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NATSEM
at the University of Canberra



Aged Care in Australia: Past Present and Future

Ageing and Well-Being in Indonesia and Australia: Experiences of Two Neighbouring Countries

NATSEM Workshop Series

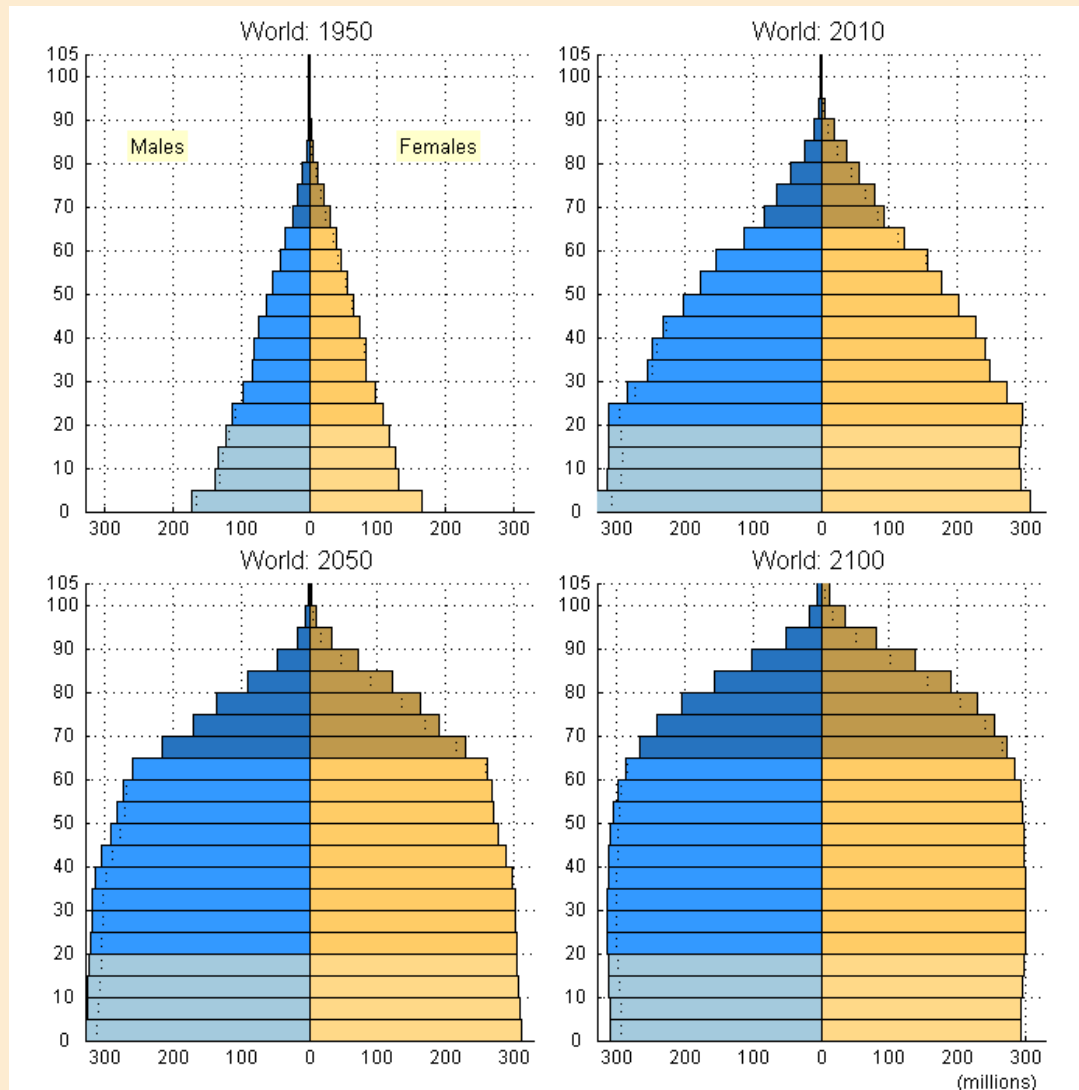
Laurie Brown, Binod Nepal and Linc Thurecht

11 September 2012

Overview

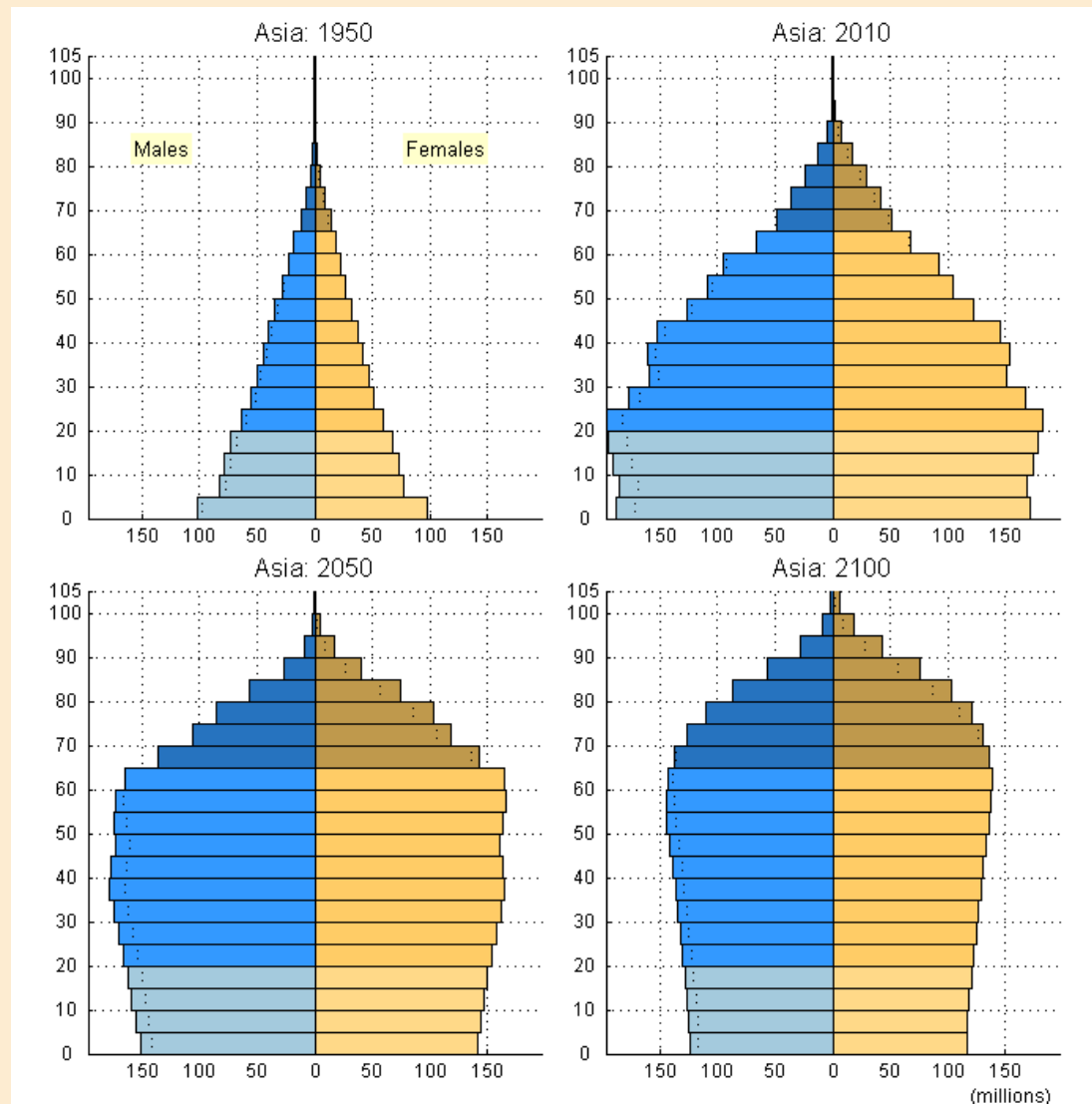
- Structural ageing of the population in Australia and the region
- Emergence of aged care in Australia
- Current models of aged care
- Projections of aged care need

