Concessional subsidy was introduced, the Department made it clear that an aged care operator could only claim the subsidy for those financially

disadvantaged persons who entered the residential facility after the date of the commencement of the Reforms.

For those financially disadvantaged residents who were currently living in residential facilities, the Department introduced a Transitional Supplement of $4.50 a day which is now $4.95 a day. The expectation of the Department was that Transitional residents would die or be transferred from the facility within a short period of time and as most facilities had very low numbers of Transitional residents, it was presumed that the dollar difference between the Transitional and Concessional supplement would have a negligible financial impact on providers.

This has not proved to be the case for those few providers who work with the elderly homeless and for whom all of their residents would have been Transitional at the time of the introduction of the reforms. Those providers can only start to access the Concessional supplement when a Transitional resident leaves the hostel and is replaced by a new resident.

The financial impact has therefore been substantial, with those organisations who choose to work with the elderly homeless having to face severe financial penalties. Appendix 3 demonstrates that the difference to Wintringham between a Concessional and Transitional supplement has been approximately $860,000 of lost income.

Other tables and graphs attached to Appendix 3 show that the Department's expectation that Transitional residents would be rapidly replaced by Concessional residents is incorrect. Three years after the introduction of the Reforms, Wintringham still had approximately 50% of its residents receiving Transitional supplements, and today, some 6 years after the Reforms commenced, we still have large numbers of people for whom we receive the supplement.

Recommendation: *The Transitional Supplement to be immediately abolished and that those residents who are eligible for the Transitional Supplement to now become eligible for the Concessional Supplement.*

The final point that we would wish to make with regard to the Concessional subsidy and Transitional supplement, is that to some extent it is almost irrelevant whether these transfers are sufficient to enable debt servicing for capital works, because most providers are using the transfers to augment operating revenue.

A succession of nationally released reports have demonstrated that recurrent subsidies are not keeping pace with costs. From Wintringham's perspective, we have noticed a clear dip in performance coinciding with the introduction of the Aged Care Reforms in 1997, from which we are only now just beginning to emerge.

Appendix 4 demonstrates that while we have been able to make a small surplus before depreciation for most years at both McLean Lodge and Wintringham Port Melbourne, we have struggled to meet depreciation costs.

While some in our industry dispute the need for depreciation costs for a not-for-profit company, we disagree and see the long term viability of the company inextricably bound within our ability to provide for the future. If recurrent subsidies are kept so low that we require income form Concessional and Transitional supplements to remain viable, we clearly have no ability to accumulate reserves to build much needed new facilities.

Linkages between Housing and Aged Care

Due to the unusual nature of our work and the client group that we target, we have a fundamentally different approach to aged care in that we primarily see ourselves as being housing providers into which we deliver individually targeted care services, rather than the general industry approach which is to see themselves as being aged care service providers.

While our clients accept the care services with varying degrees of tolerance, it is the housing that we provide that is of most relevance and interest to them. It has been the attitude of our residents who have alerted us to this different way of looking at the services we provide. For the vast majority of the aged men and women who live in hostels or nursing homes around Australia, it is the level of care that is received which constitutes almost the sole reason for leaving the family home.

To a very real degree, they are leaving one home to enter another one – and the reason they move is that either they or their family and advisors recognise that their care needs are unable to be met in the family home. While the physical quality of the hostel or nursing home is obviously important in making a decision to move, it is primarily the care that will be received which determines their final decision.

For the elderly homeless person however, the paradigm is reversed. When aged men and women living in night shelters or boarding houses come to Wintringham they may not recognise that they require care and support, but they do place a very high priority on a private, lockable room which they will not be evicted from and which affords protection from physical violence.

This inter-relationship between housing and aged care has implications for the provision of aged care services, both now and in the future.

In order to try to meet the demand for services from the impoverished aged, Wintringham has turned to the Victorian Office of Housing where we have been able to generate a number of projects where we have been able to support aged people in State or community owned housing through a variety of funding programs including Commonwealth aged care packages.

These housing services have enabled elderly people to age-in-place to a far higher degree than normally associated with residential aged care. We have numerous examples of elderly people who have endured serious and often terminal illnesses without having to enter either residential aged care services or hospitals. These examples demonstrate that there are viable and far more attractive alternatives to expensive acute hospital admissions.

Two recent examples involved men who had been living relatively independently at one of our housing services. Although both men unfortunately contracted cancer, Wintringham was able to ensure that they remained at home until death. Through a combination of initially low level State funded support, through to more intensive Community Care Packages (CACP) and finally full home based hospice care, the men were able to remain living with their friends and all of the supports they offered, during illnesses which were both approximately two years in duration. During that time, both men spent less than a week in hospital.

