Who are caring for our older parents: Aged care policies and systems in Australia and China

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Outline

- Population statistics in Australia and China
- Population ageing in Australia and China
- Impact of population ageing
- Aged care policies and systems in Australia
- Aged care policies and systems in China
- Implications
World map
Population statistics

- **World population (million)**
- **Chinese population (million)**
- **Australian population (million)**

- **World population 60+ (%)**
- **Chinese population 60+ (%)**
- **Australian population 60+ (%)**
Population ageing in Australia & China

- **About ageing in Australia**
  - Increase in life expectancy (e.g. female aged 65 in the mid-1960s living to 80 years old vs. their counterparts in 2013 living to 87 years old)
  - Most older Australians in good health
  - More years free of disability
  - Leading causes of death: coronary heart disease, dementia & cerebrovascular disease.

- **About ageing in China**
  - Later stage, rapid pace
  - More obvious in urban and wealthy areas
  - Preceding the development of economy (low GDP per capital)
  - Preceding the development of sufficient ageing support systems.
What’s the impact of population ageing?
Impact 1: Lower labour supply & possibly lower labour productivity, leading to slow economic growth

The ‘3 Ps’ of economic growth
Population, participation and productivity

- Fertility
- Net migration
- Mortality

Population age structure
- Labour force participation rate
- Unemployment rate
- Part time employment shares
- PT and FT average hours

Capital deepening
- Multifactor productivity

GDP per capita
Population
Labour supply (total hours)
Productivity (labour)
GDP

Direct links ➔ Possible indirect links • • •
**Impact 2**: Rise in government spending on health, aged care and pensions, leading to fiscal pressure

<table>
<thead>
<tr>
<th></th>
<th>2003-04 (%)</th>
<th>2044-45 (%)</th>
<th>Difference (%)</th>
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</thead>
<tbody>
<tr>
<td>Health care</td>
<td>5.7</td>
<td>10.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Aged care &amp; carers</td>
<td>1.1</td>
<td>2.4</td>
<td>1.4</td>
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<tr>
<td>Age pensions</td>
<td>2.9</td>
<td>4.6</td>
<td>1.7</td>
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Health & aged care: two main sources of fiscal pressure in Australia

Aged care costs: expected to increase by around 2.6 times more than the growth of GDP over the next 40 years. The costs are projected to rise from 0.9% of GDP in 2002-03 to around 2.2% of GDP in 2044-45.

Health care: projected government health expenditure
How about age pensions?

- Australia is relatively well placed to respond to the impact of population ageing on its pension system due to its past reforms to superannuation and retirement saving policy

- In China:
  - Invisible debt of urban employees’ basic age pensions was $13,270 billion (166% of GDP) in 2012
  - Estimated gap of age pensions will reach $11,000 billion in the following 20 years
Aged care policies & system in Australia
Government responsibility

- Australian Government includes 19 Departments & about 200 Agencies
- Department of Health is responsible for:
  - Health care
  - Sport
  - **Ageing & aged care** (previously in the charge of the Department of Social Services)
Aged care legislation & policies

- **Primary legislation**
  - Aged Care Act 1997
  - Aged Care (Transitional Provisions) Act 1997
  - Aged Care (Accommodation Payment Security) Act 2006
  - Aged Care (Accommodation Payment Security) Levy Act 2006
  - Australian Aged Care Quality Agency Act 2013

- Aged Care Amendment (Red Tape Reduction in Places Management) Bill 2015: to amend the Aged Care Act 1997

- **Subordinate legislation**, including a number of principles under the Aged Care Act 1997

- **Other subordinate legislation**, such as aged care determinations at the departmental and ministerial levels

- Various guides, advice and policies
Aged care system in Australia

- Main government funded aged care services:
  - Community aged care: Commonwealth Home and Community Care Program (HACC) & Home Care Packages Program
  - Residential aged care: permanent care & respite care
- Other government funded programs for special groups or circumstances: Transition Care Program, Veteran's Home Care Program etc.
- Informal aged care provided by families, friends, neighbours etc.
Main government funded aged care services

- HACC provides 19 basic maintenance, support and care services to assist people to remain in the community
- Home Care Packages Program provides more complex, coordinated and personalised care at home, and offers four levels of care packages to progressively support people with basic, low, intermediate and high care needs
Cont’d

- Residential permanent care offers ongoing care in a residential aged care facility, tailored to an individual's needs
- Residential respite care offers temporary, short-term care in a residential aged care facility to support both older people and their carers to live at home for as long as possible
# Aged care service users/clients

<table>
<thead>
<tr>
<th>HACC</th>
<th>Home care packages</th>
<th>Residential respite care</th>
<th>Residential permanent care</th>
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<tbody>
<tr>
<td>2013-14</td>
<td>06/2014</td>
<td>06/2014</td>
<td>06/2014</td>
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<tr>
<td>775,959</td>
<td>59,739</td>
<td>2,842</td>
<td>173,974</td>
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<tr>
<td>2014-15</td>
<td>59,506</td>
<td>4,992</td>
<td>172,828</td>
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<table>
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<th>% population aged 65 and over</th>
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<td>23.26</td>
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Informal/unpaid (aged) care

- About 2.7 million carers in Australia provide informal care to people requiring assistance with age or disability
  - 67% at working age, 22% aged 65 and over, 11% under the age of 25
  - 29% as primary carers that provide the majority of the recipient’s care
Cont’d

- Types of informal care: personal care, in-home supervision, transport, shopping, the use of medical devices, therapeutic interventions, wound management etc.
- The value of informal care provided by primary carers estimated as **$43.7 billion** in 2015
Payment mechanism

