NACCHO
National Aboriginal Community Controlled Health Organisation
Aboriginal health in Aboriginal hands
www.naccho.org.au

Aged Care Pricing Framework

Submission to the Independent Health and Aged Care Pricing Authority

October 2022

ABOUT NACCHO

NACCHO is the national peak body representing 144 Aboriginal Community Controlled Health Organisations (ACCHOs). We also assist a number of other community-controlled organisations.

The first Aboriginal medical service was established at Redfern in 1971 as a response to the urgent need to provide decent, accessible health services for the largely medically uninsured Aboriginal population of Redfern. The mainstream was not working. So it was, that over fifty years ago, Aboriginal people took control and designed and delivered their own model of health care. Similar Aboriginal medical services quickly sprung up around the country. In 1974, a national representative body was formed to represent these Aboriginal medical services at the national level. This has grown into what NACCHO is today. All this predated Medibank in 1975.

NACCHO liaises with its membership, and the eight state/territory affiliates, governments, and other organisations on Aboriginal and Torres Strait Islander health and wellbeing policy and planning issues and advocacy relating to health service delivery, health information, research, public health, health financing and health programs.

ACCHOs range from large multi-functional services employing several medical practitioners and providing a wide range of services, to small services which rely on Aboriginal health practitioners and/or nurses to provide the bulk of primary health care services. Our 144 members provide services from about 550 clinics. Our sector provides over 3.1 million episodes of care per year for over 410,000 people across Australia, which includes about one million episodes of care in very remote regions.

ACCHOs contribute to improving Aboriginal and Torres Strait Islander health and wellbeing through the provision of comprehensive primary health care, and by integrating and coordinating care and services. Many provide home and site visits; medical, public health and health promotion services; allied health; nursing services; assistance with making appointments and transport; help accessing childcare or dealing with the justice system; drug and alcohol services; and help with income support. Our services build ongoing relationships to give continuity of care so that chronic conditions are managed, and preventative health care is targeted. Through local engagement and a proven service delivery model, our clients 'stick'. Clearly, the cultural safety in which we provide our services is a key factor of our success.

ACCHOs are cost-effective. In 2016, a cost-benefit analysis of the services provided by Danila Dilba to Aboriginal and Torres Strait Islander people in the Greater Darwin region was undertaken by Deloitte Access Economics. The findings demonstrated that each dollar invested in the health service provides $4.18 of benefits to society. ACCHOs are also closing the employment gap. Collectively, we employ about 7,000 staff – 54 per cent of whom are Aboriginal or Torres Strait Islanders – which makes us the third largest employer of Aboriginal or Torres Strait people in the country.

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Recommendations

1. Future refinement of the AN-ACC base tariff takes into consideration:
    - the increased costs of delivering aged care to Aboriginal and Torres Strait Islander people in MMM 1-5 regions; and
    - the increased costs of delivering aged care to Aboriginal and Torres Strait Islander people in services where less than 50% of residents identify as Aboriginal and Torres Strait Islander.
2. Future funding model for the NATSIFACP and a new Aboriginal and Torres Strait Islander aged care pathway is:
    - based on the AN-ACC or similar model;
    - developed in consultation with relevant Aboriginal & Torres Strait Islander stakeholders; and
    - provided under a fixed funding model.

Introduction

NACCHO welcomes the opportunity to provide a submission on the *Towards and Aged Care Pricing Framework Consultation Paper* from the Independent Health and Aged Care Pricing Authority (IHACPA).

National Agreement on Closing the Gap

In July 2020 the Australian Government, all state and territory governments, and the Coalition of Peaks signed the *National Agreement on Closing the Gap* (National Agreement). The reforms and targets outlined in the National Agreement seek to overcome the inequality experienced by Aboriginal and Torres Strait Islander people, and achieve life outcomes equal to all Australians. All governments have committed to the implementation of the National Agreement's four Priority Reform Areas, which seek to bring about structural change to affect ways in which governments work with Aboriginal and Torres Strait Islander organisations, communities and individuals. The four Priority Reforms are:

Priority Reform Area 1 – Formal partnerships and shared decision-making
This Priority Reform commits to building and strengthening structures that empower Aboriginal and Torres Strait Islander people to share decision-making authority with governments to accelerate policy and place-based progress against Closing the Gap.

Priority Reform Area 2 – Building the community-controlled sector
This Priority Reform commits to building Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap. In recognition that Aboriginal and Torres Strait Islander community-controlled services are better for Aboriginal and Torres Strait Islander people, achieve better results, employ more Aboriginal and Torres Strait Islander people and are often preferred over mainstream services.

Priority Reform Area 3 – Transformation of mainstream institutions
This Priority Reform commits to systemic and structural transformation of mainstream government organisations to improve to identify and eliminate racism, embed and practice cultural safety, deliver services in partnership with Aboriginal and Torres Strait Islander people, support truth telling about agencies' history with Aboriginal and Torres Strait Islander people, and engage fully and transparently with Aboriginal and Torres Strait Islander people when programs are being changed.

Priority Reform 4 – Sharing data and information to support decision making
This Priority Reform commits to shared access to location-specific data and information (data sovereignty) to inform local-decision making and support Aboriginal and Torres Strait Islander communities and organisations to support the achievement of the first three Priority Reforms.

NACCHO supports the introduction of the AN-ACC and associated pricing schedule to ensure aged care providers are funded for the full costs of delivering high quality care. Inadequate funding is currently one of the major barriers to the delivery of culturally appropriate and trauma informed care to Aboriginal and Torres Strait Islander people. NACCHO has outlined below some further issues that need to be addressed to ensure that the AN-ACC is fulling meeting the costs of care for Aboriginal and Torres Strait Islander people.