The outcome was beneficial for everyone concerned: the men were able to stay at home surrounded by friends; our staff, many of whom had become very close to the men, were able to care for them throughout their illnesses; other residents were able to stay connected and provide support to their friends (and also saw that they too would be cared for if they ever became sick); and importantly in terms of your Review, the quality care provided to the men came at a fraction of the cost of what would have been delivered via either a nursing home or acute hospital stay.

So instead of a 'step down' facility which has been suggested as a way of relieving the congestion in acute hospital settings, Wintringham has been able to demonstrate that it is possible to deliver care services that can assist residents to largely by-pass the hospital system, provided that the appropriate supports can be accessed.

Appendix 5 demonstrates clearly that quality aged care services can be provided in a far more cost effective manner through the interaction between housing and aged care.

It is frustrating for an organisation like Wintringham that we are limited in developing these new models of care because of rigid program guidelines.

The Review should therefore look closely at the inter-relationship between aged care and housing. It may be that rather than recommend massive increases in funding to the aged care sector, more thought needs to be put into how the existing money is allocated and spent. Wintringham strongly supports the principle that elderly people, or their families, should make a contribution to the costs of their care, and so therefore supports the principle of levying Accommodation Bonds charges. We do not however, consider that the Commonwealth (or the industry generally) have paid sufficient attention to the how funds can be gathered to pay for the construction of residential services for impoverished or low income aged people.

Recommendation: *The Review devote resources to investigating linkages between Housing and Aged Care through such programs as the Commonwealth State Housing Agreement*

Recommendation: *The Review consider the role that affordable housing combined with appropriate supports can play in reducing the need for elderly people to enter and remain in acute hospital settings.*

High and Complex Needs

Although there is a considerable amount of literature describing the needs of homeless people with high and complex needs, most of this material relates to the Supported Assistance Accommodation Program (SAAP), which is the Commonwealth and States' programmatic response to homelessness.

Although Wintringham has regularly attempted to alert the Commonwealth aged care program to the special needs of aged people with severe behavioural problems, to date very little has been done by the Department in this area.

The problems remain however, and are becoming increasingly common. Organisations like Wintringham, are increasingly receiving referrals for people whose extreme verbal and/or physical violence, makes it difficult to manage in a community care or residential aged care setting. Not only do these folk present real physical risks to other residents, but importantly our staff themselves are also placed at risk.

While Wintringham staff have developed a range of skills and procedures which help manage situations which can appear dangerous, there are times when these behaviours do get out of control and have the potential to cause injury to the resident themselves, to our staff or to other residents.

In such instances, we occasionally need to recognise that we cannot provide the levels of care required, usually because we lack the resources to provide the appropriate levels of care. The alternatives to Wintringham are usually pretty grim: either institutionalisation in a psycho-geriatric centre or back out into privately-run Special Residential Services, boarding houses, pub tops or simply the street and homeless crises centres.

Yet solutions are available. Wintringham has demonstrated that we have had success in providing care to people with high and complex needs in our smaller homelike aged care settings. The design of the buildings and the specialised skills that many of our staff have developed in this area over a number of years, appear to calm many of the clients, and indicate to us that we can develop an intensive care model that would enable us to provide care to these folk.

Although the numbers of people with high and complex needs may not be high, their care needs are not currently being met. We would encourage the Review to recommend that resources be applied to develop pilots to test models of care that can meet the needs of people with severe behavioural problems

Recommendation: *Funding be allocated to develop pilot models of residential care for people with high and complex needs.*

Security of Tenure issues

Recently we were placed in a very difficult position where a client of our community care program acted violently towards two of our carers. Our staff were too frightened

to return, and due to the client's history with other providers, we were unable to immediately broker any alternative service.

Wintringham had no alternative than to suspend services until a resolution of the issues could be reached. While we were extremely concerned about the safety of our staff, the occupational health and safety requirements of Victorian WorkCover legislation are such, that we would have jeopardised our entire community care program if we had continued to place staff into what was clearly a dangerous work place.

Although the matter was ultimately resolved, we remain concerned that a similar situation will present itself in the future, either at Wintringham or with some other service provider who will be bound by Security of Tenure provisions that have the potential to be in direct contradiction to issues such as Occupational Health and Safety.

There are probably few aged care providers who take security of tenure issues as seriously as Wintringham, due of course to our close links with homelessness and the knowledge that many of clients have previously lost their accommodation due to the capricious decisions of unscrupulous landlords. In spite of this knowledge, we must however also provide very serious consideration to how we tackle situations which place our staff (and inevitably our company through increased WorkCover premiums) at risk. In such situations, Wintringham must at the first instance protect our staff.

The further complicating matter, is that while some problems can be anticipated and provision made for a continuation of services through a different means, some emergency situations will arise without warning and require immediate action.

