Meals on Wheels Australia.

2020-21 Federal Pre-Budget Submission

Budget Policy Division

Department of the Treasury

Meals on Wheels Australia

President, Sharyn Broer
Executive Director, Kate Thiele

Australian Meals on Wheels Association Inc.

Trading as **Meals on Wheels Australia**

PO Box 406, Unley SA 5061

E: australia@mealsonwheels.org.au

P: (08) 8273 1304   F: (08) 8271 1605

www.mealsonwheels.org.au

About Meals on Wheels Australia

Meals on Wheels Australia represents a network of 592 independently run local non-profit service outlets that operate in virtually every Australian community. While each service's operations vary based on the needs and resources of their communities and its historic supplemental government funding, they are all committed to supporting vulnerable Australians to live healthier and more nourished and independent lives in their own homes and their chosen communities.

Collectively, we deliver more than two thirds of meal services provided under the Commonwealth Home Support Program.

Combined, our operators represent a significant and essential piece of social infrastructure, providing front-line, early intervention and prevention in the home, which reduces the malnutrition risk faced by 1.2 million older Australians, and social isolation risk to one in four who live alone. This commitment is evidenced by:

- 76,000 volunteers nationally who prepare and deliver 10 million meals a year to more than 120,000 older people across regional, rural and metropolitan Australia;
- Addressing food insecurity by providing affordable, nutritionally targeted and safe food;
- Conducting wellbeing checks and minimising loneliness and social isolation;
- Promoting health and well-being of older people through nutrition and nutrition-related services.

Meals on Wheels Australia is the avenue for developing and sharing best practice between the 592 service outlets that the State and Territory Associations represent, along with promoting and raising awareness of Meals on Wheels® in Australia and the consumers we serve.

Our members are the peak State and Territory organisations for Meals on Wheels® in New South Wales, Queensland, Western Australia, Tasmania, South Australia and Victoria, with subscriber representatives from the ACT. We provide proactive and strategic national leadership and a clear coherent voice on matters that affect our clients, volunteers and staff and the local communities in which they are placed. This enables a single point of contact between Meals on Wheels® services and policymakers, funders, regulators, sponsors and other key stakeholders.

Executive summary

The ageing Australian population is creating increasing pressure on the Commonwealth health and aged care budget. Malnutrition and social isolation increase older Australians' use of publicly funded health and aged care services. Measures that increase the use of services addressing malnutrition and social isolation, including Meals on Wheels®, effectively reduce downstream expenditures.

While public focus is on high cost, high intensity services delivered through residential care and Home Care Packages, most older Australians are supported by the Commonwealth Home Support Program (CHSP). As the highly visible face of aged care in their communities, Meals on Wheels'® 592 networked service outlets provide the majority of CHSP meal services, yet receive a disproportionately low level of allocated grant funding. Legacy funding arrangements create inequities between and within jurisdictions, and between Commonwealth programs funding identical service outputs. Total payments for meal services currently comprise just 3.3% of the $2.4 billion CHSP budget.

Volunteers contribute $600 million in labour to keep operating costs down. The older consumer meets the shortfall. In this non-means tested, grant-based program, most Meals on Wheels® consumers pay, on average, between 50% and 80% of the total cost of the service depending on where they live[1]. This stands in stark contrast with the percentage consumers contribute to the total service cost in the remainder of the CHSP (9.7%), Home Care Package program (5.8%)[2] and National Disability Insurance Scheme (NDIS) participants. In each scenario, the consumer contribution incorporates the cost of the ingredients.

With 25% of older people living in poverty, high consumer contribution costs are forcing older people out of the system, eroding the CHSP objectives of maximising independence and enhancing wellbeing for older people, increasing the risk of malnutrition, driving up costs in the public health system and creating more pressure on waiting lists for Home Care Packages. The government has recently announced its intention to unify the CHSP and HCP programs. Equity in Commonwealth contributions for like services, within the CHSP and between the CHSP and HCP programs, is a necessary precursor to unification of the programs.

Meals on Wheels Australia calls for an equitable system, in which older Australians pay only for the cost of the ingredients used in their meal service. This would make payments fair and affordable, regardless of which aged care funding program they are eligible to access, where they live, or in which setting the meal service is delivered.

