

Supported Residential Services

The Department of Human Services' Response to Advice from Associate Professor Green

Department of Human Services

Aged Community and
Mental Health Division

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Executive Summary

Since the early 1970's Supported Residential Services and their precursors have formed a significant element of Victoria's health, housing and community care infrastructure for older people and adults with complex needs. However, as the sector has continued to evolve in a changing environment, it has become increasingly apparent that some 30 years down the track, changes have favoured the development of pension plus services and changed the function of pension only services. The increasing dependency and complexity of resident needs, increasing property values resulting in increased leasing costs and heightened community expectations regarding standards of care have all affected the capacity of pension-only SRSs as small businesses.

Many of the residents of SRS, particularly those with a history of homelessness and/or social marginalisation, find it very difficult to live independently in the community and most do not have a carer or family network to assist them to navigate complex systems of care and maintain stable and affordable housing.

The SRS industry is entirely privately funded through resident fees. The State Government regulates via the *Health Service Act 1998*. The Department of Human Services licences operators of SRSs. Other applicable regulations relate to fire safety and food storage and handling that are administered by Local Government.

To inform the policy work of the Aged Community and Mental Health Division (ACMH) of the Department of Human Services specialist advice was sought from Associate Professor David Green of La Trobe University. In formulating his advice Associate Professor David Green examined the many reports written on SRS over the last 10-15 years and consulted with industry and community stakeholders. His advice to ACMH canvassed the complexity of the issues impacting on the SRS sector.

This paper provides an overview of the advice provided by Associate Professor Green and identifies action being undertaken by the Department of Human Services in respect to the immediate and medium term recommendations contained within his advice. In addition, it flags longer-term issues that require further consideration by stakeholders and the Department of Human Services.

The pension-only SRS sector currently provides an estimated 2,500 beds for low-income people with complex needs, and Associate Professor Green acknowledges the effort and good intentions of the majority of SRS proprietors and their staff but also raises concerns about viability of the pension-only SRS sector.

Action has commenced in a number of areas in response to Associate Professor Green's interim recommendations, namely :

- Improving the provision of information to SRS proprietors on referral of prospective residents through the establishment of standardised referral process for DHS funded agencies.
- Providing mentoring and support to pension level SRSs to enhance quality of service provision to residents and improve their operational and business practise.
- Improving the consistency and effectiveness of the Department's Approval in Principle, registration and compliance monitoring processes.
- Supporting people displaced by the closure of SRSs.

Action continues to being undertaken by the Government to assist low-income people who live in SRSs access mainstream community services. Recent initiatives include:

- Targeting growth funding and recognising people living in low cost accommodation as a special need group for the 2000/01 and 2001/02 Home and Community Care (HACC) funding rounds, with specific reference to people at risk of homelessness residing in SRSs.
- Providing public dental services to an estimated 720 pension-only residents at a cost of \$200,000.
- Proactively supporting pension-only SRS residents to access mainstream health and support services by doubling the *Community Connections Program*, which also provides a frontline response to people displaced as a result of facility closures.
- Funding an additional 15 full time positions to provide Psychogeriatric Assessment and Treatment Services to older people with serious mental illness, with priority given to people living in pension-only facilities.
- Diversifying the range of housing and support options available to older people with complex needs and a history of homelessness by establishing the *Housing Support for the Aged* program and trialing a supported rooming house model for people at risk of homelessness with high dependency needs.

Long term strategies for this sector need to be able to:

- Maintain a level of private sector investment and support the positive components of the pension-only sector.
- Address the quality of care provided to residents of pension-only SRSs.
- Respond to the needs of low-income residents affected by the closure of SRS, particularly those at risk of homelessness.
- Acknowledge that low-income people with complex needs will continue to seek out this form of supported accommodation either out of choice or necessity.

An Interdepartmental Committee has been established involving the Department of Human Services (Housing, Mental Health, DisAbility Services and Aged Care) and central agencies to explore options to build on current strategies and to assess responses to Associate Professor Green's recommendations.

It is intended that Associate Professor Green's recommendations stimulate debate within the industry and broader community and that this debate will consequently inform and refine the future policy response to the SRS industry and the needs of residents supported in these accommodation settings.

Introduction

Since the early 1970's Supported Residential Services (SRS) and their precursors have formed a significant element of Victoria's health, housing and community care infrastructure for older people and adults with complex needs, providing much needed supported accommodation (over 7,000 registered beds) for older people and adults with complex care needs.

The industry is entirely privately funded and receives no Commonwealth or State Government funding. Through the provisions of the *Health Service Act 1998* the Department of Human Services has the legislated role of ensuring SRS operators provide residents with a minimum standard of safety and care. As part of its legislated responsibilities the Department licences the operators of SRSs and regulates their activities.

As the sector has continued to evolve in a changing environment, it has become increasingly apparent that some 30 years down the track the future role of SRSs and the framework within which they operate, requires re-assessment.

Individually and collectively, the sector has been affected by some significant changes. Together with the changing profiles and needs of people accessing this form of supported accommodation, it is evident that some of these changes have impacted on the capacity of the industry to function effectively as small private businesses able to meet appropriate industry and community standards.

Action continues to be undertaken by the Department to improve pension-only residents access to mainstream services. For example, this client group has been a priority of the Home and Community Care (HACC) program since 1999-2000, and in 2001-2002, an additional 15 full time positions were funded to provide Psychogeriatric Assessment and Treatment Services to older people with serious mental illness, with priority given to people living in pension-only facilities.

The Department has also sought to diversify the range of housing and support options available to older people with complex needs and a history of homelessness by establishing the *Housing Support for the Aged* program and trialing supported rooming house model for people with high dependency needs. The Department also employs SRS Advisors across the State to monitor compliance with the Act, the Regulations and any Conditions on Registration as well as facilitate appropriate standards of care for residents through the provision of information and advice to proprietors and staff.

It is recognised that these initiatives on their own do not go far enough given the growing complexity of need of pension-only residents and the systemic issues facing the industry. The pension-only sector of the industry, in particular, continues to be marked by adverse reports from a number of sources and increasing tensions over standards and financial viability. Notwithstanding these concerns, however, many proprietors, along with their staff and families, have provided compassionate care and genuine homes for thousands of Victorian pensioners with a wide variety of often complex support needs. Their work is recognised as an essential part of Victoria's low cost supported housing and residential care service system.

