



Victorian Healthcare Association

Healthy Ageing

National Health Reform: the VHA view

February 2010



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1. Prefacing Comments

An ageing population will place significant strain on Australia's health system and it is critical that the health system evolves to meet these challenges. It is, therefore vital that the changes we make to our health system to support healthy ageing facilitate the right care, in the right place, at the right time.

1.1 The NHHRC Final Report

The National Health and Hospitals Reform Commission (NHHRC) released its final report *A Healthier Future For All Australians* (the report) on 10 August 2009. The report included 123 recommendations for consideration by the Federal Government. The recommendations were grouped into four themes:

- Taking responsibility
- Connecting care
- Facing inequities
- Driving quality performance

The VHA has considered the report, as well as the activities and commentary of both the Federal and Victorian Governments since the reports release. In its analysis the VHA has regrouped the recommendations within the report into seven key themes in line with the VHA's priorities. The VHA's analysis centres on the following key themes:

- Governance
- Funding reform
- Service reform
- Workforce
- Benchmarking and data
- E-health
- Population health

2. The VHA Position

Supporting the Australian population to age healthily must be a key goal of the Australian health system. The NHHRC report provides some options for addressing the challenges of our ageing populations and the consequent burden on our health system.

In implementing the NHHRC's recommendations, the VHA supports the priority given to:

- Change the aged care funding system to effect consumer empowerment in deciding from whom they purchase non-residential services
- Electronic health records and other information technology applications
- Advanced care planning.

The VHA believes that options not adequately addressed within the report include: housing options other than residential aged care, individual fiscal incentives to upgrade personal housing to enable ongoing independent living, and workforce options for the future.



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2.1 Governance

The VHA believes that effective governance enables innovation, efficiency and effectiveness in service delivery. Effective governance is best achieved through decentralised governance models that are driven by community-led, locally developed solutions rather than a command and control bureaucratic approach.

The VHA gives qualified support to the notion of one level of government assuming all funding and policy responsibility for aged care service delivery. The qualification relates to an assurance that the quantum of funds dedicated to the delivery of Home and Community Care (HACC) within Victorian does not diminish.

The VHA also cautions that any significant structural or policy reorganisation must build upon the strengths of the existing health system. This is particularly the case in Victoria, where the integrated system of HACC service providers through local government, the not-for-profit sector and health services operates in an environment of cooperation and partnership. This approach benefits communities and enhances the capacity of the service sector as a whole. The VHA believes that this outcome is only achieved when the state health bureaucracies are involved in the distribution of resources to achieve objectives common to a National program.

2.2 Funding Reform

Given the huge financial burden imposed by an ageing population, reform of the aged care funding system has the potential to benefit both Australia's health system and the Australian population more broadly.

The NHHRC recommendations in relation to the financing of the residential aged care sector focus on the system as it currently exists. In doing so the NHHRC fails to propose an alternative vision for service delivery. The VHA believes that significant further work is required to determine what the right care, in the right place at the right time will mean for Australia's ageing cohort over the coming decades. In particular, a more flexible approach to the way in which 'aged care places' are allocated and consideration to fiscal benefits to individuals investing in infrastructure that enables them to live independently is required.

The VHA does not support the NHHRC proposal to deregulate the residential aged care market as this may lead to inequity of access. Deregulating the aged care provider market may lead to locations that are not considered "attractive" being continually overlooked for investment by providers. Conversely, "sea-change" areas may receive an abundance of private interest. This poses a major concerns for residents in poorer socio-economic areas and in less 'attractive' rural areas where access to beds in the locality of preference may be encumbered.

For Victoria there is significant risk associated with such deregulation. In Victoria public sector residential beds account for approximately 15 per cent of all residential care beds. The majority (82 per cent) of these public sector residential care beds are rurally located within an integrated service model. Deregulation puts in danger the model of care delivered at small rural health services, where the integration of residential aged care and hospital services is a common feature. While it may be argued that a



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deregulated bed license market may result in new private investment in the residential care market, the flow through impact within rural settings in Victoria may be one of detriment to broader population needs. This will be due to the loss of service viability currently achieved through integrated approaches that include residential care.

The VHA supports a review of the current ratio that applies to aged care packages and places, but queries the use of the demographic aged 85+. The VHA supports the notion of the funding following the care recipient where non-bed based solutions are accessed, and to increasing the capacity of home-based solutions by increasing the funding attached to individual home care options.

The VHA asserts that Australia lags behind many other countries in its use of information technology to design better ways to care for its ageing population and improve the quality of life for this population. The VHA encourages a discussion to identify those technologies that enable independent living options and complementary therapies within the care continuum. This should be undertaken in partnership with providers, academia and the private sector.

Further, the VHA encourages the creation of an endorsed solution list through the Therapeutic Goods Administration. There should also be the creation of fiscal incentives for those independently investing in such solutions where they are recommended by accredited health care practitioners (GP, Occupational Therapist, Physiotherapist, etc.).

In implementing changes across the aged care sector, the VHA believes the best option is for government to provide additional funding support to enable the residential aged care sector to develop relationships with other care providers. The way in which such a recommendation is implemented and the incentives devised must incorporate effective clinical governance and accountability measures.