Population ageing – a global phenomenon



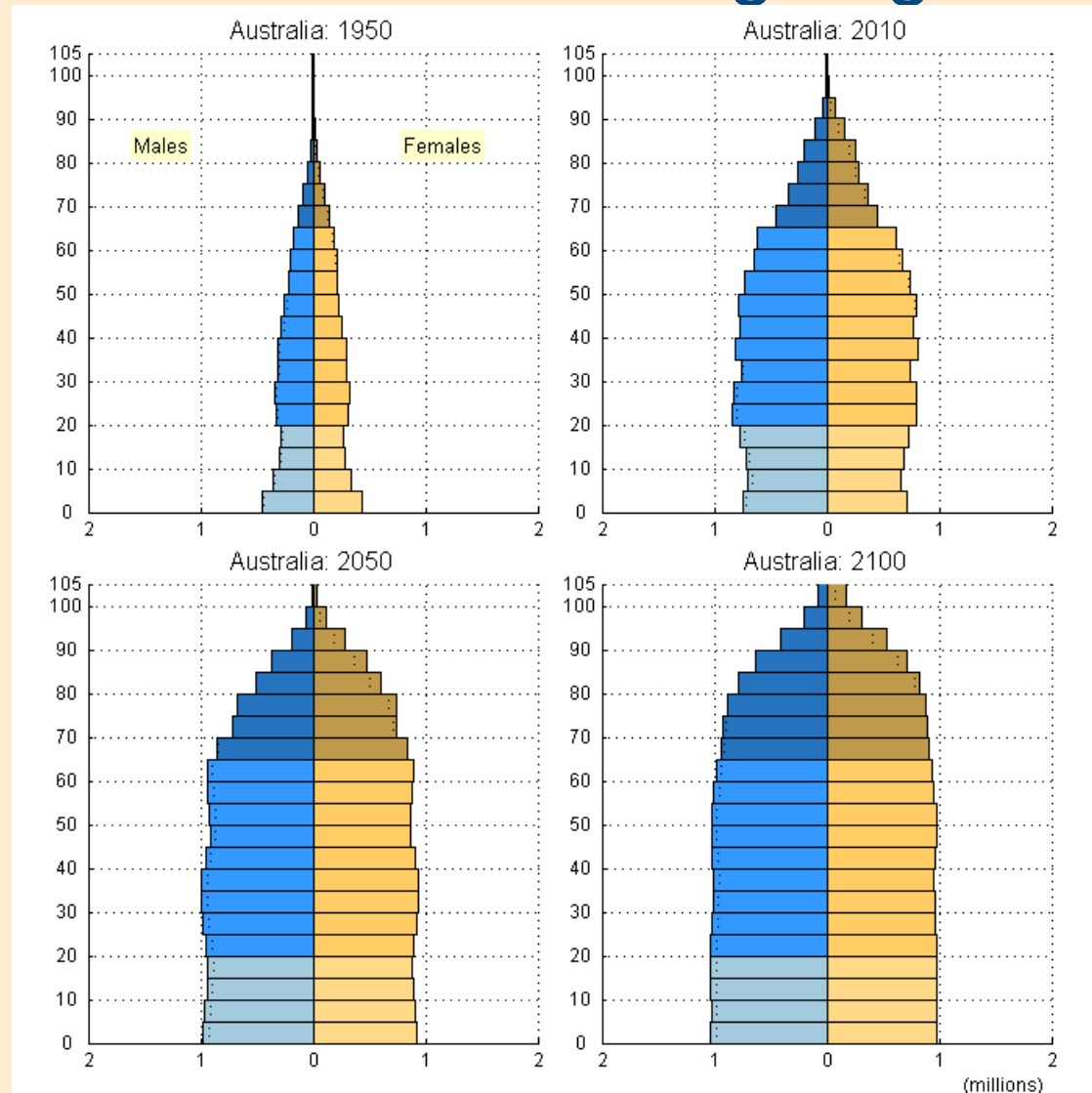
Source: United Nations World Population Prospect 2011 Revision