In summary, three key issues provided the impetus for development of a new policy response to the SRS industry:

- The need to determine the most appropriate policy and legislative framework for the overall SRS industry, recognising that the pension-only and above-pension sectors of the industry have a distinctly different client profile and are subject to differing market forces.
- The increasing complexity of need of residents of pension-only facilities and the need to ensure they receive adequate care, including improved access to support available in the broader service system.
- Particular concern over the immediate and longer term viability of the pension-only sector, which commonly supports high need residents with complex or multiple needs.

In providing his advice Associate Professor David Green was requested by the Department to address the following objectives:

- Improving the responsiveness of Departmental officers and programs, and funded services, to the needs of different client groups living in pension- only SRSs.
- Encouraging the enhancement of the skill levels of personal care workers in pension-only SRSs.
- Ensuring that residents of pension-only SRSs aged over 65 years are assessed by an Aged Care Assessment Service (ACAS) and, if eligible, are assisted to secure appropriate care options.
- Improving Departmental processes in relation to monitoring compliance with legislative requirements.
- Improving Departmental processes in relation to determining the suitability of prospective proprietors, the registration system and processes around approving new facilities.
- Ensuring the adequacy of alternative accommodation options available for residents of pension only SRSs, particularly those residents faced with dislocation.

Consultation Process

During the conduct of this project, Associate Professor Green reviewed the numerous reports that have been written on SRSs, and consulted with industry and community stakeholders including:

- Community Visitors Program of the Office of the Public Advocate, as the principal independent observer group.
- Association of Supportive Care Homes, the key body representing SRS proprietors.
- Former members of the Independent Review Panel (appointed by the previous government) that was convened as part of the Department's bed number review process.
- Individual industry stakeholders including a number of proprietors and developers, service agency staff, Departmental officers from program and regional areas, and non-government organisation representatives.

Discussions were also undertaken with a number of regulators and industry participants across Australia and overseas. The advice of officers of the Licensed Boarding House Reform Program and the Boarding House Standards Unit of the New South Wales Ageing and Disability Department, and the body of work done by the Hostel Industry Development Unit (formerly) of the Queensland Office of Fair Trading, also informed the advice provided BY Associate Professor Green.

While no new data was commissioned as part of this project (nor recommended by Associate Professor Green at this stage) this project was informed by the considerable number of reports on SRSs that have been released in the past five to ten years, relevant Government reports and enquiries, and the growing body of literature on supported housing for people with disabilities.

Structure of this Paper

This paper contains three sections:

- Section One Overview of SRS industry and key pressures impacting on its viability.
- Section Two Associate Professor Green’s advice - Summation of the key issues and proposed directions.
- Section Three The Government’s initial response to Associate Professor Green’s advice.

SECTION ONE: OVERVIEW OF THE SUPPORTED RESIDENTIAL SERVICES SECTOR

1.1 The Resident Group

The common functional characteristics of people living in pension-only SRSs are:

- Poor to very limited living skills which reduces their capacity to undertake domestic activities (e.g. food preparation, cleaning, managing money) and manage their personal care needs (e.g. showering, dressing, medication), necessitating prompting and supervision through to one-on-one direct assistance.
- Likely to exhibit institutional behaviour (e.g. apathy, poor motivation, reluctance to make decisions) through to active psychosis and constant challenging/disturbed behaviour requiring daily intervention and management.
- Needs that may be subject to rapid change requiring ongoing monitoring and supervision.
- Poor to severe memory problems and/or poor insight and decision making or problem solving skills requiring prompting and supervision, and for some people orientation to place and time.
- Poor social skills and chronic health problems.

Pension-only SRSs provide accommodation, basic domestic and personal care and an on-site 24-hour presence/supervision function. The overnight support is commonly sleep-over only rather than stand up support. The care and supervision commonly includes one or more of the following:

- Personal care such as prompting or assistance with eating, bathing/showering or personal hygiene, toileting, dressing/ undressing.
- Domestic support with activities such as preparation of meals, cleaning and laundry.
- Physical assistance for persons with mobility problems.
- Assistance or supervision in dispensing medicine.
- Provision of emotional support.
- Monitoring of health and well-being.

1.2 SRS Business Model

The Department of Human Service licence the operator of an SRS (known as the proprietor) and regulates their activities as per the requirements of the *Health Services Act 1988*. Typically, the operators of SRSs (particularly at the pension-end) are not the freeholder (owner) of the building from which the service is provided. Individual contractual arrangements between the SRS operator and freeholder determine the responsibilities the each party with respect to the leasehold arrangements, cyclical maintenance and refurbishment/fabric upgrades to meet building regulations.

The minimum requirement for staffing is one worker to 30 residents and the majority of pension-only SRSs operate in line with this basic requirement. Proprietors/Care Coordinators are required to develop and implement individualised care plans for residents. It is not a requirement that these care plans have a rehabilitation or treatment focus. This service type has few or no eligibility or exclusion criteria.

1.3 Legislative and Regulatory Framework

The industry was first subject to regulatory attention in 1973 when the *Health (Special Accommodation Houses) Act* was introduced to amend the *Health Act*, establishing a code for the registration of those boarding houses that provided personal care for ‘older’ and ‘handicapped’ residents. Since that time the industry has been subject to a number of legislative and regulatory changes with the most significant reforms to the legislation occurred in 1988 when the term Special Accommodation House was formally replaced by Supported Residential Service (SRS) with the passing of the *Health Service Act 1988* (refer Appendix One for brief legislative history).

An SRS is currently defined as a meaning a premises where accommodation and special or personal care are provided or offered for persons (other than members of the family of the proprietor of the premises) for fee or reward. Special and personal care is defined to mean assistance with one or more of the following bathing, showering or personal hygiene, toileting dressing or undressing, meals or physical assistance for persons with mobility problems; or assistance for persons who are mobile but require some form of supervision or assistance; or assistance or supervision in dispensing medicine; or the provision of substantial emotional support.

The minimum standards of safety and care of residents, and certain other matters authorised or required by the Act, are prescribed in the Health Service (Residential Care Regulations) that came into effect in 1991.

