Opinion

Unfolding changes warrant greater scrutiny

As Australia moves towards a deregulated aged care market, one based on greater competition, international and local research suggests that we need to closely monitor the impacts on quality. But the lack of good data in Australia will compound the challenge, writes Dr Richard Baldwin.

THE AGED CARE industry in Australia is widely expected to experience rapid growth over the next 10 years. This growth will be shaped by both the Living Longer Living Better reforms and the anticipated shift to a more market-based, competitive environment following the 2016-17 review. This growth will require a substantial capital requirement in residential care. Some observers suggest that for-profit providers may be better placed than not-for-profit providers to expand their residential aged care service rapidly, particularly if the market is deregulated, because of their easier access to capital and greater tolerance towards debt. Such expansion could also significantly increase the current mix of not-for-profit providers and possibly push down quality to the level of facilities in the US reported that they performed less favourably than larger facilities. Studies which have examined large chains of facilities in the US reported that the average size of profit providers had fewer staff per bed, younger staff, greater use of technology and lower staff turnover than not-for-profit providers. Trend analysis reveals that the average size of residential aged care facilities and the size of the largest of providers in Australia have increased significantly over the past decade. Based on this evidence, the current aged care reforms likely to result in structural changes that need to be carefully considered for their likely impact on quality.

COMPETITION AND QUALITY

Further, the flagged move to a more market-based approach in aged care should prompt us to question the relationship between competition, prices and quality in aged care.

The recent discourse in Australia appears to take these relationships for granted, as is evident in the Productivity Commission’s report and subsequent Australian Government policy statements. The international evidence has broadly shown that as competition increases, prices go down, but quality does not necessarily improve. For example, John Forder and colleagues in 2004 reported that there was some evidence from England that facilities competed on price more than they competed on quality. Rather than providing evidence to support the contention that increased competition improves quality, the research has found the opposite: “They report that there was a significant reduction in charges between 1999 and 2000, but a parallel increase in the number of residents.”

The impact of ownership type on the quality of residential aged care in Australia has been consistent of interest to researchers in several countries, giving rise to a substantial body of international research on ownership structure and quality.

For instance, in a paper published in 2009, Vikram Comordore and colleagues reviewed 80 studies of residential aged care services and found only three favoured for-profit service providers, while 40 studies favoured not-for-profit services – in relation to more and higher quality staffing and lower pressure ulcer prevalence. Studies published since this review, across a number of countries, have tended to support the finding that quality is impacted by ownership type.

Research in relation to staffing levels and the size of facilities is less clear. On balance the mix and level of staffing has been found to impact quality. Also, smaller facilities tend to provide more favourable results than larger facilities. Studies which have examined large chains of facilities in the US reported that they performed less favourably on a number of quality indicators than smaller providers. In Australia, researchers Debby King and Bill Martin in 2009 revealed that for-profit providers had fewer staff per bed, younger staff, greater use of technology and lower staff turnover than not-for-profit providers. Trend analysis reveals that the average size of residential aged care facilities and the size of the largest of providers in Australia have increased significantly over the past decade. Based on this evidence, the current aged care reforms likely to result in structural changes that need to be carefully considered for their likely impact on quality.

SUFFICIENT DATA IS LACKING

However, while we have good annual national data on some aspects of structure such as ownership and financial performance, we have less frequent data on factors such as staffing.

In relation to quality we have only qualitative data on the outcomes of individual accreditation reviews. The Australian Aged Care Quality Agency does not publish any data that would assist the assessment of the relationship between structural and regulatory changes and the provision of quality services.

Victoria’s public sector aged care facilities have been collecting data on quality indicators for several years and the recently commenced national trial of three quality indicators promises a small start to the collection of comparable data. However, early indicators are that this national system will be voluntary and there are few details on how individually reported data will be available to measure national trends. Assessment of the impact of past and future reforms on quality is challenging in the absence of good baseline data.

Overall the evidence suggests that a cautious approach to structural and regulatory change is warranted, particularly in the absence of good data on quality and a sound baseline with which to monitor the impact of change.

Factors such as the structure, productivity, regulation of supply and demand, and the potential emergence of a consumer driven system, should be considered primarily on the impact that these changes will have on quality of life and care for consumers.

Help recognise excellence in Australian aged care

The Australian Aged Care Awards have been established to publicly acknowledge and promote the achievements and innovations made in the aged care sector. For 10 years, the Awards have acknowledged the dedication and professionalism of those working in aged care and recognised innovations in service delivery.

Hesta CEO, Debbie Blakely, said: “The Awards celebrate innovation and achievement in aged care, and acknowledge the difference those working in the sector make in the lives of older Australians.”

Finalists in three award categories — Outstanding Organisation, Team Innovation and Individual Distinction — will be announced in July 2015.

The Australian Aged Care Awards encourage and acknowledge the dedication and professionalism of those working in aged care and recognise innovations in service delivery.

To make a nomination by 30 May 2015 or to find out more about the Hesta Aged Care Awards, visit hestaawards.com.au

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Dr Richard Baldwin has a PhD from the Faculty of Health, University of Technology, Sydney and is former CEO of a public sector health service, company director and chairman.

K. R. Kaffenberger, in commenting on the transformation of the nursing home sector in the US in 2003, suggested that there was no one policy decision which advocated for structural change, rather a series of incremental reforms enabled the for-profit sector to emerge dominant in the industry. This suggests that governments need to express a clear vision for the future structure of the industry and the quality of care it will provide to enable wide public discussion prior to the implementation of further incremental reforms.

The review of aged care services in 2016-17 offers us the opportunity to ask what we want aged care in Australia to look like in 2025. 18

Dr Richard Baldwin

Chief Executive Officer

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Australia’s leading aged care

The flagged move to a more market-based approach in aged care should prompt us to question the relationship between competition, prices and quality in aged care.

If someone working in the aged care sector has inspired you — through their leadership, innovation or professionalism — now’s the time to let them know their work is valued.

Recognise an innovative team, organisation or an exceptional individual by nominating them for the 2015 HESTA Aged Care Awards.

The Awards acknowledge the dedication and professionalism of those working in aged care and recognise innovations in service delivery in the sector.

Nominations close on 30 May 2015 and the three award winners will share in a $10,000 prize pool — generously provided by long-term Hesta Awards supporter, ME Bank.

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