Aged Care in Australia: Past Present and Future

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

NATSEM Workshop Series

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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

Source: United Nations World Population Prospect 2011 Revision
Share of older population aged 65+
different speeds of ageing

Data source: United Nations World Population Prospect 2011 Revision
History of Australian Government support of the aged

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<th>Veterans Affairs</th>
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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

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<td>15.60</td>
<td>20.59</td>
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<td>Eligible pop (m)</td>
<td>2.68</td>
<td>2.91</td>
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<td>Recipients (m)</td>
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<td>(DVA pensioners)</td>
<td>1.79</td>
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<td>(0.34)</td>
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<td>Take-up rate (%)</td>
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<td>(with DVA)</td>
<td>67</td>
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<td>(80)</td>
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<td>Full pension rate (%)</td>
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<td>61.6</td>
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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

Starting population
Year 1
[micro data]

Simulation

Simulated population
Year 2
[micro data]

Simulation

Simulated population
Year 3
[micro data]

Simulation

Simulated population
Year n
[micro data]

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APPSIM modules and processing cycle

1. Aged Care
2. Disability
3. Health
4. Demographics
5. Household formation & movement
6. Education & Training
7. Labour Force
8. Housing
9. Earnings
10. Other income
11. Household Assets & Debt
12. Social Security and Taxation

New Year
Aged Care Module

Person Enters Aged Care Module (Age 65+)

Impute Disability Status

Is Assistance Needed?

Yes

Impute Whether Informal Care Is Being Received

Community Care Adequate?

Yes

Seek Formal Care? (Filter)

No

Level of Community Care Needed?

High

Low

Level of Residential Care Needed?

High

Low

Available?

Yes

No

Met Need

Unmet Need

Available?

Yes

No

Met Need

Unmet Need

Available?

Yes

No

Met Need

Unmet Need

Available?

Yes

No

Met Need

Unmet Need

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

- HH family
- HH lone person
- HH group
- HH family: ABS
- Lone person: ABS
- Group: ABS
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+

2009 rates continue
1% decline in severe/profound
2% decline in severe/profound
Overall prevalence of severe/profound disability, aged 65+

- 2009 rates continue
- 1% decline in severe/profound
- 2% decline in severe/profound
Projected number of 65+ with a disability

- 2006: 22,000
- 2011: 500,000
- 2016: 1,000,000
- 2021: 1,500,000
- 2026: 2,000,000
- 2031: 2,500,000
- 2036: 3,000,000
- 2041: 3,500,000

- 2009 rates continue
- 1% decline in severe/profound
- 2% decline in severe/profound
Projected number of 65+ with severe/profound disability

- 2009 rates continue
- 1% decline in severe/profound
- 2% decline in severe/profound
Projected change in need for care, aged 65+, compared to the baseline

-30% decline in need for care aged 65+
-25% decline in need for care aged 65+
-20% decline in need for care aged 65+
-15% decline in need for care aged 65+
-10% decline in need for care aged 65+
-5% decline in need for care aged 65+
0% decline in need for care aged 65+
Projected change in need for high care, aged 65+, compared to the baseline.

-50% -45% -40% -35% -30% -25% -20% -15% -10% -5% 0% 1% decline in severe/profound

-2026 2031 2036 2041

2006 2011 2016 2021
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
Thank you

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