1.4 Two Relatively Distinct Segments

The industry consists of two distinct segments - the pension-only and the above pension sectors. These sectors can be clearly differentiated on a range of indices as follows:

| | Pension-Only Sector | Above Pension Sector |
|------------------------|--|--|
| Client Profile | <p>People with complex or multiple needs (73 per cent under 70 years of age) with diverse range of care needs including chronic health problems. In respect to primary disability it is estimated:</p> <ul style="list-style-type: none"> ▪ 60 per cent have a mental illness ▪ 25 per cent have a cognitive impairment ▪ 10 per cent have age related frailty ▪ 5 per cent have physical disability <p>Many of which have a history of extreme social disadvantage and homelessness. Higher proportion and level of behavioural difficulties.</p> | <p>Aged client group (83 per cent over 60 years of age, 49 per cent aged 80 plus). Declining proportion of 'young aged' residents.</p> |
| Scale | Smaller scale - less than 25 beds. | Majority larger scale with more than 40 beds. |
| Income | Maximum income of \$245 per resident per week, \$35 per day per resident (being up to 100% of an individuals' pension plus rent assistance). | Income ranging for \$300 - \$400 plus per week. |
| Capacity (at May 2001) | 2,527 registered pension-only beds. 600 registered mixed beds. | 4,150 registered pension-plus beds. |
| Service Model | Basic care and 24 hour presence/supervision model. | Care model consistent with or close to mainstream model of residential aged care. |
| Business Model | Characterised by isolated services, low levels of infrastructure and lower levels of generic and specialist business skills. | More sophisticated infrastructure and complex corporate structure, and well developed administrative, financial and professional supports. |
| Standards | Compliance with regulatory requirements, including minimum staffing requirement only (1 staff to 30 residents). | Compliance in excess of regulatory requirements. |
| Demand | Continued demand from younger middle-aged people with complex care needs and/or multiple disability and/or dual diagnosis. | Continued demand from older people who may otherwise be in a Commonwealth registered residential aged care facility. |
| Growth | 33 per cent decrease in supply from May 1998 – May 2001. 6 new registered beds for the period 1998 to March 2001. | 791 new registered beds from 1998 to March 2001. |
| Building Fabric | Non purpose built facilities Poor to average building fabric | Purpose built facilities Usually of a high standard |

In summary, assessed against indicators of financial viability, business capacity, model of care against resident profile, compliance with standards and demand for services it is apparent that the two sectors have very different future prospects. Across virtually every indicator the pension-only sector can be assessed as being less viable than the pension plus sector, creating considerable risk in that sector.

1.5 Capacity of the SRS Industry

The history of the industry is the key to understanding the depth and complexity of the current problems. Associate Professor Green confirmed a widely understood reality - that the pension-only sector of the industry, which provides supported accommodation to financially disadvantaged people many with complex care needs, has been in decline for some time, and that this decline is expected to continue.

In terms of absolute numbers, the industry was at its peak during the early 1990's with more than 300 registered facilities capable of accommodating in excess of 9,000 residents. By the beginning of 2001 there were about 240 registered facilities and 7,100 registered beds. Of these 240 facilities just under a half (113) are pension-only (96) or mixed SRSs¹ (17) with an estimated 3,000 registered beds in total (as at May 2001).

A survey in 1986² found that 74 per cent of registered facilities at that time were entirely or primarily dependent upon pensioner residents. Based on an industry capacity of approximately 7,100 beds at that time, the pension level capacity was estimated to be in excess of 5,000 beds (70 per cent of registered beds).

In 2001, total industry capacity remains at around 7,100 beds, but it is estimated that the pension level capacity is significantly less at approximately 2,500 beds. Pension-only facilities now account for under 35 per cent of registered facilities and an estimated 34 per cent of registered beds.

Capacity in the pension-plus sector has continued to grow with 19 (791 registered beds) new registrations from 1998 to March 2001 compared to three facilities (86 registered beds) in pension-only sector and one mixed facility (28 registered beds) for the same period.

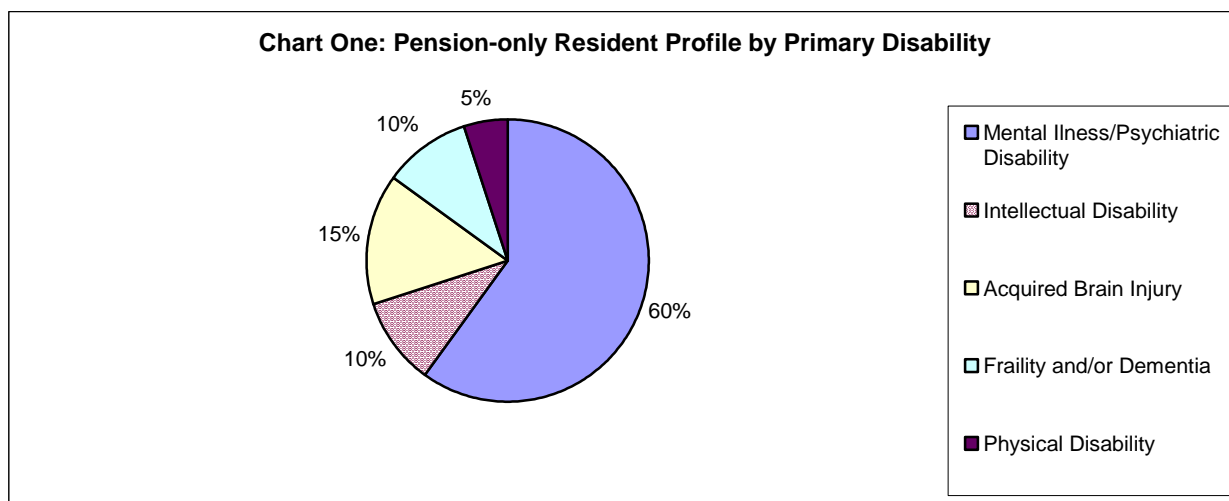
1.6 The Changing Industry Profile

During its early years, the industry was overwhelmingly dominated by the provision of accommodation and low-level supervision and care for frail, elderly, pensioner residents with less complex needs. Changes in the resident profile, however, became apparent as early as the mid 1980's.