Asia is ageing



Source: United Nations World Population Prospect 2011 Revision

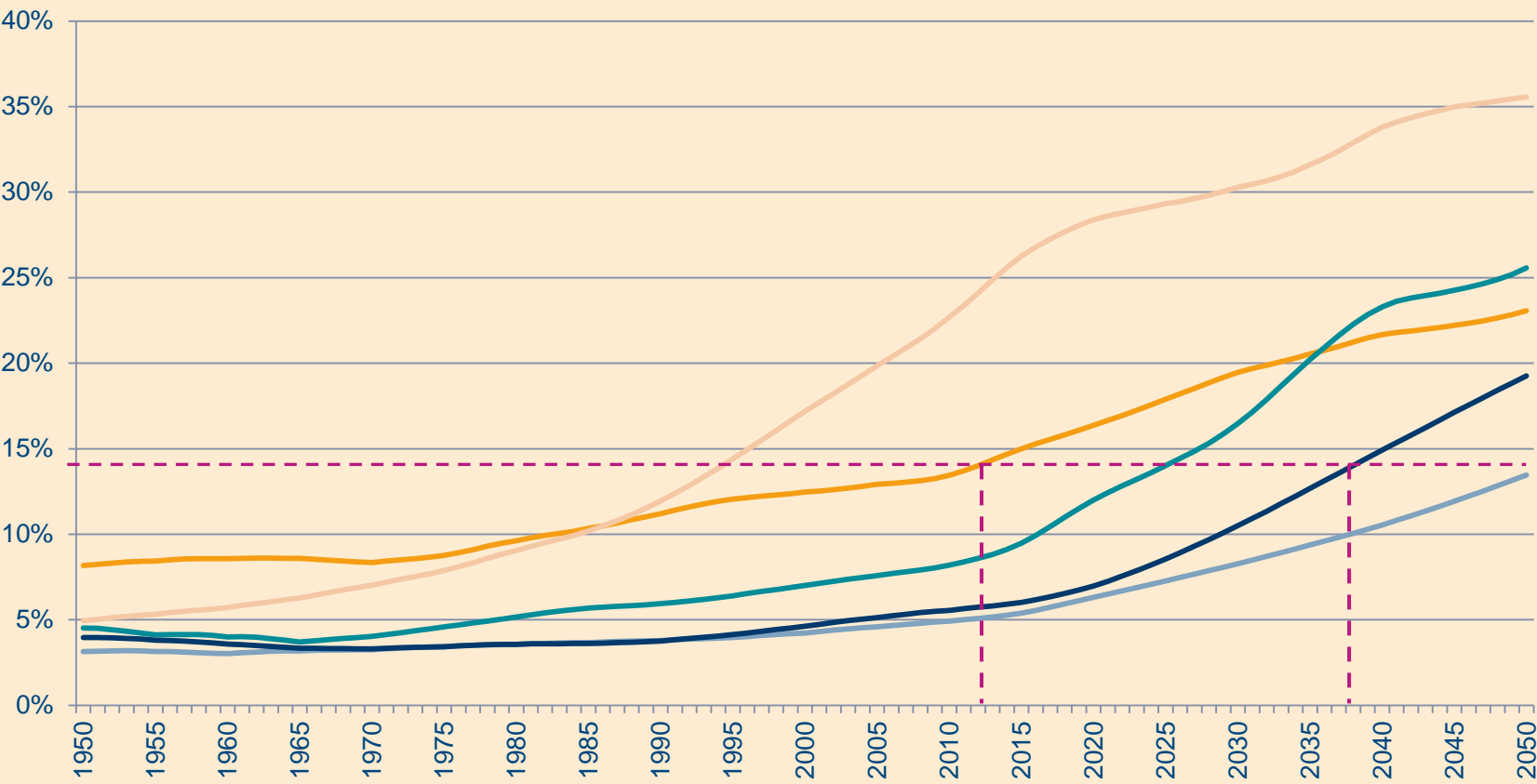
Australia is ageing



Share of older population aged 65+

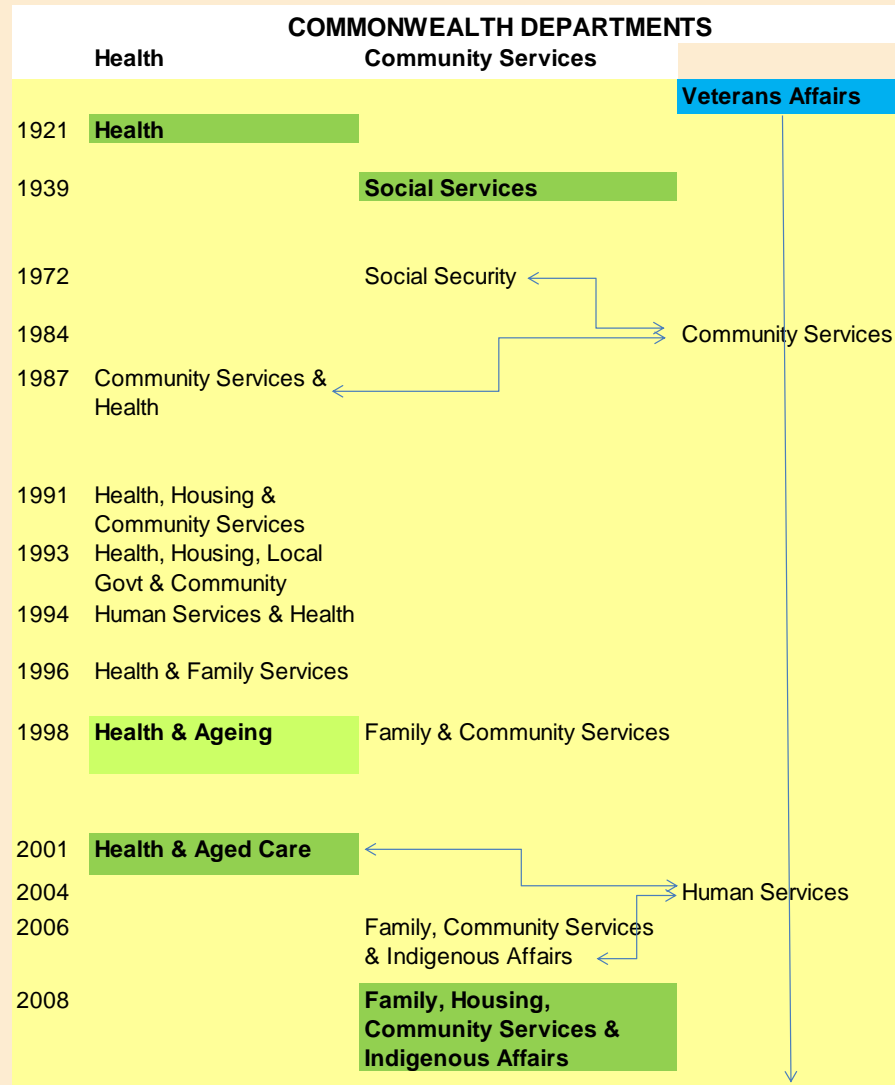
different speeds of ageing

— Australia — China — India — Indonesia — Japan



Data source: United Nations World Population Prospect 2011 Revision

History of Australian Government support of the aged



Support for the aged

- Income support targeted to seniors in financial need - social safety net through means test and policy directions, providing seniors with access to Age Pension and concessions and related allowances
- Australia's first national Old Age Pension payments were made in 1909
- Qualifying age is 65 years for men, for women being progressively raised reaching 65 years by 2014, and for both 67 years by 2023
- Adjusted by CPI or the Pensioner and Beneficiary Living Cost Index, and compared with Male Total Average Weekly Earnings

	2000-01	2005-06	2010-11
Cost (\$bn)	15.60	20.59	32.15
Eligible pop (m)	2.68	2.91	3.26
Recipients (m)	1.79	1.92	2.23
(DVA pensioners)	(0.34)	(0.27)	(0.21)
Take-up rate (%)	67	66	68.5
(with DVA)	(80)	(75)	(75)
Full pension rate (%)		61.6	59.7

History of aged care

- Australia's **formal** aged care system has evolved in an ad hoc way
- Australian Government involvement initially as a funder of maintenance subsidies for pensioners in Benevolent Asylums (1909 to 1963) (payments provided as a substitute for the Age Pension)
- As the costs of aged care outgrew the level of the age pension, the Government became involved in funding aged care
- Involvement in the **capital funding** of aged care first occurred through a housing initiative under the *Aged Persons Homes Act 1954* and, in **funding care**, the introduction of nursing home benefits in 1963
- Various reforms undertaken in the 1980s (home and community care) and 1990s (intensive care services at home and residential aged care)
- Reform ongoing reflecting Intersection of **pension** (income support), **housing** and **health care policies**
- In 2010-11, total Commonwealth expenditure on the health and welfare needs of older people = approx \$60.2 billion (4.3% of GDP), with 53% of spending on Age Pension and 19% on aged care

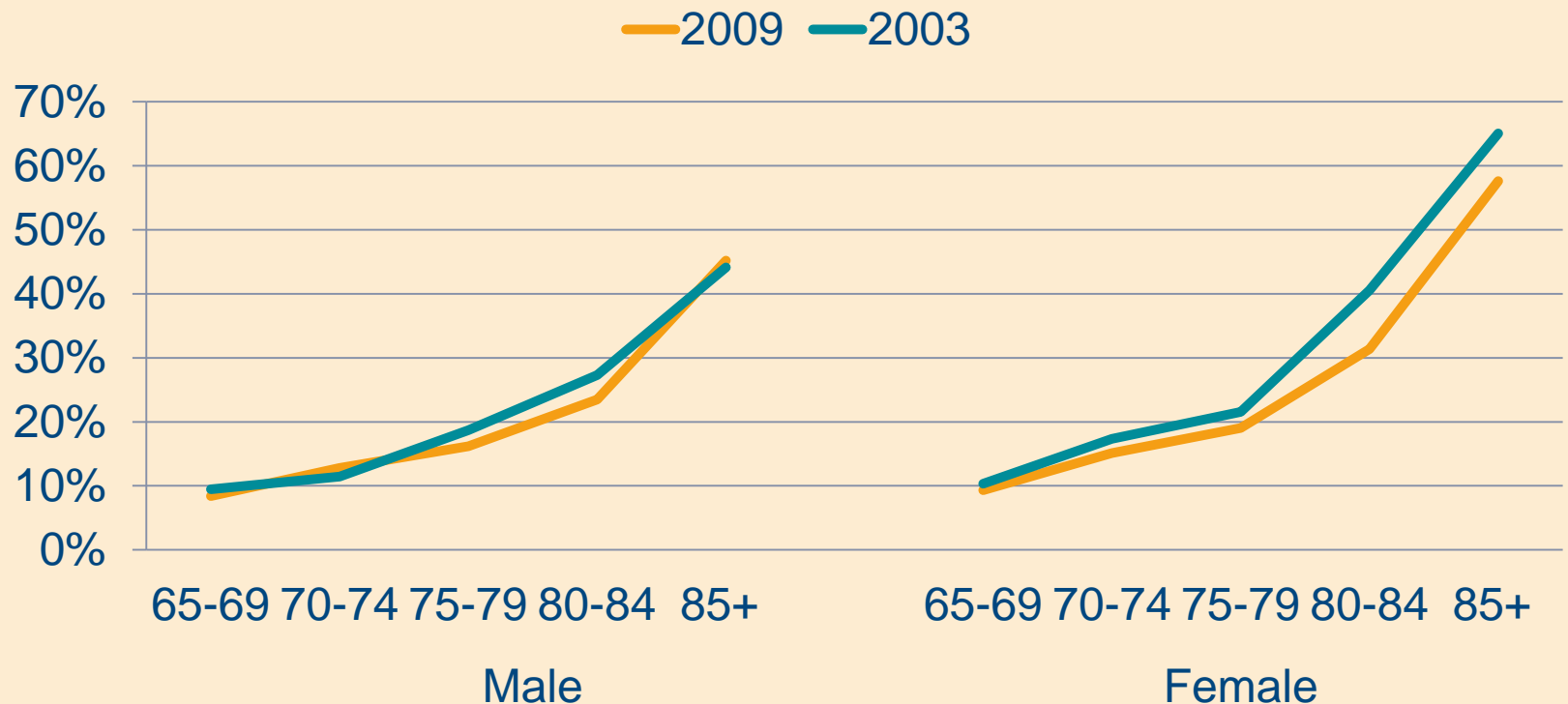
Current aged care system provides

- Assistance with everyday living activities:
 - Cleaning, shopping, meals, transportation, social participation
- Help with personal care/self-care:
 - Bathing, dressing, eating, toileting
- Health care:
 - Medical, nursing, physiotherapy, dietetics, dentistry
- Accommodation

Aged care providers /settings

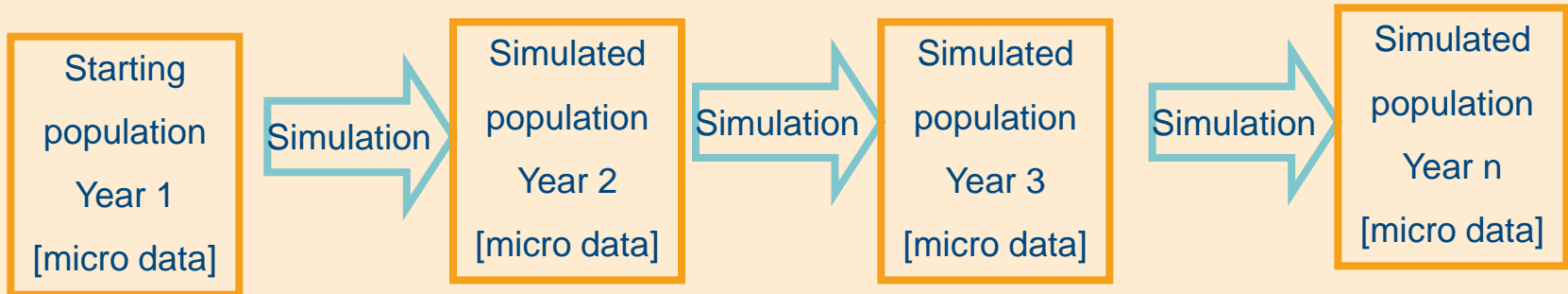
- Informal, unpaid:
 - Partners, family, friends and neighbours
- Formal, government-subsidised aged care services:
 - Community/home
 - HACC/VHC (862,500 persons received HACC services in 2008-09)
 - CACPs, EACH and EACHD
 - Residential:
 - Low level
 - High level
 - Respite support for carers