2.3 Workforce

The VHA is disappointed that the specific workforce challenges faced in aged care service delivery have not been addressed in the NHHRC report. Victoria's recent experience, through its emergency department diversion programs, has illustrated that clinical services within residential care facilities are not always as robust as would be expected, due to workforce capacity constraints. This means that individuals who should be treated within their residential aged care facility are being unnecessarily transported to hospitals.

Reducing pressure points across the health system, as well as ensuring high quality care for older Australians, requires rectification of these workforce capacity issues.

The workforce ramifications of a range of the report's ageing recommendations have not been fully investigated. For instance, increasing the ability of individuals to age in place creates significant workforce skills burdens for home care workers that must be addressed through funding mechanisms. In many rural areas economies of scale means there is insufficient work to maintain a workforce. On this basis, the VHA is concerned about the sustainability of a range of care options in all communities.

As the acuity of those within residential aged care continues to increase, and the fiscal margins become tighter, the VHA is concerned that the availability of clinical skills is



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diminishing in the residential care sector resulting in costly transfer options to ensure the safety of residents.. The VHA seeks a commitment from the Federal Government to address the skills requirements and competencies needed within the aged care sector through a capacity building partnership with providers.

The importance placed on advanced care planning by the NHHRC is welcomed by the VHA. The VHA notes the work being undertaken at Austin Health in Melbourne in this area. In implementing these recommendations the VHA calls on the Federal Government to develop incentives that embed the principles of advanced care planning into the curriculum of future practitioners and that also enable culture change within existing care settings.

2.4 Population Health

As the Australian population ages the burden of disease being managed within the healthcare system will increase significantly. From a purely economic perspective, all efforts to reduce this burden should be supported to ensure the sustainability of our health system and the long-term productivity of Australian society.

The establishment of the Australian National Preventive Health Agency (ANPHA) and the preparation of the regular report to track Australia's progress in tackling health inequity are two report recommendations that warrant bipartisan political support. The VHA believes that these activities provide an opportunity for Australia to advance the health of all within society.

Commitment to wellness and health promotion programs by employers and private health insurers has the potential to improve the long-term health outcomes of an ageing Australian population. Consequently, the VHA supports any activity by governments to incentivise such activities.

Older people within local communities represent a population cohort that is more likely to experience vulnerability, particularly those from lower socioeconomic backgrounds. The VHA, therefore, supports any move to increase public reporting on health status, health service use and health outcomes by governments, private health insurers and individual health service providers

2.5 Service Reform

Victoria is fortunate to have a highly integrated and well-funded HACC service delivery system. Significant funding is provided to these services by both state and local governments.

An inherent risk in transferring responsibility for this policy area to the Commonwealth is the loss of financial input from state and local governments and a corresponding decrease in the overall service levels to the Victorian community. As stated earlier in this paper, the cooperative spirit that characterises the Victorian HACC service delivery system is vulnerable to an approach based purely on financial benefit. Victoria has demonstrated that productivity and efficiency can be generated through partnerships and decentralised control, rather than a purely competition driven environment. The VHA firmly believes that these drivers should be maintained.



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One of the health system's fundamental goals should be to achieve a more consistent and efficient approach to providing access to services for ageing Australians. The NHHRC report recommends implementing changes to Australia's health system in an effort to achieve such a goal. While commendable, the VHA cautions against 'one size fits all' approaches and change that results in the loss of positive elements of existing systems.

The NHHRC suggests that individuals receiving care in the community should be given the option to determine how the resources allocated for their care and support are used and in which settings. The VHA supports this recommendation and notes the observations within the report in relation to health literacy. To ensure that individuals are not compromised by the choices they make, it will be essential that fact sheets and resources written in plain English are created to inform choice.

The VHA believes that a greater focus on advanced care planning, respecting patient choices and appropriate clinical governance has the potential to improve care provision for ageing Australians. A shift from the current clinically driven model to a person centred approach that respects quality of life and wellbeing should be the ultimate aim of the service system. The focus must be on enlightened independence, not enforced dependence.

2.6 Benchmarking and Data

The provision of meaningful performance data to the community is fundamental to any goal of consumer choice and system improvement. The VHA supports benchmarking and performance data being publicly available, but asserts that the useful application of such data in an environment of low health literacy, will be to drive system improvement, not consumer choice. As partners in data capture and system funding, governments must also be prepared to partner with service providers in identifying improvement processes for those service providers who may underperform.

The VHA has long advocated for the safe, efficient and effective use of communication and technology infrastructure across the health system. It therefore welcomes the NHHRC recommendations for improvements in this area in the aged care sector. The greatest benefit for both consumers and providers will be achieved through electronic health records and access to e-health and e-referral and discharge information.

The success of health IT projects must be measured by the outcomes these products create on the ground for providers and the level of functionality and useability that they provide, and not on the extent to which products are implemented within the system.



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3. Conclusion

The VHA calls on all levels of government to work together to improve the health of our ageing community. In particular, the VHA believes a concerted effort is required to ensure that innovative, forward-looking approaches to care embedding quality, not quantity of life are supported.

The VHA commends the NHHRC for its focus on the aged care sector, in particular its recommendations on information technology and advanced care planning. The VHA looks forward to the implementation of these recommendations with appropriate funding, in the near future.

To truly embed best practice in the aged care sector, the VHA calls for greater consideration of other areas not canvassed by the NHHRC, such as workforce development and fiscal incentives.