As the community aged care package program continues to grow and to find favour with the public, problems faced by providers attempting to balance the potentially conflicting needs and requirements of the Aged Care Act with WorkCover and Occupational, Health and Safety issues, need to addressed.

Recommendation: *Security of Tenure conditions be reviewed to ensure that aged care providers are not at risk of breaches to State legislation relating to WorkCover and OHS issues.*

A related issue to the above is that we are experiencing, in common with a number of other community care providers, regular instances where the care needs of clients on the CACP program increase substantially above the 5 hours of care a week that the program resources us to provide. In such circumstances, we are being advised by the Department that we will need to respect the Security of Tenure conditions and not discharge the client from the program, yet we will remain responsible for providing the appropriate levels of care required.

From the perspective of the Review, this is clearly going to develop into a significant problem in coming years. Unfunded levels of care being provided by the community

care sector should not be allowed to camouflage the true levels of need for services in the community and residential care sectors.

Recommendation: *Issues effecting Security of Tenure and Community Care funding need to be addressed to ensure either that providers can legally discharge clients from their program, or that the program be sufficiently resourced so additional care can be provided in the home.*

Linkages between Rehabilitation and Aged Care

A related issue to the role that housing and support can have in the lowering of demand pressure on nursing homes and the acute hospital sector, concerns Rehabilitation and the role that centres providing rehabilitation can play in ensuring that both the acute hospitals and aged care systems work more effectively. While supports such as CACP or home based hospice care can help maintain people in their homes, rehabilitation services are equally important.

It has been our experience that the lack of automatic access to rehabilitation services, has frequently led to a rapid deterioration of our residents. The consequence is that this deterioration eventually results in extended hospitalisation: an outcome which while causing our residents unnecessary pain and suffering, considerably adds to the cost to the community in providing appropriate care to the elderly.

Indeed the general lack of knowledge and in some cases, ignorance, between the acute care sector, aged care, housing and rehabilitation all contributes to a squandering of resources.

Assistance with Care and Housing for the Aged – ACHA

One of more innovative programs within the Department of Health and Ageing is the excellent Assistance with Care and Housing for the Aged (ACHA).

While this national program is only very small and has a negligible impact upon the Department's budget, the outcomes have been some of the most impressive that have been achieved in the recent past. The program funds outreach workers who work with homeless clients to assist them to access appropriate services, thereby preventing a premature admittance to an aged care facility.

It is difficult to imagine a more cost effective way of improving the opportunities of elderly homeless people to access services which they should be entitled to. In common with all ACHA providers, Wintringham has had a great number of successful outcomes where our crises workers have been able to broker a range of services including housing, support and health care to people who almost certainly would have died without that intervention.

The ACHA program however, is being starved of funds. The outreach component of the ACHA program in particular fails to recognise that workers require access to flexible funds which can be used to assist their clients. Such is our commitment to the work of our ACHA workers, Wintringham has been financially supporting the program for a number of years by topping up the operating shortfall.

Recommendation: *The ACHA program be expanded and resourced appropriately.*

Review of not-for-profit tax concessions

Wintringham receives no bequests and virtually no donations from the public. We have always believed that it would be extremely difficult, and an unwise use of resources, for a small independent company like ours to compete for public funds with older and more established church based organisations.

We do notice however, that many of the larger organisations which receive substantial public support as well as enjoying the very generous tax concessions which flow from their not-for-profit status, are usually reluctant to address the needs of homeless people. Indeed, Wintringham regularly receives referrals from mainstream aged care organisations who have the resources but who are unwilling to provide services to aged people with behavioural problems associated with homelessness or alcohol related brain injuries.

We are of the view that Commonwealth aged care capital and recurrent subsidies should be set at a sufficient rate to enable the industry to meet public demand for its services, and that these subsidies should be entirely independent of tax concessions. Wintringham believes further that the granting of tax concessions be reserved for those welfare organisations that work with those disadvantaged or handicapped people whose needs are not being met by mainstream private or welfare organisations.

Recommendation: *Wintringham advocates that the Review recommend that the current generous tax concessions awarded to not-for-profit organisations be reviewed, with the intention of developing a more targeted system aimed at those organisations who work with the disadvantaged.*

Conclusion

In conclusion we wish you well in your work with the Review. Like the SAAP system and its work with the homeless, we believe that the aged care program is an inherently good and effective means of delivering services to aged people. For all of our complaints with the program, overseas study trips have convinced us that it would be difficult to establish a company like Wintringham in most other Western

countries. Certainly the services to homeless elderly people in Australia is better than most other countries.

The disappointment however, is that each year it becomes harder to provide those services and even harder to grow new services to meet unmet demand. We believe that there are considerable savings to be made by better targeting of resources and by investigating and piloting new ways of delivering services, particularly through the interaction of housing and support services.

We would be keen to be involved in the development of these new services.

Bryan Lipmann, AM
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