This measure entails raising the threshold CHSP government contribution from $4.85 to $12.00 per meal service output from 1 July 2020. The estimated $80 million per annum recurrent cost could be met within the current CHSP budget parameters over the forward estimates and in concert with extension of funding arrangements for the CHSP from 1 July 2020 to 30 June 2022.

In addition, to support government with in-home care system redesign and implementation, maintain and strengthen service development and data capture capability, Meals on Wheels Australia seeks $350,000 sector support funding over two years, from 1 July 2020 to 30 June 2022.

[1] Meals on Wheels Australia. 2019. Submission to Royal Commission into Aged Care Quality and Safety.
[2] Aged Care Financing Authority. 2019. Annual Report on the Funding and Financing of the Aged Care Industry – 2019, p.13.

The budget challenge

Commonwealth aged care expenditures are projected to increase by $16 billion in the next 10 years. The high cost of residential care, coupled with older people's desire to receive care in their own homes, has driven rapid government investment to increase the number of Home Care Packages. Despite this additional investment, more than 110,000 people were waiting for a Home Care Package at their approved level at 30 September 2019. Early intervention and prevention services that reduce the need for a Home Care Package, or admission to residential care, are essential to limiting the future budgetary risk.

Malnutrition and social isolation in older people drive up health and aged care costs. Around 1.2 million older people living in the Australian community (40%) are either malnourished or at risk of malnutrition[3] and one in five are socially isolated[4]. Both conditions are preventable and treatable.

Poorly nourished older Australians experience reduced quality of life, difficulty in performing activities of daily living, and poorer health with more frequent visits to general practitioners and Emergency Departments. They have more frequent and longer hospital admissions, particularly due to falls injuries, increased risk of infection and greater antibiotic use, longer recovery time from surgery and illness, greater likelihood of premature admission to residential aged care and a 30% increase in the incidence of mortality within 1 year.

These poor outcomes are associated with high public health costs. The cost of treating a poorly nourished older patient is 20% higher than the average for the respective diagnostic-related group[5]. In 2010, Access Economics estimated that under-nutrition in 40,000 community dwelling people aged 70 years and above cost the Australian health system $158.2 million annually[6]. Studies from the United Kingdom present a similar picture, where malnutrition in older people costs £5 billion for direct health care costs and £13 billion for associated health and social care expenditure[7], more than the cost of treating obesity-related conditions.

Malnutrition is a significant predictor of harmful falls. Currently, one in three adults above 65 years of age suffers a fall each year. Malnourished older people are 8 times more likely to experience a harmful fall[8]. The cost of falls is expected to rise to around $1.4 billion by 2051.

Older people are poorly informed about their changing nutrition requirements and increased susceptibility to food-borne illness, and community awareness of these issues is low. Older people who are most at risk are unlikely to recognise their need for more nourishing meals[4]. Historically, fewer than 60% of under-nourished older people sought services from Meals on Wheels[9]. Reforms to aged care policy and access has further reduced this number.

---

[3] Dieticians Association of Australia. 2019. Submission to Royal Commission into Aged Care Quality and Safety.
[4] Beer A, Faulkner D, Law J, Lewin G, Tinker A, Buys L et al. 2016. Regional variation in social isolation amongst older Australians. Regional Studies, Regional Science 3:170–84.
[5] Charlton K, 2014. Time to address the skeletons in the hospital – and bedroom – closet. Australian Association of Gerontology Newsletter, September.
[6] Access Economics. 2010. Cost benefit analysis of an intervention to improve the nutritional status of community dwelling older Australians. Report by Access Economics Pty Ltd for Australian Meals on Wheels Association.
[7] Wilson L 2013. A review and summary of the impact of malnutrition in older people and the reported costs and benefits of interventions. Malnutrition Task Force, UK.
[8] Ariel S, Lackoff B, Hickling B, Collins PF, Stevenson KJ, Nowicki TA, Bell JJ. 2019. The association of malnutrition with falls and harm from falls in hospital inpatients: Findings from a 5-year observational study. *Journal of Clinical Nursing.* doi.org/10.1111/jocn.15098
[9] Luscombe-Marsh N, Chapman I & Visvanathan R. 2014. Hospital admissions in poorly nourished, compared with well-nourished, older South Australians receiving 'Meals on Wheels': Findings from a pilot study. *Australasian Journal on Ageing, 33(3)*: 164-9.