Prevalence of severe and profound disability, Australia, 2003 and 2009



Data source: 2003 and 2009 SDACs

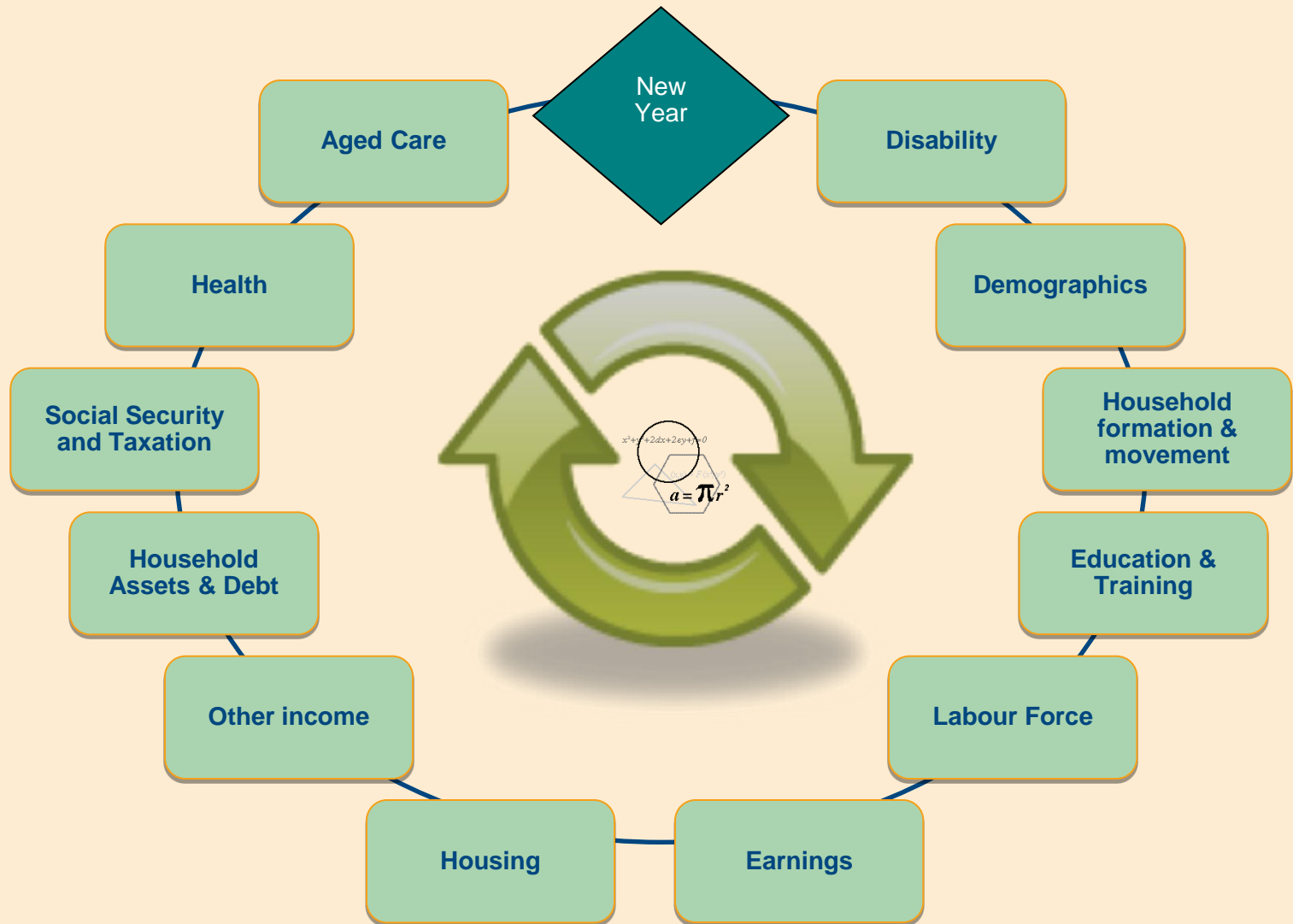
Projection technique: Microsimulation modelling



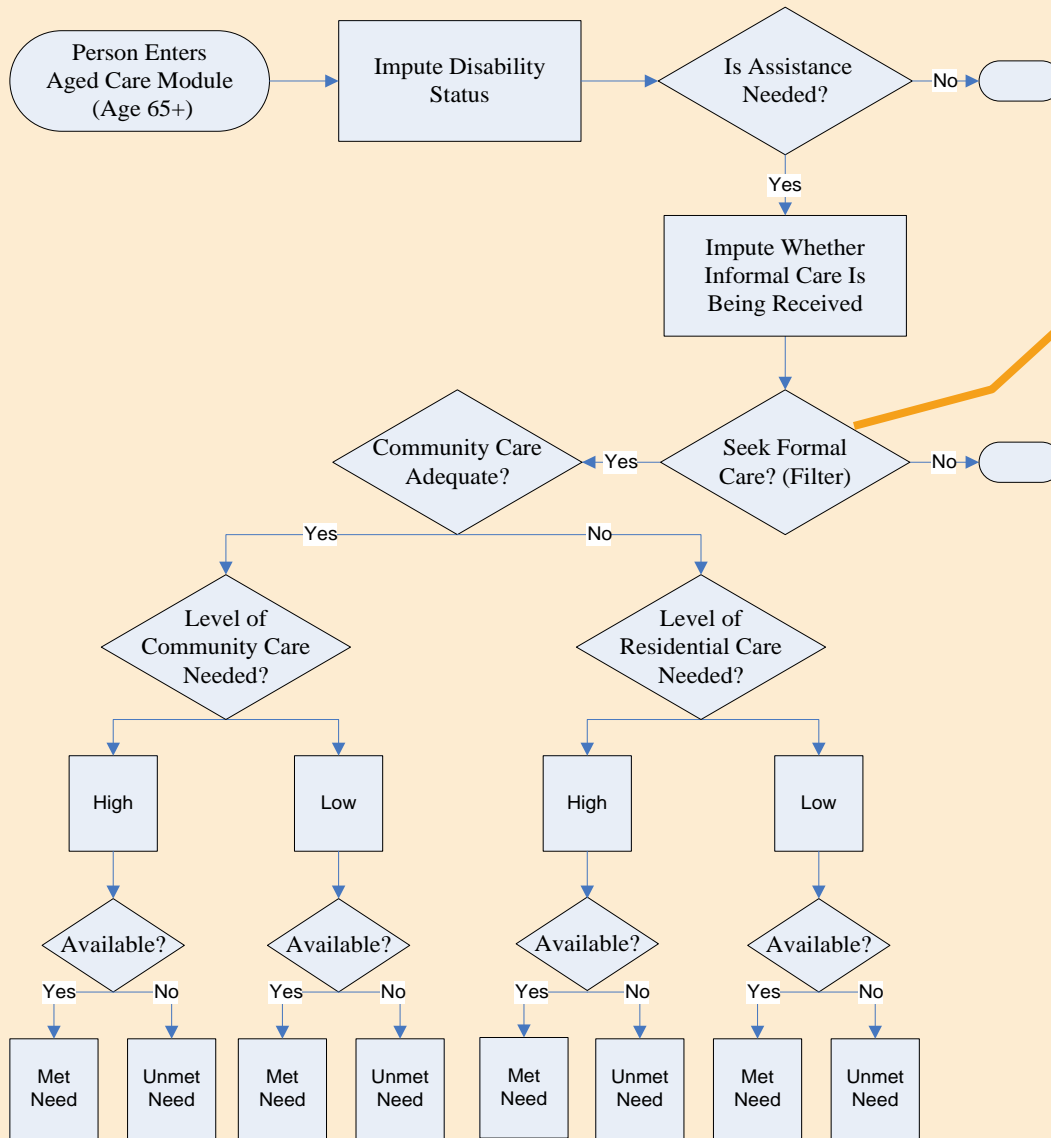
HID	FID	PID	Age	Sex	Mst	V4	...	Vn
1	11	111	32	M	Mar			
1	11	112	30	F	Mar			
2	21	211	78	M	Mar			
2	21	212	77	F	Mar			
3	31	311	25	M	Nm			
4	41	411	24	F	Div			
4	41	412	5	M	Nm			

HID	FID	PID	Age	Sex	Mst	V4	...	Vn
1	11	111	33	M	Mar			
1	11	112	31	F	Mar			
1	11	113	0	M	Nm			
2	21	211	79	M	Wid			
3	31	311	26	M	Nm			
4	41	411	25	F	Div			
4	41	412	6	M	Nm			