The pension-only sector commonly supports high need middle aged residents with complex or multiple needs, many of whom would be at risk of homelessness if displaced from this accommodation setting (refer Chart One for a resident profile by primary disability). Where they are aged pensioners (over 65 years of age) they often have complicating disabilities in addition to age related frailty. A significant proportion of these residents also have multiple disability, dual diagnoses, chronic health problems and/or behavioural problems.

¹ Mixed SRS residents profile commonly consists of people paying fees in excess of the pension plus rent assistance and a usually small proportion of people paying a reduced fee of the pension plus rent assistance. The latter group tends to be financially disadvantaged older people with age related disability/frailty such a dementia. The mixed SRS sector currently has a bed capacity of 500 as at May 2001.

² Survey undertaken as part of the Ministerial Review of Special Accommodation Houses (the Sandon Report), 1987



While the data available does not allow for total accuracy in regard to the current resident profile of the industry, there is sufficient evidence to report that pension-only SRSs and pension plus SRSs are now two increasingly different client groups.

Pension-only SRSs are now characterised by:

- Higher proportions of residents with mental illness (approximately 60 per cent).
- Higher proportions of residents with multiple disability diagnoses.
- Younger age profiles of residents (73 percent are under 70 years and only 9 per cent are over 80 years).
- More male residents.
- Higher proportions and levels of behavioural difficulties amongst residents.

Pension plus SRSs are now characterised by:

- Higher proportion of ‘aged aged’ residents (34 per cent in 1987 to 49 per cent in 1998 aged 80 plus)
- Declining proportion of ‘young aged’ residents (40 per cent in 1987 to 33 per cent in 1998 aged 60–79 years).
- Higher proportion of purpose built facilities.
- An increasing proportion of female residents.

1.7 Dependency Levels

Based on assessments of the dependency levels of 112 pension-only residents, confirmed by input from Departmental SRS Advisors, it was found that:

- The majority (estimated to be 75 per cent) of these residents required 24 hour supported accommodation ranging from daily minimal ‘hands on’ assistance and/or observation/encouragement through to considerable ‘hands on’ assistance, daily interventions to manage behaviours and direct supervision.
- Five per cent required hospital placement.
- Ten per cent required placement in a psychogeriatric hostel or Commonwealth subsidised aged care facility.
- A small proportion (estimated at less than 10 per cent) was assessed as able to live independently in the community with affordable housing augmented by intensive outreach support.

1.8 Demand for SRS Beds

Despite decreasing capacity and high occupancy levels in the pension-only sector the number of people seeking accommodation in this sector remains relatively high and is likely to remain so. This demand is expected to continue into the foreseeable future as individuals and the wider service system including hospitals; State funded case management, care coordination or assessment services; general practitioners; homeless service providers; and residential clinical services continue to refer their clients (particularly middle aged and aged adults with long term mental illness, acquired brain injury, multiple disability, dual diagnoses and/or behavioural problems) to a service model that augments housing with on-site supervision with few or no eligibility or exclusion criteria. This is similar to trends in other States for equivalent supported accommodation services.

An increasing number of older people with independent income will also continue to drive demand in the above pension sector which provides a viable alternative to Commonwealth subsidised hostels.

In summary, Associate Professor Green noted that the above-pension sector continues to record steady growth while the pension-only sector is experiencing sustained negative growth whilst demand for this service type remains relatively high.

1.9 Key Market Forces and Policy Impacts

Since 1987, some significant market forces and policy changes have impacted on the SRS industry. These factors have favoured the development of pension plus services and changed the nature and function of pension-only services. Associate Professor Green observed that pension-only SRSs are often less viable businesses and less appropriate services now than in 1987 due to range of factors including:

- Increasing dependency and complexity of needs of resident.
- Increasing property values resulting in increased leasing costs.
- Heightened community expectations regarding standards of care.

1.9.1 Community Standards and Compliance with Regulations

Government requirements have and continue to impact on the sector. They include:

- The introduction in 1998 by the Department of Human Services of new Bed Number Guidelines (BNG) in response to concerns with resident safety and privacy. The guidelines were designed to remove 'non-existent' beds from facility registrations and to progressively reduce overcrowding and improve privacy in existing facilities.
- The introduction in March 1999 of more stringent food storage and food handling requirements for all premises that prepare and provide food.
- The requirement that all personal care coordinators from January 2001 meet minimum qualification requirements.
- The requirement that by 1 August 2002, all existing SRSs have fire sprinklers installed in accordance with new fire safety regulations.

The food handling and fire safety compliance requirements are part of wider reforms and not specifically targeted at SRSs, however they have in many instances had a significant impact on the financial viability of some facilities in the pension-only sector. Associate Professor Green notes that the problem rests not with the reasonableness of these improvements, but with the capacity of a small business to provide residential care for a diverse range of needs at a maximum income of \$35 per day³, compounded by a steady increase in compliance costs and other factors such as increasing leasehold charges.

1.9.2 Compliance with Fire Safety Regulations

Changes to the *Building Regulations* have required all residential care building, including SRSs, to install residential type fire sprinkler system by 1 August 2002. These requirements have impacted on those pension-only proprietors operating in older non-purpose built facilities and may represent a significant capital cost. The inability to meet this building regulation has been cited by a number of proprietors as a key factor affecting their decision to exit the industry.

1.9.3 Property Market

In Victoria the range of private low cost accommodation housing options include rooming and boarding houses, private hotels, caravan parks and pension-only SRSs. The continued loss of low cost private rooming house stock in metropolitan Melbourne is estimated to be 7-10 per cent per annum. This has had a sustained impact on people dependent on pensions or benefits, particularly those with a disability, problematic drug use and/or behavioural problems.

Increased property values and resultant higher leasing costs have impacted on the supply of affordable housing for low-income households. This trend has impacted on pension-level SRSs that typically operate from leaseholder premises where rent accounts for an estimated 35 per cent of expenditure. Property owners are increasingly turning away from SRS capital use and are either developing the property for sale, or moving into alternate and more lucrative accommodation options (such as above pension facilities).

³ Based on fee of \$245 per resident per week (100 per cent of pension plus rent assistance).