Cost of delivering services to Aboriginal and Torres Strait Islander people

NACCHO acknowledges that the AN-ACC base tariff recognises the increased costs of delivering aged care to Aboriginal and Torres Strait Islander people. However, the increased base tariff only relates to services in remote and very remote locations with 50% or more of residents identifying as Aboriginal and Torres Strait Islander. We know that the increased costs of delivering care to Aboriginal and Torres Strait Islander people is also relevant to services in rural, regional and metropolitan areas (MM 1-5). Facilities in these locations also work in thin markets, and will have increased costs due to the following:

- Aboriginal and Torres Strait Islander people have a disease burden 2.3 times that of non-Indigenous Australians[1] and Elders are likely to present with complex health issues and co-morbidities.
- Aboriginal and Torres Strait Islander people have high rates of dementia with studies showing rates three to five times higher than in the general population, including increased risk of early onset dementia.[2]
- There are an estimated 33,000 Aboriginal and Torres Strait Islander Elders who are Stolen Generations survivors[3] who experience a significantly higher burden of trauma and chronic disease and are more likely to develop dementia as they age.
- Supporting Elders to maintain their connection to Country and reconnect with family.
- The high costs associated with ensuring that all staff undertake appropriate cultural awareness training and with recruiting, training and maintaining an Aboriginal and Torres Strait Islander workforce. Many Aboriginal and Torres Strait Islander people prefer to receive services from Aboriginal and Torres Strait Islander people who can provide culturally appropriate and trauma informed care.

Services that provide care to Aboriginal and Torres Strait Islander residents where less than 50% of residents identify as Aboriginal and Torres Strait Islander still face increased care costs. These services need appropriate levels of funding to meet the increased costs of caring for their Aboriginal and Torres Strait Islander residents. Aboriginal and Torres Strait Islander Elders should not miss out on receiving high quality care because they are in a service that does not have a majority Aboriginal and Torres Strait Islander population.

NACCHO recommends that future refinement of the AN-ACC base tariff take into consideration:

- the increased costs of delivering aged care to Aboriginal and Torres Strait Islander people in MMM 1-5 regions; and
- the increased costs of delivering aged care to Aboriginal and Torres Strait Islander people in services where less than 50% of residents identify as Aboriginal and Torres Strait Islander.

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[1] Australian Institute of Health and Welfare (2022). *Australian Burden of Disease Study Impact and causes of illness and death in Aboriginal and Torres Strait Islander people 2018*. Retrieved from: www.aihw.gov.au/getmedia/1656f783-5d69-4c39-8521-9b42a59717d6/aihw-bod-32.pdf.aspx?inline=true

[2] Alzheimer's Australia (2014). *Aboriginal and Torres Strait Islander People and Dementia: a review of the research*. Retrieved from: www.dementia.org.au/sites/default/files/Alzheimers_Australia_Numbered_Publication_41.pdf

[3] Healing Foundation, March 2021, https://healingfoundation.org.au/2021/03/03/royal-commission-final-report-recommends-much-needed-specialised-aged-care-for-stolen-generations-survivors/

Aboriginal and Torres Strait Islander Aged Care

The development of any future funding models for the delivery of aged care to Aboriginal and Torres Strait Islander people should include the following.

- **Funding model:** Using an appropriately developed, tested and refined funding model, such as the AN-ACC, to determine pricing that is based on the real costs of delivering care, including the increased costs of delivering care to Aboriginal and Torres Strait Islander people and in remote and very remote locations. This model needs to be regularly reviewed and updated to reflect current costs.
- **Partnership**: Any funding model should be developed in partnership with the Aboriginal and Torres Strait Islander Aged Care Commissioner, the Aboriginal Community Controlled sector and services delivering aged care to Aboriginal and Torres Strait Islander people. This ensures that it best meets the needs of Aboriginal and Torres Strait Islander people and ensures the delivery of high quality culturally appropriate and trauma informed services.
- **Fixed Funding:** Funding should be fixed funding and not activity-based funding. This provides more flexibility for providers in delivering care and allows them to meet the changing needs of clients and cater for transient populations. It also provides a reduced administrative burden as well as cost savings for Aboriginal Community Controlled Health Organisations (ACCHOs) who can pool funds across a range of services.

The National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP) is a crucial program for the delivery of aged care to Aboriginal and Torres Strait Islander people, especially in rural and remote locations. The IHACPA should use the above requirements when developing a funding model for the NATSIFACP.

The Royal Commission into Aged Care Quality and Safety (Royal Commission) found that Aboriginal and Torres Strait Islander people do not access aged care at a rate commensurate with their level of need, and that they struggle to access care appropriate to their need. As a result, the Royal Commission recommended the establishment of an Aboriginal and Torres Strait Islander aged care pathway. The IHACPA plays a crucial role in the development of the funding for this pathway. The Royal Commission recommended (Recommendation 52) the IHACPA:

- set the funding for the Aboriginal and Torres Strait Islander aged care pathway following advice from the Aboriginal and Torres Strait Islander Commissioner, and
- annually assess and adjust the block funding on the basis of the actual costs incurred while providing culturally safe and high-quality aged care services to Aboriginal and Torres Strait Islander people in the preceding year

The IHACPA should use the above requirements when developing a funding model for the new Aboriginal and Torres Strait Islander aged care pathway.

NACCHO recommends that the future funding model for the NATSIFACP and a new Aboriginal and Torres Strait Islander aged care pathway is:

- based on the AN-ACC or similar model;
- developed in partnership with relevant Aboriginal & Torres Strait Islander stakeholders; and
- provided under a fixed funding model.