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bulletin

Ageing in place

Before and after the 1997 aged care reforms

Introduction

Ageing in place was one of the specified objectives of the changes to the Australian aged care system which came about with the introduction of the *Commonwealth Aged Care Act, 1997*. This policy allows low care residents to stay in a low care service (formerly hostels) when their dependency increases, whereas under the previous two-tier system they were required to move to a nursing home. This has the advantage for residents that they (or their relatives) do not have to negotiate a move to a new service, and there is no need to adjust to new surroundings, new staff and new co-residents.

Ageing in place also has the advantage for service providers that as their low care residents become more dependent, they can, subject to appraisal by a government assessment team, claim a higher level of reimbursement. That is, reimbursement in former hostels is no longer 'capped' at a level well below the lowest level of high care reimbursement. Just before the reforms, the highest level of government reimbursement paid to a hostel was $242 per week, while the lowest level paid to a nursing home was $496 per week.

Context of the reforms

The trends in residential care that immediately predate the structural reforms of 1997 provide a context for comparison with the changes since the reforms. Before the reforms the nursing home sector was not expanding as rapidly as the size of the aged population, so it is hardly surprising that the level of dependency in hostels rose.

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Ageing in place

One consequence of this increasing level of dependency in hostels was complaints from providers that the level of government reimbursement was not adequate to the increasing level of care needed by some residents. There was also a growing recognition that a proportion of residents in the hostel sector were actually more dependent than those in nursing homes. In 1995, the Secretary of the Department of Human Services and Health (now the Department of Health and Ageing) estimated that around 20% of people accommodated in hostels were more dependent than those being cared for in nursing homes (Duckett 1995). In short, there were concerns about inequities within the residential aged care system. These perceived inequities and anomalies were one of the driving factors in the restructuring of the residential aged care system in October 1997.

In 1995… around 20% of people accommodated in hostels were more dependent than those being cared for in nursing homes

Central to this paper are the changes that were made to combine the two tiers (nursing homes and hostels) of the residential aged care system. There was another change that came with the introduction of the Act that had important implications for ageing in place. This was the simultaneous introduction of the new eight-category Resident Classification Scale to measure resident dependency and determine the amount of money that service providers were paid for each resident. The eight funding categories range from the base dependency level of the 'old' hostel scale (now known as RCS 8) to the top dependency level of the old nursing home system (now known as RCS 1).

To explore the extent to which ageing in place has happened since 1997, this paper focuses on changes in services which were formerly hostel-type services prior to the reforms.

Method

The residential aged care system in Australia was restructured at the time of the 1997 reforms. The two separate categories of residential care (nursing homes and hostels) were combined into a single system and referred to as residential aged care services. As a result, the two previous data collection systems (the Nursing Home Payment System (NHPS) and the Commonwealth Hostel Information Payment System (CHIPS)) were replaced on 1 October 1997 by a single system—the System for the Payment of Aged Residential Care (SPARC). This new system is the primary data source for this report.

When analysing whether ageing in place has been occurring, it is necessary to focus on former hostels. The reason for concentrating on former hostels is to allow comparison of the same subset of services before and after the reforms. Before the reforms, residents of these services were not eligible to receive higher (nursing home) care subsidies if their dependency increased, whereas since the reforms, residents in the same services are now able to receive such subsidies. 'New' low care services have been excluded from this study as they were not operational before the reforms. However, an analysis undertaken on new services, which included services that had co-located since the 1997 reforms, revealed a pattern similar to that illustrated in Figure 1.