SECTION TWO: ASSOCIATE PROFESSOR GREEN'S ADVICE

2.1 Key Issues Considered

Associate Professor Green identified and then analysed the following key issues in providing his advice to the Department:

Scale and Client Profile

The pension-only sector are commonly small businesses with poor economy of scale (less than 25 beds) providing residential care for younger high need residents (73 per cent under 70 years of age) with a diverse range of care needs at a maximum income of \$245 per week per resident (\$35 per day)⁴. They tend to operate in largely leaseholder premises, with rent accounting for an estimated 35 per cent of expenditure.

In comparison, pension plus facilities tend to be larger scale (greater than 40 beds) and operate from purpose built facilities, catering for a predominately aged client group (83 per cent over 60 years of age, 49 per cent aged 80 plus) with a fee structure ranging from \$300 to in excess of \$400 per week⁵.

Business Capacity

The pension plus sector can be differentiated from the pension-only sector on a number of indices including:

- More sophisticated infrastructure and care models and complex corporate structure, increasingly incorporating the horizontal integration of a number of facilities in differing locations and in some instances the vertical integration of other forms of aged care⁶.
- Well developed administrative, financial and professional supports.

In comparison the pension-only sector is characterised by isolated services without the opportunity to access a company or network support, low levels of infrastructure and lower levels of generic and specialist business skills.

Nature of Service Model

Overall the pension plus sector is providing a model of aged care consistent with and close to a mainstream model of residential aged care. At the other end of the spectrum the pension-only sector, with its increasingly dependent resident profile and without additional external support services, may be unable to adequately provide for the care and rehabilitation needs of some residents, some of which are considered problematic in other professional, subsidised service systems.

⁴ Based on fee of \$245 per resident per week (100 per cent of pension plus rent assistance).

⁵ In 1998, 20 per cent of all SRS facilities charged \$400 or more per week, with 57 per cent charging \$300 plus.

⁶ Examples of vertical integration include pension-plus SRS integrated with other forms of independent living such as retirement villages or services apartments at one level and subsidised nursing and hostel level residential care at another level.

Compliance with Community Standards and Regulations

The combined pressure of operating from older and less appropriate buildings, with the minimum staff requirement and under considerable cost pressures has compromised the quality of care provided to residents in some pension-only SRSs, evidenced by the level of sanctions applied in relation to breaches of Departmental regulations⁷. Clearly, many pension-only SRSs meet community standards and legislative requirements, however, there is ongoing concern about those that continue to experience difficulty maintaining these standards.

Market Demand

Demand for pension-only SRS is high and likely to remain so as a result of closures in this sector and the ongoing referral of people with disabilities into this form of supported accommodation. The increasing number of older people with independent income will continue to drive demand in the pension-plus sector which provides an alternative to Commonwealth subsidised residential care.

In summary, assessed against the ‘survival’ indicators of financial viability, business capacity, model of care against resident profile, compliance with standards and demand for services it becomes apparent that the two sectors have very different future prospects. Associate Professor Green concluded that across virtually every indicator the pension-only sector can be assessed as being less viable than the pension plus sector, creating the business case for a differential policy response.

2.2 Framing the Solutions

In formulating his advice Associate Professor Green postulated and considered three interrelated threshold questions as follows:

1. *Can Victoria continue to lose the low-cost, supported accommodation provided by pension only SRSs?*

Associate Professor Green argues that Victorian will continue to need both supported housing services and residential care services for a predominately younger and middle aged adult population with high level dependency needs. Associate Professor Green contends that pension-only SRSs should be viewed primarily as being in the business of providing low cost accommodation and Government should consider strategies to maintain this housing supply.

Associate Professor Green postulates that the issue of support to pension-level SRS residents should be dealt with separately from the issue of accommodation. He contends that pension-only SRSs can only provide, within the constraints of its existing business model, basic support and supervision for residents and that this support must be significantly enhanced through access to funded support services available to people with similar care needs.

He also found that the ‘best practice’ models of pension-only SRSs should be supported to continue to provide accommodation and support for low income residents with complex needs.

⁷ Over the period 1998 to 2001 there has been 22 prosecutions, and of the 372 individual charges proven 273 related to breaches in pension-only facilities. More significantly, over 70 SRSs have closed since 1998, and most of those were pension-only facilities unable to generate adequate returns and meet required standards.

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2. *If there is a continuing demand for pension-only SRSs, but some SRSs are increasingly inappropriate for particular groups of users, are the solutions found in different forms of in-home residential care or in supported housing services or in providing more support packages to residents in SRSs with complex care needs?*

Associate Professor Green contends that pension-only SRSs, particularly those operating in high cost, leasehold facilities, cannot provide the required level of care and support services for residents with complex needs at the estimated maximum income of \$35 per day.

Across the continuum of care needs, Associate Professor Green acknowledges that some pension-only SRS residents with relatively low dependency could live in more developmental and less restrictive accommodation options, such as supported rooming houses and group living arrangements, and that Government should give consideration to such models in the longer term.

At the other end of the care continuum Associate Professor Green argues that there is a small group of people with very complex clinical and care needs who require very high levels of support. Associate Professor Green contends these residents are inappropriately accommodated in any housing and support models, including pension-only SRSs, and should be relocated to other forms of higher level subsidised care, such as Commonwealth subsidised residential aged care services, psychogeriatric hostels and Community Care Units – all of which provide full time care with clinical services.

He also proposes that prospective residents dependency levels should be assessed before admission to ensure the level of care provided by a particular SRS is appropriate to their needs. In line with this Associate Professor Green proposes the Department consider, in the longer term, developing administrative processes allowing registration of SRSs to include certification of types, and levels and mix of care and support services available to prospective residents.

3. *If the viability of these services will remain a problem, what is the preferred solution: subsidise the service, subsidise the user of the service, or indirect subsidy through other service providers?*

In the medium term Associate Professor Green argues that in order to improve the standard of care to current pension-level residents consideration should be given to providing a form of subsidy which enhances the provision of clinical, care and support services directly to the resident. Associate Professor Green is of the firm view that the subsidy should not be given to proprietors on the basis that such an action would not lead to better care, ensure the continued availability of accommodation for people on low incomes or lead to improvements in the viability of pension-only facilities, particularly as most of these services operate from high cost leased facilities.

