



## Aged Care Update

17 December 2015

### Applicability of Consumer Directed Care in Residential Aged Care

Decisive steps are being taken to extend and embed consumer directed care in home care. This includes empowering consumers through measures such as choice of service provider and greater transparency through individual budgets and statements of receipts and expenditures. The question arises as to whether consumer directed care principles are also applicable in residential aged care.

Current policy, as set out in the *Living Longer Living Better* reforms, is to trial consumer directed care in residential care following the initial focus on implementing consumer directed care in home care.

As an aid to policy development, the Department of Social Services (now Department of Health) recently **released a report** which canvasses applicability in residential aged care. The report draws on commissioned research undertaken by KPMG, which includes a literature review and a survey of 15 Australian aged care stakeholders drawn from provider and consumer organisations.

#### The consumer control continuum

The report usefully presents consumer choice and control as a continuum, with increasing degrees of consumer choice, control and direction, as follows:

- 1) **Person-centred and goals-based approaches to assessment and planning** where the person is at the centre of assessment and care planning, actively participates in the planning process, and where the planning process is goal-based (focusing on independence, wellness, reablement or other goals that are meaningful to the person and enhancing their self-defined quality of life);
- 2) **Greater choice and control for consumers** about the types of care and services they access and the design of their care and services;
- 3) **Person-centred care or individualised care** where care and services are tailored to a person's needs, preferences and circumstances, with a focus on wellbeing and quality of life;
- 4) **Individualised funding or individualised budgets** and input into or control over the use of the

budget, as well as transparency for consumers about the cost of care and services;

5) ***Opportunities for people to supplement their care and services*** with additional services from their own resources (where they have the capacity to pay).

As a result of recent reforms, either currently being implemented or scheduled for implementation, home care services in Australia will encompass this continuum except, at this stage, the cashing out of individual budgets.

The Department's report has identified a number of challenges and barriers to applying consumer directed care principles in residential care. These include a lack of shared vision, definition and scope of consumer directed care in residential care; a lack of knowledge and informed discussion about emerging consumer directed care practice; cultural barriers within the sector; and concerns about how to balance provider duty of care with enhanced consumer choice and control. At the same time, the research acknowledges that international experience with consumer directed care in residential care beyond person-centred care, the step before consumer direction, is limited.

### **Applying the consumer control continuum in residential care**

The elements of consumer directed care in residential care about which there can be no issue are person-centred and goals-based approaches to assessment and planning, and greater participation by consumers in choosing the services they receive, to the extent they are capable or wish to do so. These elements are reflected in expected outcomes under the current accreditation standards, including that each resident or their representative "participates in decisions about the services the resident receives and control over his or her lifestyle while not infringing on the rights of others", and "is assisted to achieve active control of their own lives within the residential service and in the community".

KPMG's survey indicates a high level of understanding and support for person-centred practice, but it also revealed a view, especially amongst consumers, that the extent to which current care services are in fact person-centred varies considerably across providers.

In many respects, the adoption of person-centred care essentially involves practice and cultural change within aged care homes, rather than the need for structural or systemic level change. Hence the extent to which person-centred care is achieved is, to large degree, in the hands of each service provider and their staff.

Nevertheless, many surveyed providers were of the view that the current regulatory environment is a barrier for aged care homes being allowed the flexibility to fully adopt a person-centred approach, referring particularly to the difficulty of balancing resident freedom of choice and providers' duty of care responsibilities. There was a view that ensuring compliance with these responsibilities can sometimes lead to inflexible processes and a risk-averse culture which constrains the ability to accommodate individual preferences.

It is unclear whether this is a constraint that exists at the margins with certain individuals rather than representing an overriding constraint, and whether appropriate arrangements, such as informed consent documents, can be developed to manage the 'dignity of risk' issue when it arises. This would allow informed individuals and their families to take decisions that balance individual risk with life style preferences.

Further work is required to overcome any real or perceived barriers arising from current regulations, including those reflected in the accreditation standards relating to health and personal care and to

the physical environment and safe systems.

Some providers also considered that the current funding levels do not allow adequate time to pursue the relationships-based approach that is required for effective person-centred care, in contrast to the traditional task-based way of working.

### **Applying individual budgets and choice of provider in residential care**

Moving along the continuum in residential care towards greater consumer direction, and in particular choice of provider and individual budgets, does present some additional issues compared with home care.

It is no surprise that extending individual budgets to residential care was the most controversial and divisive issue raised in the KPMG consultations. Many providers put the view that it is not essential to have an individual budget (and the associated administrative cost) to have a consumer directed care approach, focussing instead on the potential improvements to quality of life by making services more responsive to consumers. It was not clear from the report what might be needed to make services more responsive. On the other hand, others considered that, as is the case in home care, an individual budget and choice of provider is an essential component of consumer directed care as it empowers those consumers who wish to exercise choice and control, and thereby influence the responsiveness of the whole system.

Overall, the reality is that it is difficult to argue that consumers should be denied choice of provider and control over their budget if that is their preference.

Nevertheless, the current system does present some issues that need to be considered.

Under consumer directed care in home care, an eligible consumer receives an income tested sum of money that may be used at the discretion of each individual on services and supports, with minimal exclusions, that best helps each individual to achieve their objective of continuing to live at home. Overwhelmingly, this is achieved with the support of family carers and often with the use of additional private funding. Because home care is so geared around people exercising individual choices, there is a degree of separation between the provider and the consumer that is not the case in residential care where the provider is responsible for the health and wellbeing of the person 24/7.

Of itself, this should not be a reason not to extend individual budgets to residential care.

However, unlike home care, residential care is regulated by a legislated regime of specified care and services. These services are required to be provided as needed from within the regulated price that each provider receives to care for each individual and for meeting the cost of daily living expenses such as food, cleaning, laundry and utilities.

The current system in residential aged care tries to cater for additional choice by allowing consumers to purchase other care or services. However, the lack of clarity as to what constitutes the specified care and services or additional care and services can pose practical problems for both residents and providers in managing individual budgets. Depending on their wealth, consumers may be contributing to the specified care and services while at the same time being asked to contribute more for certain additional services, but what is additional and what is not?

### **Conclusion**

The Department's report concludes that there is currently no consumer directed care model that

could be implemented in residential care. It also suggests that an orientation to a consumer directed care approach should be considered as a process to be developed over time, rather than a specific 'model' to be implemented, as follows:

- Developing a shared vision, definition and scope for consumer directed care in residential care;
- Addressing the cultural barriers through research and knowledge sharing;
- Developing assessing and comparing several provider-led trials incorporating elements along the consumer directed care continuum, possibly including individual budgets;
- Drawing on the above to develop a general consumer directed care model that could be implemented across the sector.

Based on current information, it would seem premature to trial individual budgets. For the medium term, and assuming the government proceeds with a policy of funds following the consumer in residential care, an alternative approach would be to move to individual budgets in conjunction with the deregulation of prices for care and living expenses, along with the removal of the legislated specified care and services. This would then allow individual providers the flexibility to package their services and prices in ways that most efficiently and effectively respond to consumer preferences. Reliance for value for money and responsiveness would be placed on the accreditation arrangements and market-based competition, supplemented by appropriate safety nets.

*Disclosure Statement: The author of this Update, Nick Mersiades, is a member of the Aged Care Financing Authority. The opinions in this Update should not be read as being an expression of the views of the Aged Care Financing Authority.*

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