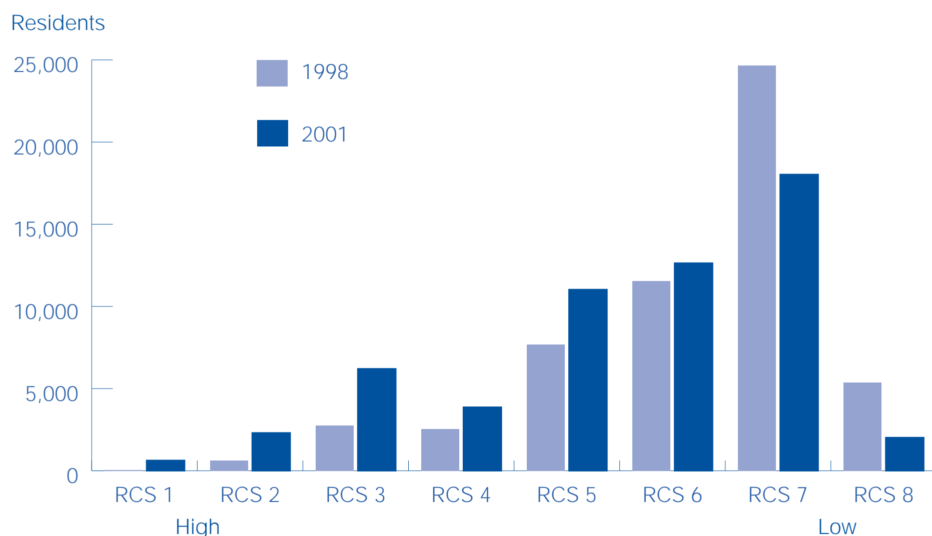
For the purposes of this paper, former hostels are defined as aged care homes which were operational at June 2001 and were hostels before the reforms. Respite residents do not age in place in residential aged care service, therefore the data in this report is based on permanent residents.

Indicators of ageing in place

Changing resident dependency profile

One of the indicators which shows the extent to which ageing in place has been adopted, is the changing dependency profile of residents since the reforms. Before October 1997, all residents of hostels were by definition classified as low care, roughly equivalent to RCS categories 5 to 8. Figure 1 shows that dependency levels in those former hostels have shifted upward, with increasing numbers of higher dependency residents (RCS 1 to 6) and decreasing numbers of lower dependency residents (RCS 7 and 8).

Figure 1: Residents of former hostels, by dependency, 30 June 1998 and 2001



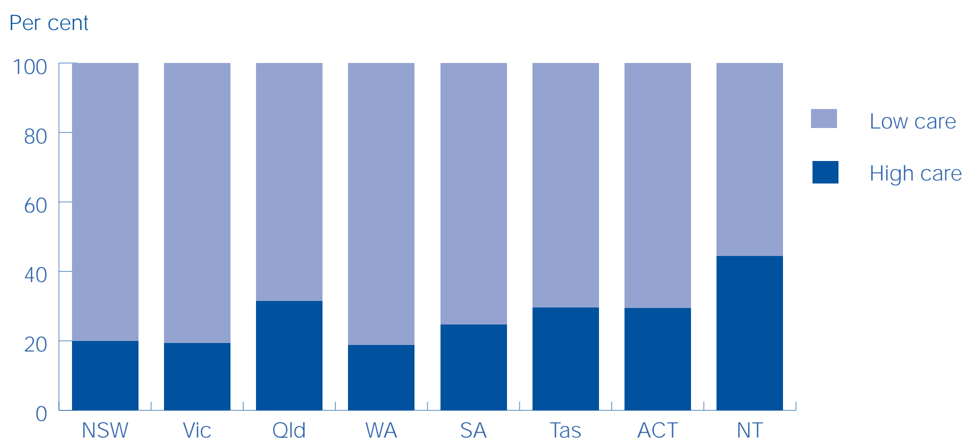
Prior to October 1997, there were no high care residents in hostels. While hostels per se ceased to exist after the reforms, by 1998 there were 668 such residents in the two highest care categories (RCS 1 and 2) in former hostels, and by 2001, there were 2,938. When the four high care categories are taken together, the numbers increased from 0 in 1997, to 5,954 in 1998, and then more than doubled to 13,015 in 2001. The number of residents in the two lowest dependency categories (RCS 7 and 8) fell from 30,013 in 1998 to 20,050 in 2001. Thus, there has been a substantial change in the dependency classification of clients in hostels since October 1997. By 30 June 2001, 22.9% of residents in former hostels were classified as high dependency (RCS 1 to 4).