APPSIM modules and processing cycle

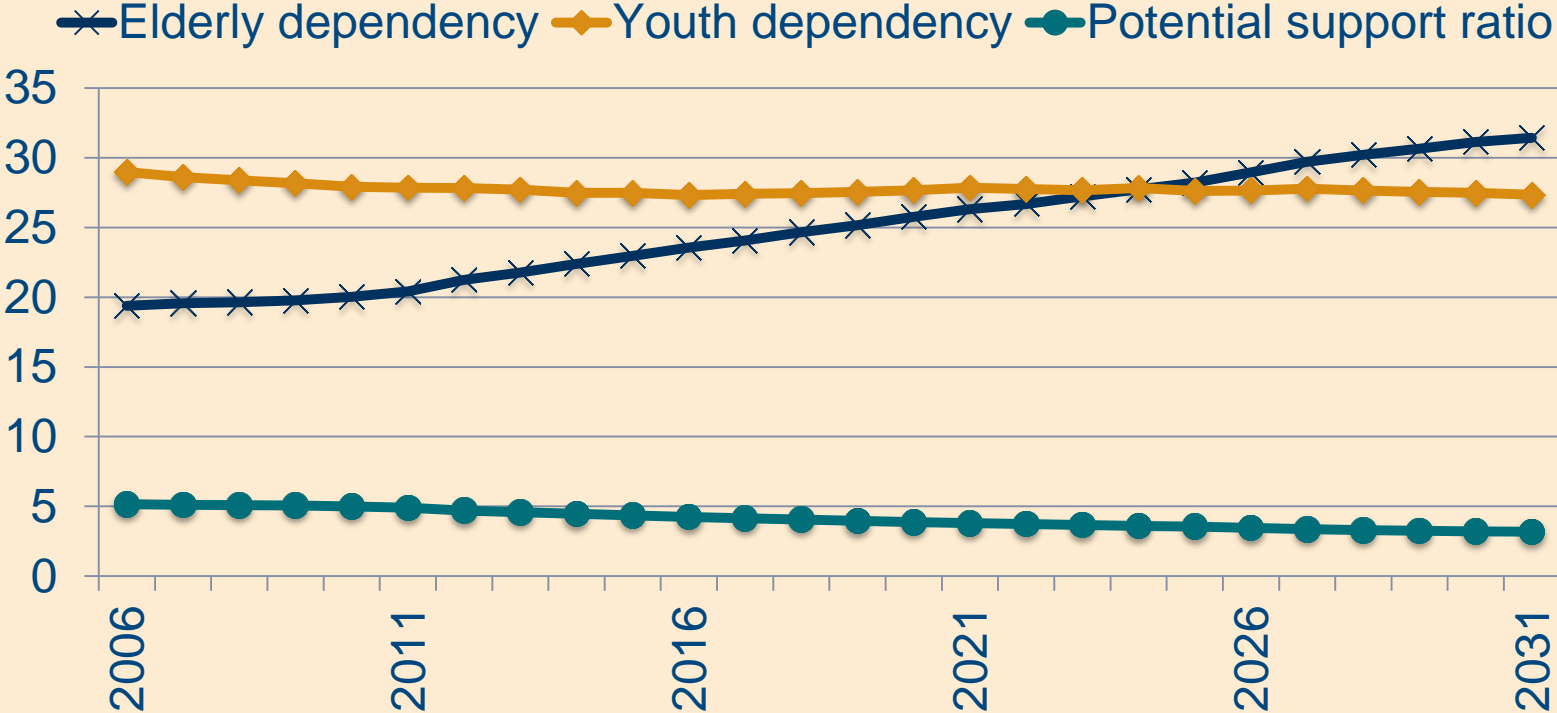


Aged Care Module



This is modified to conduct policy experiments

Projected share of older population and dependency ratios

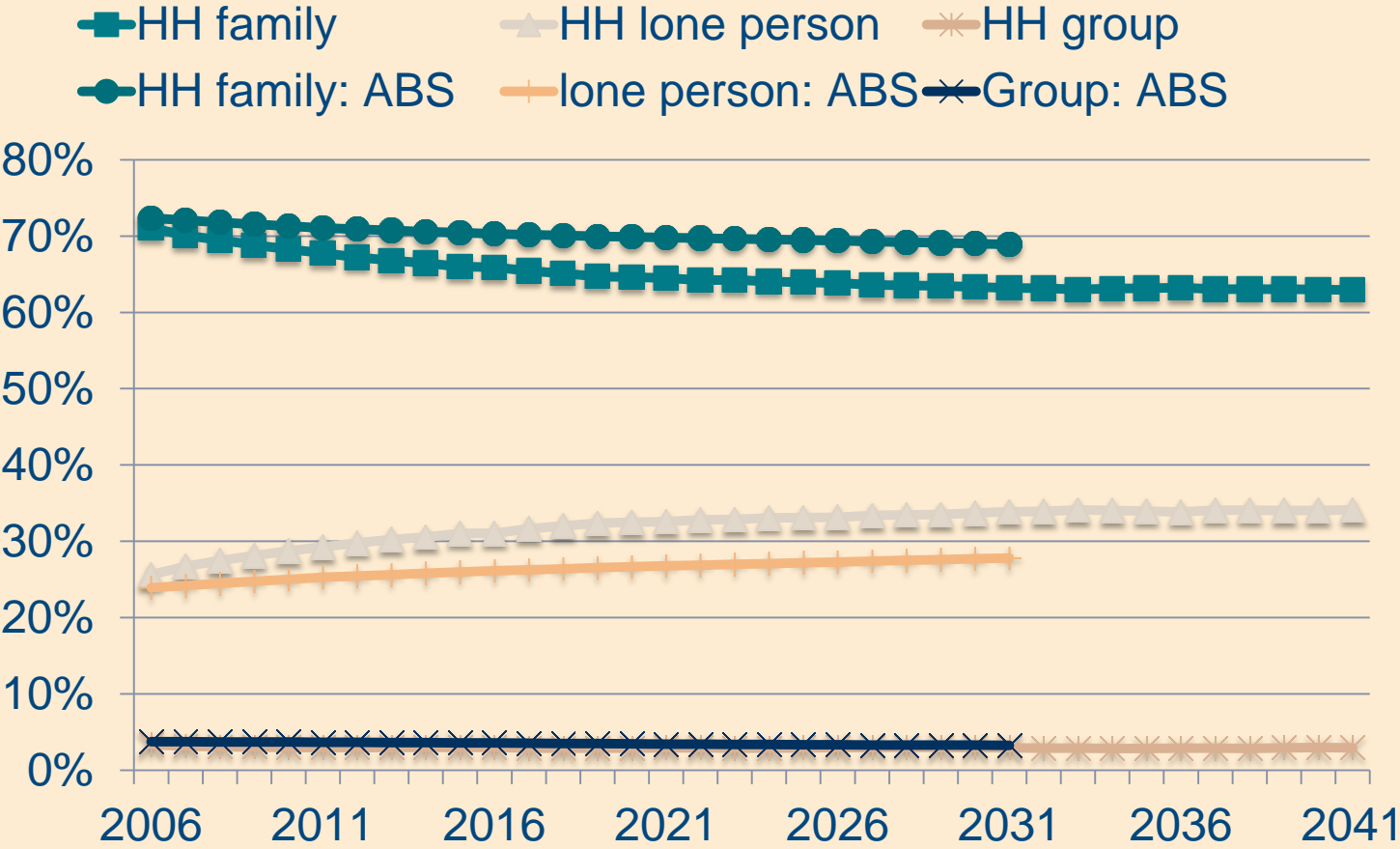


Potential support ratio = Number of people aged 15-64 per person aged 65+

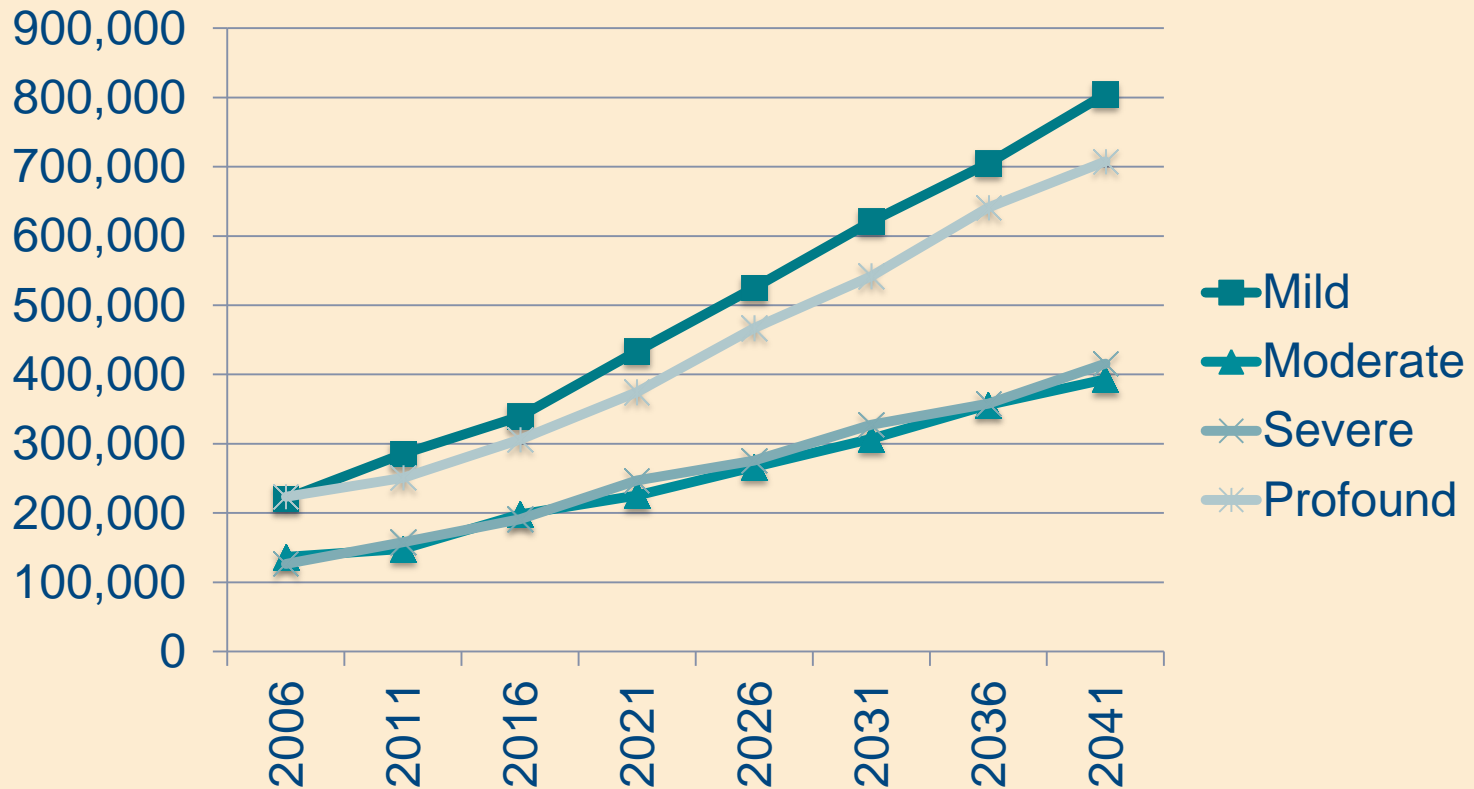
Elderly dependency ratio = Number of people aged 65 per 100 working age people