In framing the proposed responses identified in section 2.3 of this paper Associate Professor Green made the following observations:

1. Victoria's health and community services require and depend upon a wide variety of supported accommodation services and at this point there is a shortage of supported accommodation across a variety of different service sectors probably as a result of service redevelopment, reduced availability of low-cost housing and increase in the number of people requiring services. It is assumed that the range and quantum of supported accommodation services will need to be increased rather than decreased.
2. The physical location of low-cost and supported housing is important to residents, and potential residents as well as to the services referring and using supported

accommodation services. This assumption means that supported accommodation services, including SRSs or SRS-like services, are required in areas where land and housing costs may be relatively high.

3. That pension only SRSs as they are currently constituted will continue to be sought as accommodation for adults and older adults whose needs, behaviour or disabilities *may* present difficulties for other service systems, including disability specific services, mental health services and residential aged care services.
4. Despite the expectation of continuing expansion of the Commonwealth funded residential aged care program and the State funded supported accommodation programs for various groups of people with a mental illness or other disabilities, the quantum and range of publicly subsidised supported accommodation services will be unable to meet the particular demand currently met by pension-only SRSs into the foreseeable future.
5. As a result of a number of systemic and policy changes since 1987, the nature of the demand for pension-only SRS accommodation has changed to a younger (under 70 years), less frail population with a greater ranges and level of disability. That change, which has not been fully recognised or acknowledged, will continue and must inform the State Government's response.

In summary, he concluded that Victoria will continue to require low-cost housing options for adults and older adults with ongoing support needs, and their needs will not be met by existing subsidised supported housing or residential services or by the anticipated growth in aged residential care services funded by the Commonwealth.

2.3 Proposed Response

Associate Professor Green's recommended strategies for change, organised as three integrated stages.

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| Stage 1: Immediate Term | Improving procedures and processes |
| Stage 2: Immediate - Medium Term | Strengthening program support |
| Stage 3: Longer Term (five plus years) | (i) Achieving appropriate levels of support (ii) Moving from residential care to supported housing. |

Stage 1 Immediate Term Strategies - Improving Procedures and Processes

The objective of this stage, as identified by Associate Professor Green, is to strengthen the existing Departmental interactions with the industry in order for it to more effectively meet its legislated responsibilities and Government policy objectives across the entire SRS industry.

Associate Professor Green's proposals aim to improve the rigour of the licensing and registration processes across the SRS industry; expand the provision of information to proprietors, prospective residents and their families or referring services; and strengthen Departmental planning processes, particularly contingency planning for SRS closures. *Associate Professor Green considers that these proposals would not require any changes to the legislative or regulatory environment, nor do they direct additional costs to SRS proprietors.*

Recommendations:

- 1.1 That in order to undertake more intensive and rigorous screening of applications for registration and renewal of registration, the Department of Human Services consolidate into a single organisational unit, responsibility for the administrative processes currently described in Part 4 of the *Health Service Act 1988* as they relate to supported residential services.
- 1.2 The Department of Human Services develop broader and more accessible information resources to assist proprietors of supported residential services.
- 1.3 The Department of Human Services develop broader and more accessible information resources for residents and prospective residents of supported residential services, including in particular, information on the care and support needs of prospective residents referred by funded agencies.
- 1.4 That the Department develop more appropriate procedures to anticipate and respond to changes in the supported residential services industry, including in particular contingency planning to deal with facility closures.

Stage 2 Immediate to Medium Term Strategies – Strengthening Program Support

The objective of this stage, as identified by Associate Professor Green, is to improve standards of care in pension-only and above pension SRSs through non-regulatory program support development, with the focus on the pension-only sector.

Associate Professor Green's proposals aim to address various functional and service needs through the provision of professional mentoring to SRSs; improve resident access to clinical and personal support services; and provide discretionary assistance to proprietors to facilitate safety and fabric improvements. *Associate Professor Green considers that these proposals would not require any changes to the legislative or regulatory environment, nor do they direct additional costs to SRS proprietors.*

Recommendations:

- 2.1 The Department of Human Services develop and implement a program of professional mentoring to enhance the business capacity and care skills in pension-only supported residential services.
- 2.2 The Department of Human Services continue to improve the focus of funded support programs (particularly in the HACC, disability and mental health program areas) on supported residential services residents.
- 2.3 The Department of Human Services consider developing a capacity for discretionary financial support to *selected pension-only* SRS for safety and fabric changes resulting from changes in legislative requirements or Departmental policy.

Stage 3 Longer Term Recommendations (Over Five Years)

Associate Professor Green identified a range of longer-term options for consideration by Government underpinned by two objectives, that he notes as not necessarily being mutually exclusive.

The objectives that he identifies as underpinning his proposed options are:

- *To retain the existing SRS model and improve standards of care and service viability by decreasing the level and diversity of resident dependency in SRSs through the changing of admission practices and dependency levels*

The possible proposals for achieving this objective include the introduction of new approaches to licensing and registration that specify the level of care and support service able to be provided by an SRS; better and more comprehensive assessment of the dependency levels of prospective residents to avoid inappropriate accommodation in an SRS; and assessment and relocation of highly dependent residents to more appropriate care settings. *Associate Professor Green considers that these strategies would require changes to the legislative or regulatory environment but would not impose additional costs on proprietors.*

or

- *To change the model to reduce the current reliance on the pension-only SRS sector as ‘accommodation of last resort’ for financially disadvantaged people with ongoing support needs, and at the same time, to retain private expertise and privately owned fabric in the wider supported accommodation system through a range of supported housing programs*

As part of this objective Associate Professor Green argues that, if in the longer term (despite of the provision of support for residents and proprietors as outlined in the immediate to medium term strategies), it is not possible for proprietors to meet the cost of accommodation and personal care services to a community acceptable standard, and within an affordable fee structure, alternatives to pension-only SRSs must be considered.

Associate Professor Green also argues that Victoria will continue to require low-cost housing options for adults and older adults with ongoing support needs, and their needs will not be met by the existing bed supply in pension-only SRSs, the

quantum and range of subsidised supported housing or residential services or by the anticipated growth in aged residential care services funded by the Commonwealth.