While dependency in former hostels has been increasing at the national level, there are significant variations among the States and Territories, as shown in Figure 2. The Northern Territory had the highest proportion (44.4%) of high dependency residents of any State or Territory, however, the numbers were very small with only 56 residents in former hostels classified as RCS 1 to 4. Tasmania, Queensland and the Australian Capital Territory also had comparatively high proportions of high dependency residents (35.0%, 31.4% and 28.4% respectively). The national average was 22.9%.

Ageing in place

The adoption of 'ageing in place' has been widespread across services

Figure 2: Dependency profile of former hostels, by State/Territory, 30 June 2001 (per cent)



Entry as a high care resident

Since October 1997, a certain proportion of hostel residents have been classified as high care at the time of their first assessment. In 1998–99, 15.4% of all admissions were residents with a high care classification, increasing to 16.3% in 1999–00, and 18.2% in 2000–01.

Table 1 shows the number of residents admitted as high care at 30 June 1998 and 2001, and the total number of high care residents in former hostels. It can be assumed that those who were not admitted as high care residents became high care residents while in the hostel; hence, they have 'aged in place'. In 1998 there were 5,954 high care residents, 4,993 of whom had 'aged in place'. By 2001, the number of high care residents had increased to 13,015, of whom 8,874 had 'aged in place'.

Table 1: High care residents in former hostels, 30 June 1998 and 2001

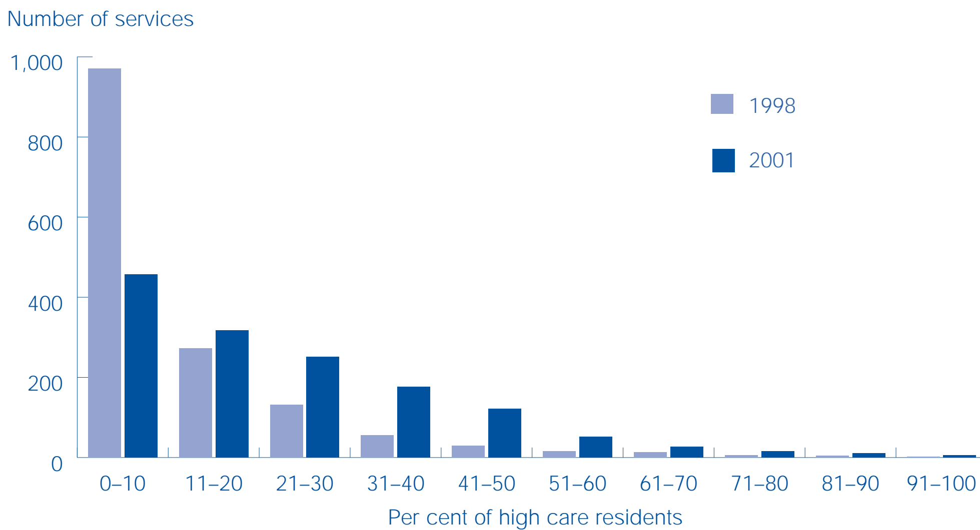
High care residents	1998	2001
Admitted as high care	961	4,141
'Aged in place'	4,993	8,874
Total	**5,954**	**13,015**

Source: AIHW analysis of Department of Health and Ageing data.

Changing service level dependency profiles

The impact of ageing in place at the service level is also worthy of consideration. This can be done by examining the proportion of service providers who have implemented this policy in their facilities. This gives an indication of whether ageing in place was concentrated in a small proportion of services, or whether its adoption has been more widespread. Figure 3 shows that the number of former hostels with a small proportion (0–10%) of high care residents has been declining. In all other categories the number of

Figure 3: Services catering for various percentages of high care residents, 30 June 1998 and 2001