Youth dependency ratio = Number of people aged 15-64 per 100 working age people

Projection of couple and lone person households



Projection of lone persons 65+ by disability level assuming 2009 prevalence continues

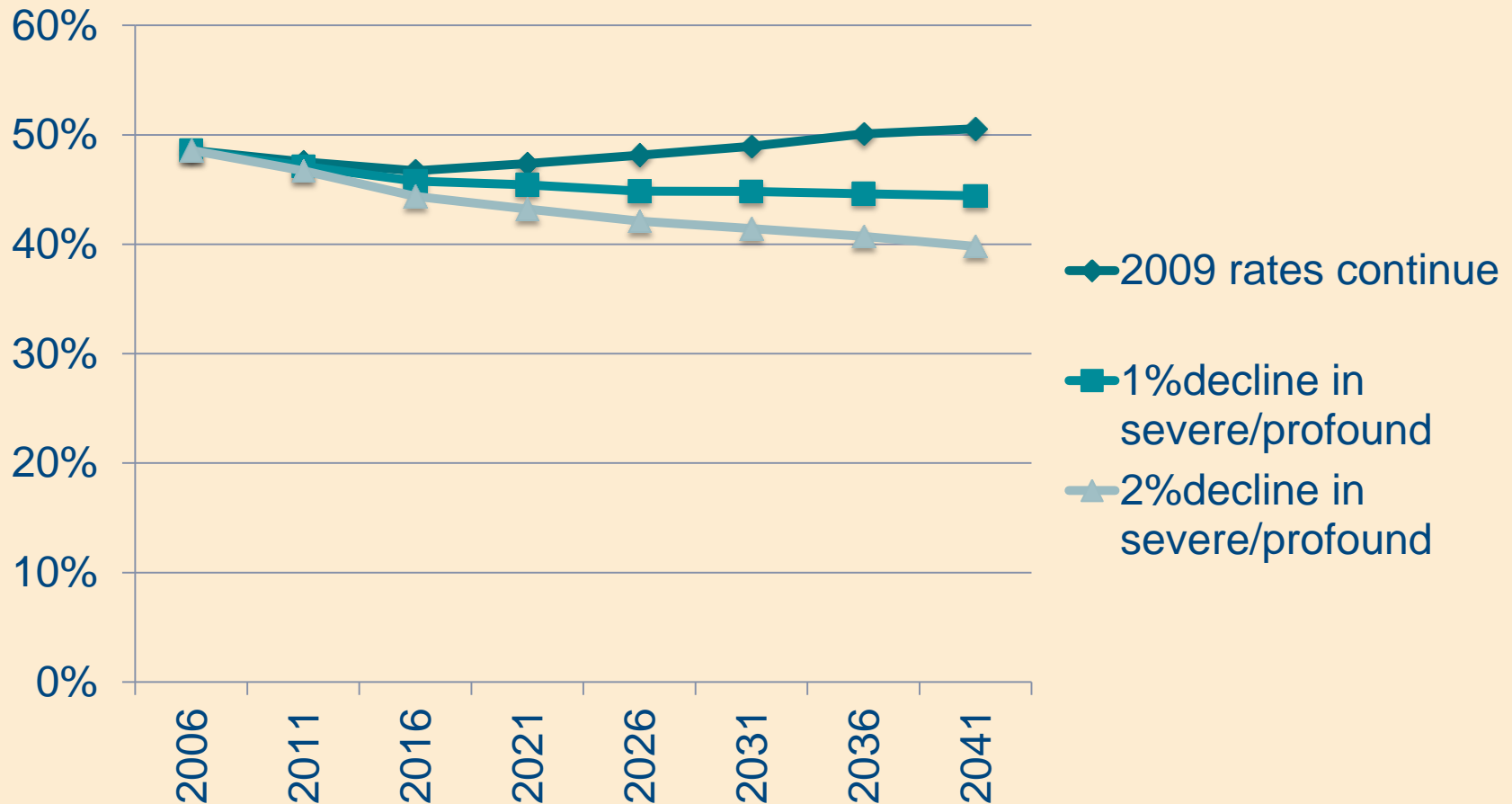


Scenarios

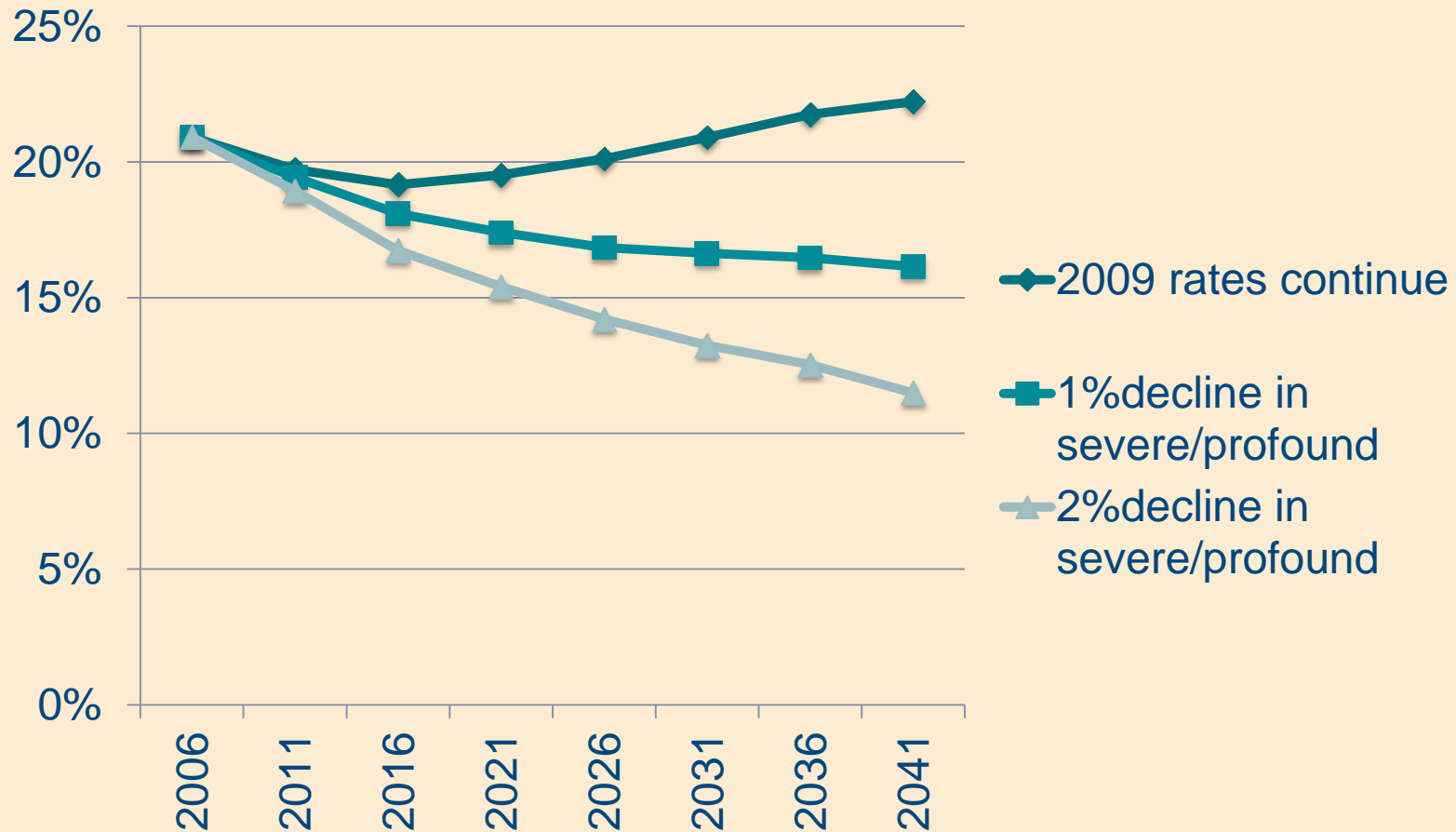
- 2009 prevalence of severe and profound disability continues
- 1% annual decrease in severe and profound disability
- 2% annual decrease in severe and profound disability