- Government & individual responsibilities for aged care in Australia.doc
Summary of Australia’s aged care system

- Comprehensive aged care legislation & policies
- Well-developed, fair & equitable aged care system
- Clear government responsibilities, in particular financial responsibility
- Important role of informal carers in caring for older people
- As a result:
  - Frail older Australians can access a range of aged care services if needed
Aged care reform in Australia

- 2012-13 and 2013-14
  - Introduced the New Home Care Packages and supplements in home care and residential care
  - My Aged Care (a national contact centre) in operation
  - Established the Australian Aged Care Quality Agency
  - Launched the Aged Care Pricing Commission
Cont’d

- 2014-15 and 2015-16
  - Implementing the national voluntary quality indicators for aged care
  - Introducing a national fee framework for the Commonwealth Home Support Program
Cont’d

- 2016-17 to 2021-22
  - Ensure a sustainable and affordable system
  - Provide diverse and rewarding career options
  - Encourage aged care businesses to invest and grow
  - Offer greater choice and flexibility for consumers
  - Support frail older people to stay at home for as long as possible
Aged care policies & system in China
Government responsibilities

- The National State Council includes 25 ministries & 15 agencies
- Ministry of Civil Affairs responsible for aged care
- China National Committee on Ageing
- Government sectors involved in the ageing work in China.docx
Key ageing legislation & policies

- NSC (2013). Some Opinions on Accelerating Developing Service Systems for Older People (关于加快 发展养老服务业的若干意见)
### Key aged care policies

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy Title (Chinese)</th>
<th>English Translation</th>
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<tbody>
<tr>
<td>2015</td>
<td>Guiding opinions on promoting the collaboration of medical health and aged care (推进医疗卫生与养老服务相结合)</td>
<td></td>
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<tr>
<td>2014</td>
<td>Guiding Opinions on Advancing Responsibility Insurance of Aged Care Organisations (养老机构责任保险)</td>
<td></td>
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<tr>
<td>2013</td>
<td>Opinions on Reforming and Piloting the Development of Public Aged Care Organisations (公办养老机构)</td>
<td></td>
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<tr>
<td>2013</td>
<td>Management methods for aged are facilities (养老机构管理)</td>
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<tr>
<td>2013</td>
<td>Permission methods for setting up aged care facilities (养老机构设立)</td>
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<tr>
<td>2012</td>
<td>Temporal Methods about Rating Aged Care Organisations that Target Rural Older People Who Are Eligible for Five Types of Basic Assistance (农村五保供养服务机构)</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>Opinions on Supporting Social Capitals to Develop Social Welfare Organisations (社会力量兴办社会福利机构)</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>Notification on the Tax Policy for Aged Care Organisations (老年服务机构税收政策)</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>Temporary methods for the management of social welfare facilities (社会福利机构管理)</td>
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Question:

- Can you see any differences between Australia and China’s aged care legislation and policies?
Aged care legislation & policies in Australia

- Primary legislation
  - Aged Care Act 1997
  - Aged Care (Transitional Provisions) Act 1997
  - Aged Care (Accommodation Payment Security) Act 2006
  - Aged Care (Accommodation Payment Security) Levy Act 2006
  - Australian Aged Care Quality Agency Act 2013
- Aged Care Amendment (Red Tape Reduction in Places Management) Bill 2015: to amend the Aged Care Act 1997
- Subordinate legislation, e.g. a number of principles under the Aged Care Act 1997
- Other subordinate legislation, e.g. aged care determinations at the departmental and ministerial levels
- Various guides, advice and policies
China does not have aged care legislation that underpins the establishment of an aged care system.

China has some aged care policies, but the level of legal effect is low.
Social aged care system (SACS) in China

- Home care (basis): assistance with activities of daily living (ADLs), domestic care, rehabilitation and nursing, medical care, emotional support etc.
- Community care (supporting home care): community day care and support for home care
- Residential aged care: ADLs support, rehabilitation and nursing care & first aid

Note: the social aged care system primarily targets: 1) older people living alone who are also eligible for receiving special treatment; 2) low-income people characterised as the oldest-old, living alone, and/or having functional disabilities
Achievements of SACS

- Service capacity is increasing by providing more aged care beds and community and home care
- 18 provinces have established a living allowance system for the oldest-old
- 22 provinces have established a subsidy system for their aged care services
Challenges

- China’s aged care system is at the infant stage
- Unmet service needs of older people:
  - Limited aged care beds: 20 beds/1000 older people in 2012 compared with 20-30 in developing countries & 50-70 in developed countries
  - Poor facilities, low quality & inadequate services
- Lack of qualified care staff
- Co-existence of waiting lists & low occupancy
Cont’d

- Policy issues
  - Inadequate government funding & limited private investment
  - Lack of collaboration across government sectors
  - Regional & urban-rural differences in terms of policies & resources
  - Inefficient regulation of the aged care market
  - Implementation issues about aged care policies
- Traditional family support functions are weakening
Implications

- Policy approaches are required at all levels of governments & across government sectors
- Aged care policies
  - Enact and enforce aged care legislation
  - Improve and enforce aged care policies
  - Encourage family support functions (through legislation, policies, government benefits etc.)
Cont’d

- Improve relevant ageing support systems
  - Reasonable increase in fertility and skilled migration (Australia); adjustment of the “one child” policy (China)
  - Cost-effective health care provision: care coordination, preventive care etc.
  - Discourage premature retirement & overcome setbacks to work (Australia); raise the retirement age (China)
  - Increase benefit levels & reduce gaps in pension and health insurance systems (China)
- Conduct ageing research & promote knowledge translation
References

Thank you!

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