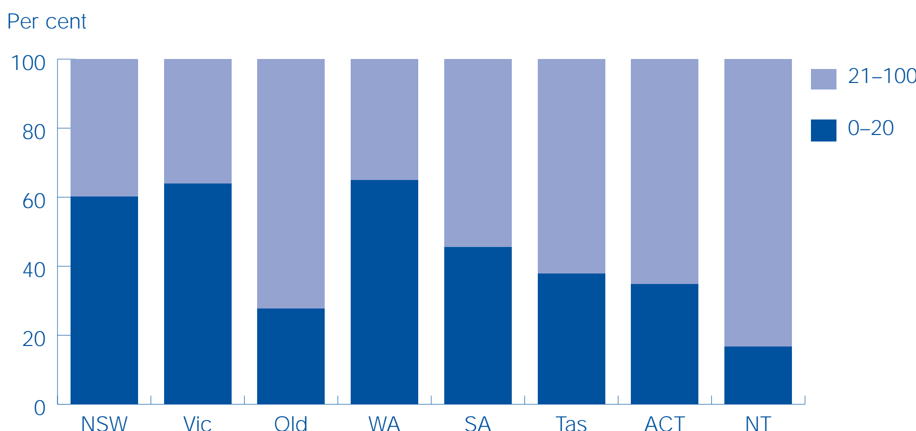


former hostels caring for high care residents is increasing. Less than a year after the implementation of the reforms, in June 1998, only 28.0% of former hostels had no high care residents, a proportion which fell even further, to 9.4%, by 2001.

The number of former hostels with 10% or fewer high care residents halved from 971 to 457 between 1998 and 2001, and the number with 31 to 50% high care residents increased from 85 to 287 in the same period. However, it is evident that few former hostels actually have a predominance of high care residents. Only 1.4% of former hostels had more than 60% high care residents in 1998, increasing to 4.1% by 2001.

The extent to which ageing in place has been taken up by former hostels varies between States and Territories (see Figure 4). This service-level data reflects the trends reported in the client dependency profiles; the Northern Territory, Queensland, Tasmania and the Australian

Figure 4: Former hostels catering for 0–20% and 21–100% of high care residents, 30 June 2001



Ageing in place

Capital Territory have had the strongest uptake of ageing in place, followed by South Australia, with uptake being weaker in Western Australia, Victoria and New South Wales.

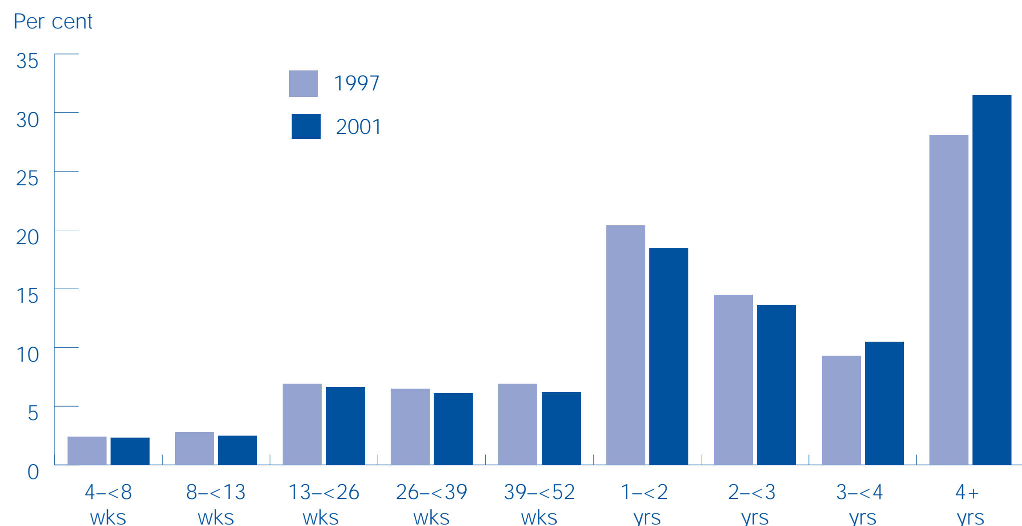
Truncated length of stay

Ageing in place and increasing dependency are simultaneous but opposing shifts

Truncated length of stay is the length of time spent in a former hostel between admission and a certain date. If ageing in place was occurring, then it would be reasonable to expect that the proportion of residents with shorter stays would decrease and those with longer stays would increase as residents stayed in a former hostel, rather than moving to a high care service. Figure 5 compares truncated length of stay in former hostels before (1997) and after (2001) the reforms, and shows there has been very little change in patterns of length of stay.