Assumption about formal care need: it is assumed that persons with mild or moderate disability who expressed need for assistance but receiving informal care from spouse/partner would not see formal care

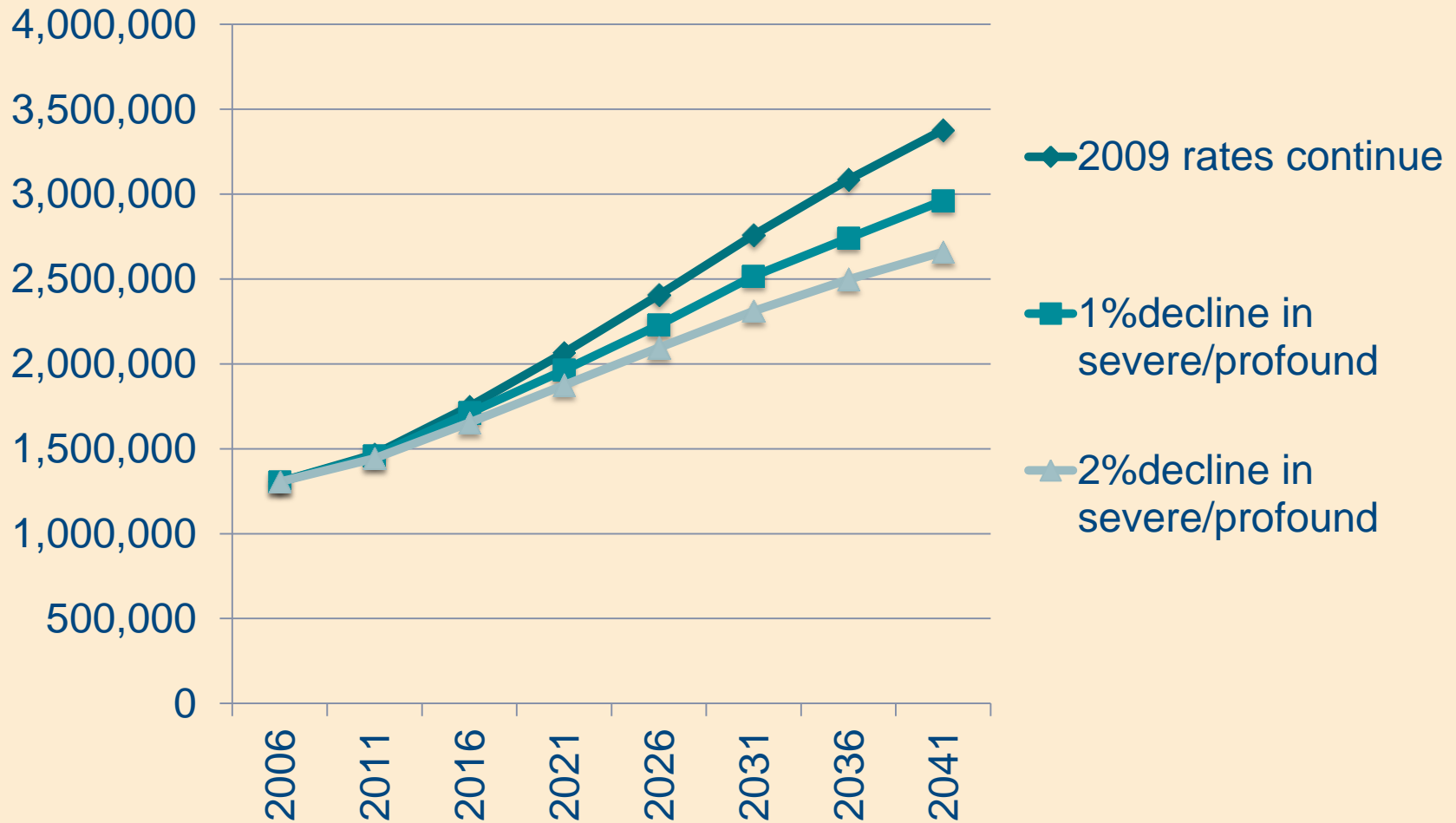
Overall prevalence of any disability, aged 65+



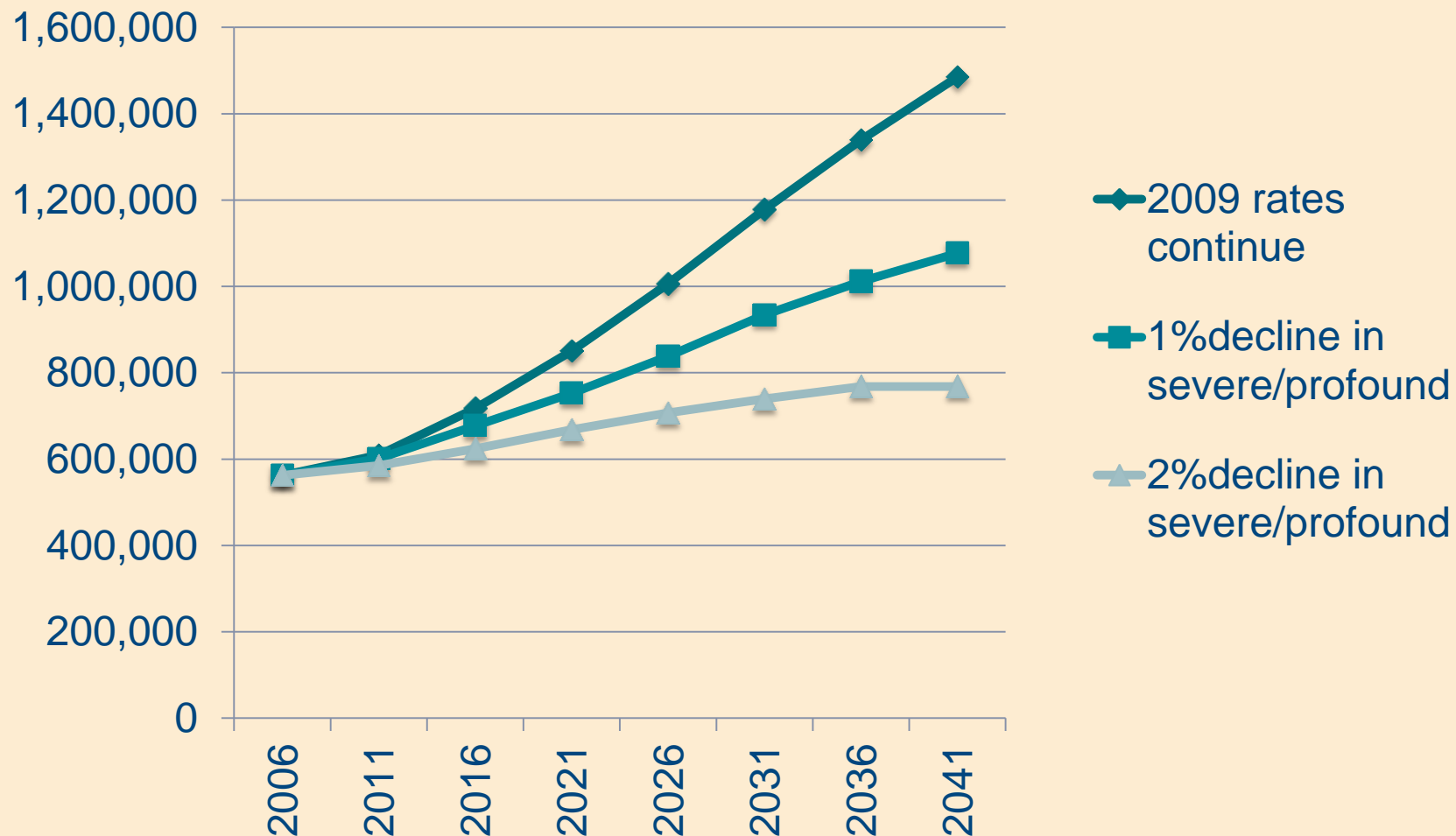
Overall prevalence of severe/profound disability, aged 65+