Associate Professor Green identified the following long-term options for consideration under this stage:

- Retain some existing pension-only SRSs as private low cost housing by converting them to supported housing with tenants provided with appropriate levels of support based on assessed need from independent external, subsidised providers.
- Develop a range of alternative long term supported housing models for people with complex care needs requiring up to 24 hour care in a non clinical environment and/or increasing the capacity of existing non-treatment disability residential accommodation models.
- Increase capacity of existing clinical residential care for people with very high dependency needs.
- Expand intensive disability outreach support models linked to affordable housing for people able to live independently in the community.

Associate Professor Green notes that these proposals would involve the structural redefinition of pension-only supported accommodation services from residential care service within the framework of the *Health Services Act* to supported housing within the framework of the *Residential Tenancies Act*.

Recommendation 3.1 That the Department of Human Services further research and develop strategies for longer term intervention around the following possible options:

Option (i)

- That consideration is given to a requiring better assessment of prospective residents' dependency levels by appropriate agencies before admission to a supported residential service and that residents only be referred to SRSs, if appropriate to the resident's needs.
- That facility and proprietor registration include recognition of their appropriateness to provide supported accommodation for people with different care and support needs.
- That consideration be given to relocating very high dependency residents to more appropriate care settings.

Option (ii)

- That consideration be given to increasing the range and availability of publicly owned fabric for housing financially disadvantaged people with ongoing care and support needs.
- The Department consider development of a supported rooming house program in cooperation with local government and appropriate service providers.
- Encourage some pension only SRSs to become supported housing rather than residential care, with appropriate support provided for residents by independent, external agencies.

SECTION THREE: GOVERNMENT'S RESPONSE TO THE PROPOSED STRATEGIES

The Government has already commenced taking action, consistent with the following immediate to medium term recommendations contained within Associate Professor Green's advice. These responses are outline below.

Stage 1: Short Term Strategies - Improving Procedures and Processes

1. That in order to undertake more intensive and rigorous screening of applications for registration and renewal of registration, the Department of Human Services consolidate into a single organisational unit, responsibility for the administrative processes currently described in Part 4 of the *Health Service Act 1988* as they relate to supported residential services.

The Government concurs with the intent of this recommendation which is to tighten up the assessment of proposed new providers and ensure appropriate compliance of existing providers. The following approach represents an enhancement of current policies and procedures, allowing the effective utilisation of existing expertise and skills and facilitating a central focus on 'fit and proper' assessment and a regional focus on monitoring and compliance.

The responsibility for assessment and decision making regarding applications for approval-in-principle, new registrations and transfers of registrations will be undertaken as a partnership approach between the Department's regional and central office as follows:

- **New applications.** Assessment and decision-making regarding new applications for Approval in Principle, new registrations and transfers of registrations will be located in a central unit. Regions will comment on new applications prior to Head Office making a final decision.
- **Renewal of Registrations.** Assessment and decision-making will remain in regions. Head Office will provide regions with business, legal and financial advise to assist with their assessment of renewals prior to the regions making a final decision. Head Office will maintain statewide overview of these activities to ensure consistency in decision making.
- **Compliance monitoring** will be undertaken by regions in order to utilise existing expertise, knowledge and skills at the local level with Head Office retaining and strengthening its focus on 'fit and proper' assessment. Policy guidelines will be developed to enhance the consistency of statewide compliance monitoring and regional decision making in relation to the application of sanctions and taking of legal action.

Specialist input will be obtained to enhance the Department's capacity to make expert assessments of businesses finances and whether they are fit and proper.

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| <ol style="list-style-type: none">2. The Department of Human Services develop broader and more accessible information resources to assist proprietors of supported residential services.3. The Department of Human Services develop broader and more accessible information resources for residents and prospective residents of supported residential services, including in particular, information on the care and support needs of prospective residents referred by funded agencies. |
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The Government concurs with the intent of these recommendations. The approach planned will meet the objective of ensuring funded service providers provide timely, practical and user-friendly information to SRS proprietors about prospective resident's care and support needs prior to, or shortly after, the referral of the client. It will also assist referring agencies/individuals and SRS proprietors to clarify the appropriateness of the proposed placement.

The Departments referral information project will be implemented in two stages as follows:

Stage One:

- **Referral Information Proforma** and associated protocol will be developed for use by funded agencies that currently provide case management, continuing care or assessment services and refer clients to SRSs. The funded agencies will complete the proforma based on known information on the client's medical, physical, health, psychological, social and/or special needs, daily living skills and other relevant information and provide this information to SRS proprietors/Personal Care Coordinators on referral of prospective residents.
- **Information Checklist** will be provided to SRS proprietors/Personal Care Coordinators to assist them to gather basic known information from potential residents and/or their carers and other agencies (including general practitioners and hospitals) who will continue to make referrals to SRS providers in their usual manner.

The enhanced *Referral Information Proforma* and voluntary *Information Checklist* will be initially trialed in three regions, refined and, subject to review, rolled out statewide.

Stage Two:

- **Comprehensive Assessment.** The broader assessment issues and involvement of a wider range of funded providers will be addressed in the context of the *Better Access to Services (BATS) Initial Needs Identification (INI)* and *Comprehensive Assessment initiatives* being undertaken as part of the Primary Care Partnerships⁸.

⁸ Primary Care Partnerships (PCP) aim to enable community-based services achieve high quality outcomes for consumers and reduce the preventable use of hospital, medical and residential services through greater emphasis on health promotion, early intervention and better service coordination. Key outputs of the PCP will be Community Health Plans and a coordinated approach to assessing an individuals care needs.

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| 4. That the Department develop more appropriate procedures to anticipate and respond to changes in the supported residential services industry, including in particular contingency planning to deal with facility closures. |
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The Government concurs with intent of this recommendation, and in response, will continue to further progress the following:

- **Regional and Statewide Contingency Planning.** Regional and Statewide contingency plans are being developed to effectively manage facility closures. The plans will include a process and framework to assist identification of SRSs which may be at risk of closure, and practical step-by-step checklist and guidelines for contingency planning and management of closures.
- **Contingency Funds** have been identified to assist with the relocation of people affected by closures. These funds will be administered on demand through the Government funded Community Connection Program and will be used for activities such as payment of beds during the transition period as individuals are relocated, holding fees for hostels beds, assessment costs, individual relocations costs and outreach support workers.