The lack of change in the distribution of length of stay since the reforms is contrary to the initial expectation, especially given the changing patterns of separations revealed in the previous section. The probable explanation for this apparent anomaly lies in two simultaneous but opposing shifts: ageing in place and increasing dependency. A consequence of ageing in place is that residents of former hostels frequently do not move on to nursing homes when their dependency increases past RCS level 5, resulting in increasing length of stay for those residents. However, over the same period, the dependency profile of all residents has come to be more dependent, approaching more closely that of 'pre-reform' nursing homes. Those 'pre-reform' nursing home residents had, on average, a shorter length of stay than the residents of 'pre-reform' hostels (AIHW 1997:265). It has been demonstrated that high dependency is associated with short length of stay in the nursing home population (Liu 1996:30–32). It is likely, therefore, that the increasing number of more highly dependent residents in hostels has pushed length of stay in the opposite direction, tending toward shorter length of stay. These two countervailing trends have resulted in the relative absence of change shown in Figure 5.

Figure 5: Truncated length of stay in former hostels, 30 June 1997 and 2001 (per cent)



Reason for discharge

The next indicator of the extent to which the ageing in place policy has been adopted over the four years since implementation is the pattern of discharges. If there was a considerable amount of ageing in place, then it be would be reasonable to expect an increase in the proportion of residents in former hostels who die rather than being discharged to another type of residential service, and a decrease in the proportion being discharged to another, normally high care, aged care home. Table 2 presents time series data which demonstrates that these effects are occurring.

The proportion of residents who leave former hostels as a result of death has increased, from 30.1% in 1994–95 to 55.2% in 2000–01. The proportion who leave to move to another (high care) aged care home has fallen from 42.2% to 16.3% over the same period. Interestingly, though, some of that change was occurring before the reforms—the shift is evident in the 1996–97 data. This is actually consistent with an analysis of turnover for these former hostels; turnover has been going down, but the shift began to occur in the period before the reforms. These findings suggest that the trend toward keeping people in hostel-type accommodation longer had probably begun in advance of the reforms, but was accelerated by them. These trends suggest that while some of the observed increase in resident dependency is a 'catch up' of the new policy with previous practice, that policy is now driving practice in facilitating ageing in place in former hostels.

Table 2: Discharges from former hostels, by separation mode, 1994–95 to 2000–01 (per cent)

Separation mode	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01
Death	30.1	29.4	32.3	43.4	53.0	53.5	55.2
Return to community	9.0	8.6	7.8	8.5	7.4	6.5	6.2
To hospital	17.6	17.8	16.9	16.1	17.6	18.3	17.7
To other residential care	42.2	42.8	40.8	27.6	17.3	17.0	16.3
Unknown	1.2	1.4	2.1	4.4	4.7	4.6	4.6
Total separations (N)	**16,306**	**17,117**	**17,895**	**14,208**	**12,276**	**12,496**	**12,775**

Source: AIHW analysis of Department of Health and Ageing data.

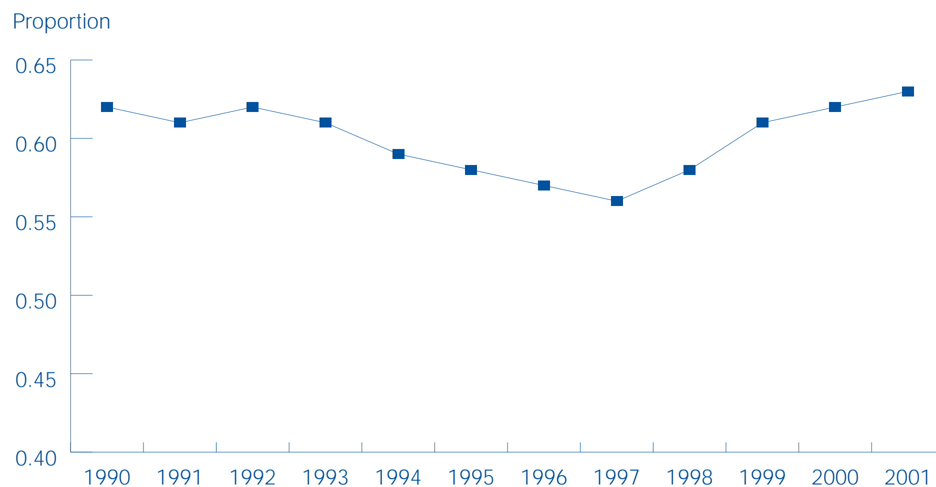
Impact of ageing in place on the dependency profile for the aged care system as a whole