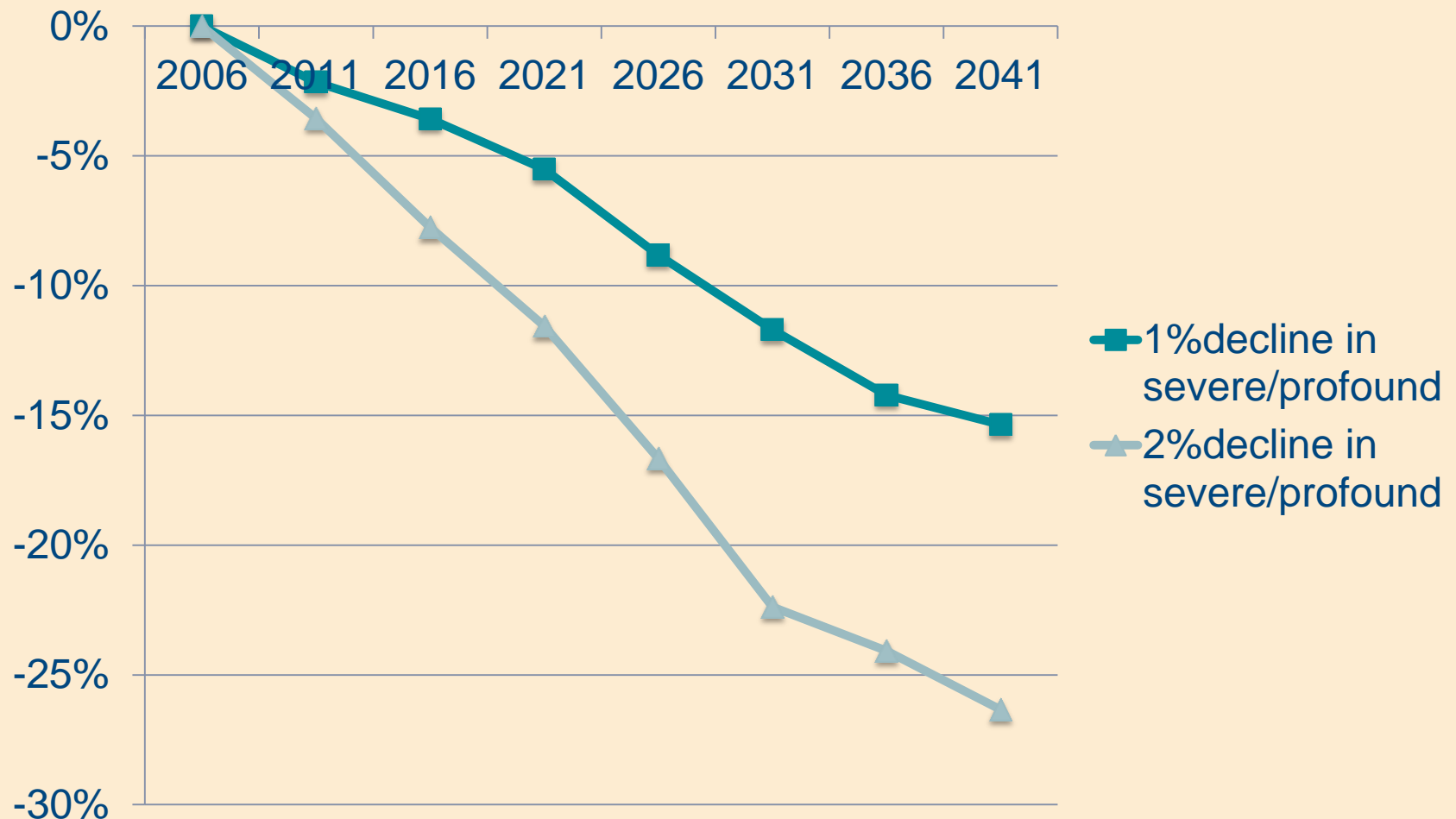
Projected number of 65+ with a disability



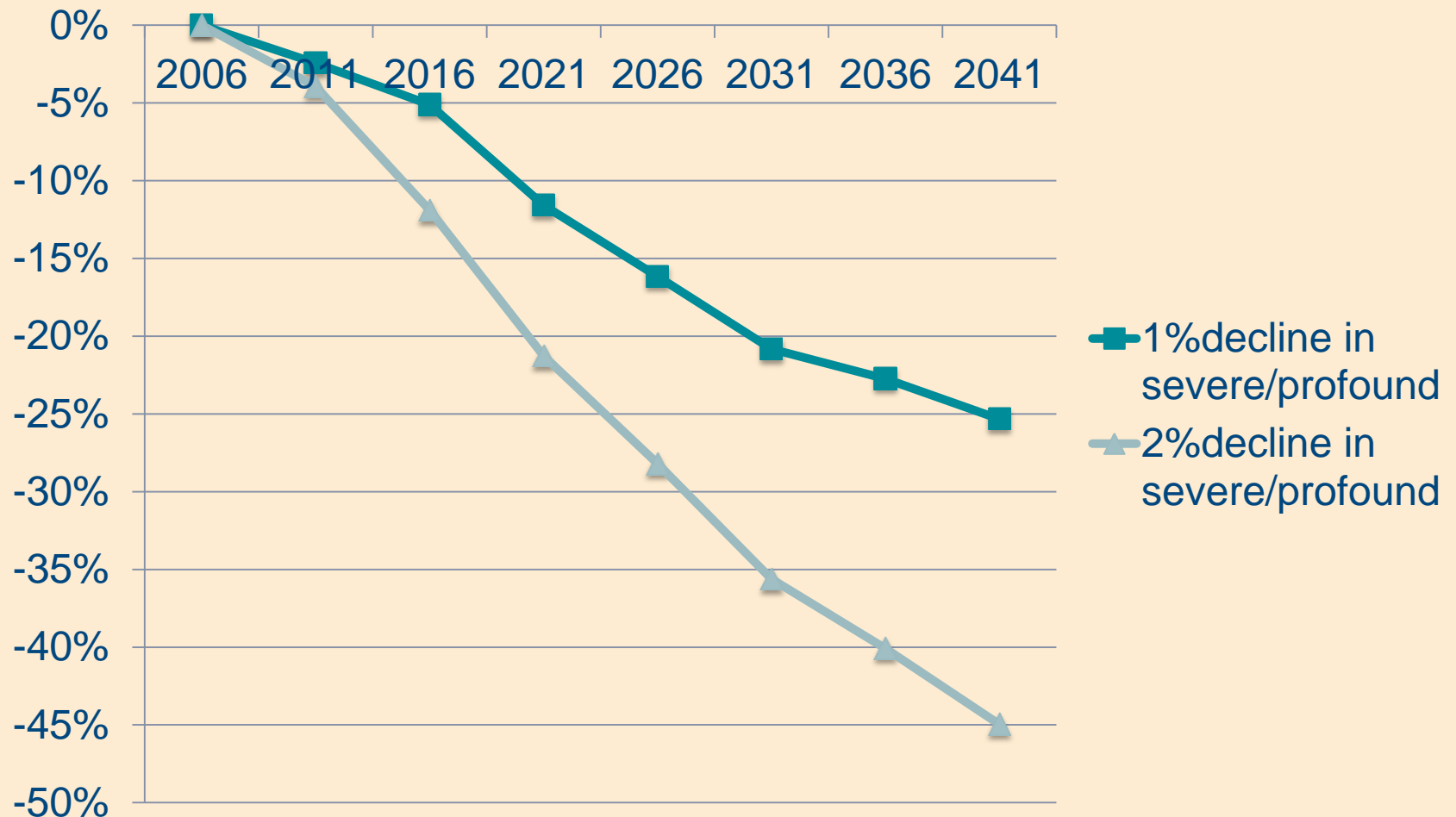
Projected number of 65+ with severe/profound disability



Projected change in need for care, aged 65+, compared to the baseline



Projected change in need for high care, aged 65+, compared to the baseline



Concluding remarks

- Aged care in Australia has undergone various transformations in response to changing demographic and economic circumstances
- Population ageing and rising number of lone persons mean an increasing need for aged care in the future
- Reducing severe forms of disability will substantially mitigate the need for aged care
- Supply side has not been considered in this presentation and so the issues of unmet need would require further analysis



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Thank you

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