

Question on Notice
No. 527
Asked on 7 August 2013

MR KNUTH asked the Minister for Health (MR SPRINGBORG)-

QUESTION:

Will the Minister advise how non-state funded nursing homes can address the imbalance between (a) expected care outcomes and providing the actual care to reach this expectation within the current funding allocations and structure and (b) how the State calculates and applies the rate of funding per bed and per registered nurse for aged care patients in Queensland Health aged care facilities?

ANSWER:

I thank the Honourable Member for Dalrymple for his question.

Responsibility for the funding and regulation of residential aged care rests with the Commonwealth Government. Accordingly, any gap between the available funding and the cost of providing services should be addressed by the Commonwealth Minister for Ageing.

On 28 April 2013, I provided a submission to the Commonwealth Community Affairs Legislation Committee Inquiry into the Aged Care (Living Longer Living Better) Bill 2013. In that submission, I raised my concerns about the viability of the residential aged care sector. In particular, I stated that there was a need to ensure that aged care subsidies more accurately reflected the actual cost of care, including consideration of the cost of staff as well as the additional cost of service delivery in rural and remote locations.

Residential aged care is regulated through the provisions of the Commonwealth's *Aged Care Act 1997* (the Act). Under the Act, providers of residential aged care services, including state-operated services, are required to meet a number of obligations including that:

- the service has appropriately skilled and qualified staff to meet the care needs of residents;
- residents' health and personal care needs are met in areas such as medication management, diet, medical care, oral care, continence management, pain management and mobility.
- residents' independence is maintained and residents' privacy, dignity and confidentiality are respected;
- residents are encouraged to participate in leisure and lifestyle activities and any cultural or spiritual aspects of their lives;
- the buildings are maintained properly with respect to minimising fire, security and emergency risks as well as risks from infection;
- catering, cleaning and laundry services are provided.

Funding for residential aged care services is provided via a mix of resident contributions and Commonwealth subsidies and supplements. The amount of Commonwealth subsidy is based on the Aged Care Funding Instrument (ACFI) which determines core care needs of each resident. Under the ACFI, the greater the level of care need identified for a resident the higher the level of subsidy paid by the Commonwealth.

In 2011-2012, the total cost of operating all Queensland Health's residential aged care facilities was \$164 million. The Commonwealth Government contributed \$65 million (40%) towards this cost, \$21.3 million (13%) was received from resident charges and the Queensland Department of Health funded the balance of \$77.7 million (47%).

The funding provided by the Queensland Government to meet the full costs for operating its residential aged care facilities (in addition to the funding received from the Commonwealth Government and resident charges) reflects, in part, the fact that state-operated residential aged care services typically pay higher rates of pay for nurses in comparison with non-government operated services. It also recognises that, on average, the care needs of residents of state-operated facilities are higher than those of non-government residential aged care facilities since state-operated facilities often provide care to a higher proportion of residents whose behaviours are particularly severe or challenging. Additionally, the fees collected from residents in state-operated facilities are typically less than those collected in non-government facilities.

In its response to the final report of the Independent Commission of Audit Final the Queensland government made a commitment to examine options for transferring its places to non-government providers having regard to local circumstances and capacity. It acknowledges however that it may need to continue operate some of these services where there are no suitable alternative options available.

The funding provided by the Queensland Government to Hospital and Health Services is based on historical funding levels for each residential aged care facility and is not calculated on a per-resident basis. Hospital and Health Services independently determine the allocation of funding to their various services, including state government residential aged care facilities.