In 1990, 62% of residential aged care places were occupied by nursing home residents. Government policy at that time was to progressively expand the hostel sector, whilst firmly controlling growth in the nursing home sector. The policy aim was to shift the balance of residential care toward the hostel sector. The existence of two separate systems before the 1997 reforms facilitated the desired shift, so that by 1997 the proportion of nursing home residents in the aged care system had fallen to 56.0%. The shift to a one-tier system of care in 1997 resulted in an increase in the proportion of high care residents such that within four years the percentage of residents in the high care classification had increased to 63.0%, above the 1990 level (Figure 6).

Ageing in place

Since the 1997 reforms there has been strong evidence that ageing in place has occurred

Figure 6: High care residents as a proportion of all clients in residential aged care, 30 June 1991–2001



Conclusion

Prior to the 1997 reforms, there was a system where the proportion of hostel places was increasing. Simultaneously, the proportion of nursing home places and the overall supply of institutional aged care in relation to the aged population were decreasing. Residents in both nursing homes and hostels were becoming increasingly dependent. At the same time, there were inequities in reimbursement levels emerging between lower dependency nursing home residents and higher dependency hostel residents. The aged care industry was also expressing concerns about the adequacy of reimbursement levels for higher dependency hostel residents in general, and those with dementia in particular.

Since the 1997 reforms there has been strong evidence that ageing in place has occurred, with one in five residents of former hostels now classified at the high care or nursing home end of the reimbursement scale. While a proportion of these have entered the system as high care residents, the majority have 'aged in place' (68% in 2001).

There has also been a dramatic reduction in the number of hostel residents transferring to another facility as a result of increasing dependency. The proportion dying in a hostel rather than transferring elsewhere increased from 30.1% in 1994–95 to 55.2% in 2000–01.

There is some evidence that part of this change was already occurring in the 12 months prior to the policy shift, with policy in the first instance catching up with practice, and then driving it further forward. A further consequence of ageing in place has been a shift in the dependency profile of the residential aged care sector as a whole. The trend during the early and mid-nineties toward a decreasing proportion of nursing home or high care beds was reversed with the implementation of the 1997 reforms.

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Appendix tables

Appendix table 1: Residents in former hostels, by dependency level, 30 June 1998 to 2001

	High care					Low care					
Year	**RCS 1**	**RCS 2**	**RCS 3**	**RCS 4**	**RCS 1–4**	**RCS 5**	**RCS 6**	**RCS 7**	**RCS 8**	**RCS 5–8**	**Total**
						Number					
1998	50	618	2,750	2,536	5,954	7,686	11,539	24,651	5,362	49,238	55,192
1999	268	1,332	4,707	2,983	9,290	9,465	12,040	21,296	3,772	46,573	55,863
2000	406	1,728	5,189	3,427	10,750	9,655	12,209	20,441	2,856	45,161	55,911
2001	631	2,307	6,207	3,870	13,015	11,027	12,636	18,029	2,021	43,713	56,728
						Per cent (row)					
1998	0.1	1.1	5.0	4.6	10.8	13.9	20.9	44.7	9.7	9.2	100.0
1999	0.5	2.4	8.4	5.3	16.6	16.9	21.6	38.1	6.8	83.4	100.0
2000	0.7	3.1	9.3	6.1	19.2	17.3	21.8	36.6	5.1	80.8	100.0
2001	1.1	4.1	10.9	6.8	22.9	19.4	22.3	1.8	3.6	77.1	100.0

Source: AIHW analysis of Department of Health and Ageing data.