Stage 2: Short to Medium Term Strategies - Strengthening Program Support

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| 5. The Department of Human Services develop and implement a program of professional mentoring to enhance the business capacity and care skills in pension-only supported residential services. |
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The Government concurs with the broad intent of this recommendation and is in the process of developing a range of practical mentoring and support strategies tailored to the needs of selected pension-only SRSs. The strategies, the majority of which will be delivered by suitably qualified external agencies (through the use of brokerage funds) will aim to improve work practices, operational efficiency and the quality of care of selected SRSs.

The key areas of development will likely include:

- **Service planning** including needs assessment, service plan development, implementation and review, care coordination and management
- **Skills development** in areas such as managing challenging/difficult behaviour and medical regimes, nutrition and social support strategies.
- **Service Access** to improve proprietors/care coordinators understanding of the local service system.
- **Business Management** to enhance financial management, business practices and operational efficiency.

Priority consideration would likely be given to supporting pension-only SRS proprietors who:

- Have a resident profile that includes a significant proportion of people with complex support needs.
- Can demonstrate a willingness to work collaboratively with the Department and external support agencies.
- Have a demonstrated history of compliance with regulations regarding standards of care and a commitment to providing quality care.
- Operate in facilities of a reasonable standard which comply or wish to comply with fire safety requirements.

6. The Department of Human Services continue to improve the focus of funded support programs (particularly in the HACC, disability and mental health program areas) on supported residential services SRS residents.

Action is being undertaken by the State Government to increase access to these services for SRS residents in pension-only facilities. The State Government has increased provision of HACC services to SRS residents and made this a funding priority. For example in the 2000-2001 HACC funding round approximately nine per cent of available HACC growth funds (\$1.3m) was allocated to projects supporting people living in insecure housing or at risk of homelessness with 11 of these projects solely targeting people living in SRSs. People living pension-only facilities are again a priority for the 2002-03 HACC funding round.

The State Government will continue to take action to increase access to these services for residents of pension-level SRSs and monitor the performance of its funded programs in this regard.

Further, will explore ways to improve quality of care for residents of pension-only SRS through the provision of alternative models of support to residents.

7. The Department of Human Services consider developing a capacity for discretionary financial support to *selected pension-only* SRS for safety and fabric changes arising from changes in legislative requirements or Departmental policy.

The Department will consider options to support selected pension-only SRSs address fire safety compliance requirements. Consideration would be given to the most viable approach and the criteria under which minor capital support could be strategically provided. Such a strategy would have significant financial implications and if pursued would be subject to funds availability. The Government would need to be satisfied that an intervention of this kind would achieve the desired outcome of retaining the supply of accommodation for the ongoing use as a SRS by low income residents.

SRSs invited to participate in this initiative would be assessed as eligible against specified criteria, including compliance with regulations regarding standards of care, demonstrated commitment to providing quality care and long-term viability.

Stage 3 Longer Term Options

Despite the implementation of strategies to improve quality of care outcomes to residents of pension-only SRSs and the operational and business practice of SRSs it is acknowledged that this effort by itself will not improve the fundamental business viability of many operators given the growing complexity of resident and the systemic issues facing the sector.

Victoria's housing, homeless and community services require and depend upon a wide variety of supported accommodation services and at this point there is an under supply of this service type across a variety of different service sectors as a result of the increase in the number of people requiring services, reduced availability and affordability of low cost housing and service redevelopment. The pension-only SRS sector currently provides an estimated 2,500 beds for low income people with complex needs and therefore forms an important part of Victoria's housing and community care infrastructure.

Associate Professor Green raises the prospect of phasing out pension-only SRSs. As many SRSs continue to provide important support and accommodation, options to improve their viability and the support provided to residents should be further explored.

From the Government's viewpoint, long term strategies for this sector need to be able to:

- Maintain a level of private sector investment and support the positive components of the pension-only sector.
- Improve the quality of care and support provided to residents of pension-only SRSs.
- Respond to the needs of low-income residents affected by the closure of SRSs, particularly those at risk of homelessness.
- Acknowledge that low-income people with complex needs will continue to seek out this form of supported accommodation either out of choice or necessity.

The Next Stage

An Interdepartmental Committee has been established involving the Department of Human Services (Housing, Mental Health, DisAbility Services and Aged Care) and central agencies to explore the quantum and range of longer-term strategies required.

Contingent on the outcomes of this process the Department will develop a response, detailing proposed interventions to ensure the continued availability of housing and support for low-income adults and older people with complex needs.

APPENDIX ONE OVERVIEW OF SRS LEGISLATIVE HISTORY

- In 1973 the *Health (Special Accommodation Houses) Act* was introduced to amend the *Health Act* and establish a code for the registration of those boarding houses catering for older and handicapped residents. This distinguished those boarding houses that provided personal care services from those that did not and enabled the regulation of the formers activities.
- In 1980 amendments to the *Health (Special Accommodation Houses) Act* and the *Health (Special Accommodation Houses) Regulations* to correct a number of anomalies in the earlier legislation.
- In 1983, a Health Commission of Victoria Working Party identified further anomalies in the legislation and recommended that the distinction between boarding houses and Special Accommodation Houses (SAH) should be based on the functional capacity of residents and not the age of the resident or the nature of their disability.
- In 1985, the *Health Act* was further amended by Parliament, including a new SAH definition, and then later that year the Minister for Health established a Ministerial Review of Special Accommodation Houses. The Report of that Review (the Sandon Report) was presented to the Minister in March 1987. Extensive changes to definition, regulation and services were recommended and adopted in part by the Government.
- The term Special Accommodation House was formally replaced with Supported Residential Services (SRS) with the passing of the *Health Services Act 1988*. The definition of special or personal care was changed at that time.
- The minimum standards of safety and care of residents, and certain other matters authorised or required by the Act, are prescribed in the *Health Service (Residential Care Regulations)* that came into effect in 1991.
- Since 1998, the definition of an SRS has been further amended to change the emphasis from service provision for profit to ‘for fee or reward’ and to reflect changes in the funded residential care industry. The definition of special or personal care has remained unaltered.
- Additional amendments were made to the Act and Regulations in 1997 to strengthen the safety and care provisions and allow for more substantial penalties in the event breaches of those provision are proven.