

19 November 2020

Committee Secretary
Senate Standing Committees on Community Affairs
By email: community.affairs.sen@aph.gov.au

Submission to the Inquiry into the *Aged Care Legislation Amendment (Improved Home Care Payment Administration No. 1) Bill 2020* and *Aged Care Legislation Amendment (Improved Home Care Payment Administration No. 2) Bill 2020*

The Federation of Ethnic Communities' Councils of Australia (FECCA) is the national peak body representing Australia's culturally and linguistically diverse (CALD) communities and their organisations. FECCA has over 20 member organisations that cover each State and Territory and are deeply linked to diverse communities across Australia's major cities and country towns. FECCA has had a longstanding presence in policy and advocacy on ageing and aged care issues faced by CALD Australians.

FECCA convenes the Positive Culturally and Linguistically Diverse (CALD) Ageing Network (PCAN). PCAN's purpose is to provide wider representation and support the development of informed policy positions on what constitutes ageing well for older people from CALD backgrounds in Australia. PCAN members represent voices of CALD older persons, their carers, community organisations, service providers, and researchers.

FECCA thanks the Committee for the opportunity to make a submission to the inquiry. FECCA supports reform of the aged care sector that truly reflects Australia's multicultural and diverse profile.

We welcome the introduction of the Bills to address weakness in home care payment administration, however we encourage the Committee to consider the Counsel Assisting's proposed recommendations in their entirety, and more importantly, the forthcoming final report of the Royal Commission into Aged Care Quality and Safety. Further, we urge the Committee to conduct further analysis of the impacts of the Bills on ethno-specific and culturally competent providers without transitional support, or to conduct a pilot test of the new payment system before full implementation.

Recommendations:

1. Ensure that the Bills do not result in negative impacts on the financial viability of ethno-specific providers, or reduce the availability of culturally competent and appropriate home care providers;
2. Conduct further data collection and analysis on characteristics of approved providers which may experience negative impacts on their financial viability, including whether they provide culturally-specific services or services for diverse groups;
3. Provide greater transparency on the design of the new payment system, including the information expected to be included in each claim, and the timeframe for payments. A pilot test of the new payment system should be considered before full implementation;

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4. Embed the Aged Care Diversity Framework and Action Plans in government policy development through consideration of, and evidence-based planning for, the needs of CALD older people and consultation with CALD stakeholders.

Discussion

Impacts on ethno-specific providers

FECCA is concerned that the changes proposed under the Bills may pose a threat to the financial sustainability of smaller ethno-specific home care providers. These providers offer specialized services which cannot be easily replaced by other mainstream providers in the market. This would have the impact of undermining the quality and capacity of the aged care sector to respond to diversity, and the ability of older people of CALD backgrounds to access culturally appropriate care.

One in three older Australians were born in non-English speaking countries, constituting a significant proportion of the population. At June 2019 there were 27,417 older Australian from CALD background with a home care package and representing 26 per cent of home care consumers.¹ In combination with culturally competent mainstream and multicultural services, ethno-specific providers play an important role in meeting the needs of older CALD people by providing culturally and linguistically appropriate care.

The Aged Care Financing Authority (ACFA) discussion paper which informs the Bills highlighted the potentially negative impacts of the Bills on smaller providers and providers operating in thin markets. Analysis by StewartBrown² showed that only 11% of approved providers may not have adequate liquid assets to meet the proposed changes, but that this risk is significantly amplified for smaller providers. The ACFA paper acknowledged that some of these providers may not be financially viable and may leave the industry as a result of the proposed changes. Ethno-specific services may be subject to a thin market where both supply and demand are relatively low and variable and may therefore be at risk from the proposed payment changes in the proposed timeframe, without transitional support.

Further data collection and analysis is also needed to understand which providers are most likely to be affected, including whether they provide culturally-specific services or services for diverse groups such as CALD older people, in order to determine if transitional support may also be required. This analysis would ideally be accompanied by improved data collection and reporting on cultural, ethnic and linguistic diversity across aged care services to understand the impact of providers in meeting need for ethno-specific and culturally competent services.³

Greater transparency needed in relation to new payment system

To mitigate these risks, greater transparency and testing is required on the new payment system. The expected timeframes of the new payment system are currently unclear, and provider members of FECCA's PCAN have raised concerns about cash flow and working capital if the period between claims and payment is too long. At present, providers report that payment adjustments require significant administrative effort and can take up to six weeks to reach providers' accounts. We note that the home care sector was developed on the basis of a payment in advance model, and that many home care providers are not-for-profit providers

¹ https://www.health.gov.au/sites/default/files/documents/2020/07/eighth-report-on-the-funding-and-financing-of-the-aged-care-industry-july-2020-eighth-report-on-the-funding-and-financing-of-the-aged-care-industry-may-2020_0.pdf, p. 34, accessed 17 November 2020.

² https://www.health.gov.au/sites/default/files/documents/2020/01/home-care-funding-analysis_0.pdf, accessed 17 November 2020.

³ <https://fecca.org.au/if-we-dont-count-it-it-doesnt-count/>, accessed 17 November 2020.

who require working capital. PCAN members recommend that the payment system will need to make payments within 48 hours of the receipt of claims, and flexibility to choose a preferred claiming cycle that suits their business model and circumstances.

PCAN members are concerned about the granularity of information which will be required from each claim, and that the changes may increase administrative costs at the expense of the use of individual packages for services. There is a need for greater transparency on the design of the new payment system. The new payment system should be piloted and tested before its full implementation to ensure the changes do not have negative impacts on the ethno-specific and multicultural providers and the specialized services they deliver.

Timing and scope of the Bills

The Royal Commission into Aged Care Quality and Safety is due to hand down its final report in February 2021. Counsel Assisting provided its proposed recommendations in October 2020, which includes a recommendation, addressed by these Bills, to move to a system of payment for accruals for home care. Counsel Assisting also proposed recommendations for a new aged care system, and recommendation 19 which emphasizes the importance of designing for diversity.

Given the forthcoming report of the Royal Commission and considering the full recommendations of Counsel Assisting, FECCA questions the timing of these Bills and the potentially negative impacts on the viability of smaller and specialized providers and consumer choice. Aged care is in need of a major overhaul in which older people and their human rights are placed at the centre. Diversity must be at the core of a future aged care system, including in the policy development process as outlined in the Australian Government Aged Care Diversity Framework. This must include consideration of, and evidence-based planning for, the needs of older people of CALD backgrounds and consultation with CALD stakeholders.

FECCA believes the aged care system in Australia must move beyond redressing the limitations of the current framework. We must create and support an aged care system that works for all Australians, including Australians from culturally and linguistically diverse backgrounds.

If you wish to discuss any aspect of this submission further, please don't hesitate to contact us.

Yours sincerely,



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