Appendix table 2: Dependency profiles in former hostels, 30 June 2001

State/ Territory	RCS 1	RCS 2	RCS 3	RCS 4	RCS 5	RCS 6	RCS 7	RCS 8
NSW	103	493	1,733	1,200	3,322	3,957	6,096	777
Vic	126	443	1,323	849	2,953	3,384	4,603	527
Qld	257	854	1,674	923	2,064	2,254	3,342	440
WA	22	104	480	365	1,144	1,354	1,598	93
SA	63	253	710	382	1,173	1,279	1,723	24
Tas	38	91	161	95	221	252	417	25
ACT	16	53	105	43	127	131	228	35
NT	6	16	21	13	23	25	22	0
Australia	**631**	**2,307**	**6,207**	**3,870**	**11,027**	**12,636**	**18,029**	**2,021**

Source: AIHW analysis of Department of Health and Ageing data.

Appendix table 3: Former hostels, by per cent of high care residents, 30 June 1998 to 2001

	Per cent of high care residents (RCS 1–4)									
Year	0–10	11–20	21–30	31–40	41–50	51–60	61–70	71–80	81–90	91–100
					Number					
1998	971	273	131	56	29	16	13	6	4	2
1999	684	357	189	129	56	26	20	9	4	6
2000	597	314	242	150	72	40	20	12	10	7
2001	457	317	251	176	121	52	27	5	11	6
					Per cent (row)					
1998	64.7	18.2	8.7	3.7	1.9	1.1	0.9	0.4	0.3	0.1
1999	46.2	24.1	12.8	8.7	3.8	1.8	1.4	0.6	0.3	0.4
2000	40.8	21.4	16.5	10.2	4.9	2.7	1.4	0.8	0.7	0.5
2001	31.9	22.1	17.5	12.3	8.4	3.6	1.9	1.0	0.8	0.4

Source: AIHW analysis of Department of Health and Ageing data.

Appendix table 4: Former hostels by various percentages of high care residents by State/Territory, 30 June 2001

	Per cent of high care residents (RCS 1–4)									
State/ Territory	0–10	11–20	21–30	31–40	41–50	51–60	61–70	71–80	81–90	91–100
NSW	168	103	76	50	28	11	4	1	6	2
Vic	129	91	64	29	23	8	6	3	1	1
Qld	42	41	56	51	36	9	7	9	2	1
WA	66	36	21	14	10	4	3	0	1	2
SA	38	34	26	19	14	6	2	1	0	0
Tas	11	9	5	8	7	3	1	0	1	0
ACT	3	2	2	4	1	0	2	1	0	0
NT	0	1	1	1	2	1	2	0	0	0
Australia	457	317	251	176	121	52	27	15	11	6

Source: AIHW analysis of Department of Health and Ageing data.

Appendix table 5: Truncated length of stay in former hostels, 30 June 1995 to 2001

	Weeks					Years				
Year	4–<8	8–<13	13–<26	26–<39	39–<52	1–<2	2–<3	3–<4	4–<5	5+ yrs
1995	2.6	2.7	7.4	6.5	6.7	18.7	13.3	9.6	6.5	23.2
1997	2.4	2.8	6.9	6.5	6.9	20.4	14.5	9.3	6.9	21.2
1999	2.1	2.1	5.8	5.7	5.8	19.6	16.1	11.6	8.1	21.1
2001	2.3	2.5	6.6	6.1	6.2	18.5	3.6	10.5	8.5	23.0

Source: AIHW analysis of Department of Health and Ageing data.

Appendix table 6: High care residents as a proportion of all clients in residential aged care, 30 June 1991–2001

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Proportion	0.62	0.61	0.62	0.61	0.59	0.58	0.57	0.56	0.58	0.61	0.62	0.63

Source: AIHW analysis of Department of Health and Ageing data.

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ISSN 1446-9820

ISBN 1 74024 190 8

AIHW Cat. No. AUS 26

Suggested citation

AIHW: Gibson D, Rowland F, Braun P & Angus P 2002. Ageing in place: Before and after the 1997 aged care reforms. AIHW Cat. No. AUS 26. Canberra: AIHW.

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Published by the Australian Institute of Health and Welfare

Printed by Picton Press