

## **Aged Care Workforce Remote Accord Submission on the Aged Care Financing Authority's consultation paper**

This submission seeks to provide feedback on the Aged Care Financing Authority's consultation paper, *'Improving home care payment arrangements'*, and particularly on how proposed changes may impact service providers in remote and very remote communities.

### **The Aged Care Workforce Remote Accord**

The Aged Care Workforce Remote Accord (the Remote Accord) is a group of service providers delivering aged care services in regional and remote areas of Australia.

The Remote Accord was formed based on the belief that every community—including those in remote and very remote areas of Australia—has an equal right to accessible, high quality aged care services. The Remote Accord saw its genesis in the *'A Matter of Care: Australia's Aged Care Workforce Strategy'* report; Strategic Action 11 recommended that the Government and industry support the establishment of a Remote Accord.

### **Funding implications in remote areas**

The Remote Accord urges the Aged Care Financing Authority to give special consideration to remote and very remote service providers when considering changes to home care payment arrangements.

Remote and very remote providers are already facing significant financial challenges, with 67% of outer regional, rural and remote facilities operating at a loss (more than 43% recording a cash loss)<sup>1</sup>. This undermines the viability of the sector in remote areas, and there are signs that an increasing number of smaller providers are seeking to leave the industry.<sup>2</sup>

Moving to a post-paid individualised finance model will impact cash flow for remote and very remote service providers in the short and long term, and could further contribute to the fragility of the service provision model in areas where providers may be relying on the availability of unspent funds to provide services that are otherwise not financially viable.

---

<sup>1</sup> *Aged Care Financial Performance Survey Sector Report* (StewartBrown, March 2019)

<sup>2</sup> *2019 Report on Funding and Financing in the Aged Care Sector* (Aged Care Financing Authority, 2019)

The Remote Accord recommends that further analysis be undertaken particularly with regard to small and remote providers, whose current cash flow issues may be exacerbated by the proposed changes.

### **Concerns associated with government price setting**

Government price setting and a post-paid individualised finance model may impact the ability of remote aged care providers to recover their costs in full. Many costs are unable to be attributed directly to individual service users, and smaller remote providers have more difficulties covering basic costs of their services when not at full-capacity. Additionally, remote and very remote service providers have higher costs than their metropolitan, regional, and rural counterparts, regardless of services provided<sup>3</sup>.

The potential for detrimental financial outcomes through government cost setting has been seen previously in the disability sector under the NDIS, where financial changes and government price setting has led to an increase in instances of service providers reporting experiencing financial hardship<sup>4</sup>.

The Remote Accord recommends that consideration be given to the ability of remote service providers to adequately recover costs, as failure to allow for full cost recovery could be very detrimental in an already financially fragile environment.

### **Administrative burden in remote areas**

The shift to a post-paid individualised finance model will likely increase the administrative burden on providers in the short term, and potentially increase administrative burdens on an ongoing basis. The increase in administrative burden that comes with a shift to post-paid individualised finance models has been demonstrated previously, when the NDIS brought in a similar finance model in the disability sector<sup>5</sup>. This increase in administrative burden may have a compounded effect on aged care providers in remote areas, as these services already face significant difficulties attracting and retaining an appropriately skilled workforce.

The Remote Accord recommends that consideration be given to the challenges remote service providers already face in meeting administrative requirements, and proper supports be implemented with any changes to payment arrangements.

---

<sup>3</sup> *Financial Issues Affecting Rural and Remote Aged Care Providers* (Commonwealth of Australia Department of Health, 2016)

<sup>4</sup> *'How is the Disability sector faring? A report from National Disability Services' Annual Market Survey* (UNSW Sydney, 2018)

<sup>5</sup> *Ibid*