The detrimental health effects of social isolation are comparable to those posed by smoking, obesity, and lack of exercise. Social isolation is linked to higher blood pressure, cognitive decline, earlier onset of dementia, depression and lower resistance to infection, with higher rates of emergency admission to hospital, longer length of stay and delayed discharges[10].

An efficient solution

Access to adequate food is a social determinant of health. Positive health and quality of life outcomes are achieved by improving nutrition in older people. Malnutrition is preventable. Weight loss is not a consequence of older age. Well-nourished older Australians are more likely to enjoy an active and independent life, with greater capacity to perform activities of daily living. Australian analyses indicate that every $1 spent on improving nutrition in older people can save $5 in health care costs[11].

Meals on Wheels® is the leading example of early intervention and prevention. Delivered meal programs are an evidence-based, effective intervention to increase the nutritional intake and social connection of older people[12,13,14]. They play a more significant role in preventing frailty, reducing falls, avoiding hospitalisation and more intense in-home support or nursing home admissions[15] than most other community aged care service types. In the United Kingdom, hospital admissions through malnutrition increased by 217% when provision of community meals decreased over the 5-year period 2003-2008. In the United States, a 1% reduction in the number of low-care nursing home residents was evident for every $25 per year per older adult above the national average that states spent on home-delivered meals[16].

The internationally consistent Meals on Wheels® service model comprises provision of a prepared, nutrient-dense meal, delivered to the consumer at home or in a congregate setting, predominantly by volunteers. The meal serves as a vehicle for social engagement and interaction, building relationships and enabling monitoring of the consumer's well-being. Meals may be prepared on the day of delivery by volunteers, by partners such as local hospitals, or by commercial suppliers. Consumers choose the frequency of services, whether their meals are delivered hot and ready-to-eat, chilled or frozen and increasingly choose the dishes and numbers of courses they receive, and the time of day that the service is provided.

Meals on Wheels® providers are active in some of the most remote and isolated areas of Australia. Volunteers may drive hundreds of kilometres, or services may partner with the Royal Flying Doctor Service, to ensure that citizens have access to healthy, nutritious meals. The dedication of volunteers means that services are rarely disrupted by extreme weather events or natural disasters. Meals on Wheels'® commitment to our regional and remote consumers is without peer.

---

[10] Landeiro F, Barrows P, Nuttall Musson E, et al. 2017. Reducing social isolation and loneliness in older people: a systematic review protocol. *BMJ Open*;7:e013778. doi:10.1136/ bmjopen-2016-013778

[11] Rist G, Miles G & Karimi L. 2012. The presence of malnutrition in community-living older adults receiving home nursing services. *Nutrition & Dietetics, 69*: 46-50.

[12] Walton K, do Rosario VA, Pettingill H, Cassimatis E & Charlton K. 2019. The impact of home-delivered meal services on the nutritional intake of community living older adults: a systematic literature review. *J Hum Nutr Diet.* doi.org/10.1111/jhn.12690

[13] Campbell AD, Godfryd A, Buys DR, & Locher JL. 2015. Does participation in home-delivered meals programs improve outcomes for older adults? Results of a systematic review, *Journal of Nutrition in Gerontology and Geriatrics*, *34(2)*, 124-167.

[14] Thomas K, Akobundu U & Dosa D. 2016. More than a meal? A randomized control trial comparing the effects of home-delivered meals programs on participants' feelings of loneliness. *J Gerontol B Psychol Sci Soc Sci., 71(6),* 1049-1058.

[15] Shan M, Gutman R, Dosa D, Gozalo P, Ogarek J, Kler S & Thomas K. 2019. A new data resource to examine Meals on Wheels' clients' health care utilization and costs. *Medical Care, 57(3)*: e15 – e21.

[16] Thomas K & Mor V. 2013. The relationship between older Americans Act Title III state expenditures and prevalence of low-care nursing home residents. *Health Services Research, 48(3),* 1215-1226.

National Meal Guidelines for older adults, developed by Meals on Wheels Australia, support consistent, quality service delivery. They inform the nutritional values of meals, menu-planning principles to ensure variety and other quality elements that improve the meal experience[17]. Meals on Wheels® remains the only provider that can safely and consistently meet the needs of consumers with swallowing difficulties or specific dietary requirements. While decisions on food sourcing are tailored to suit local circumstances, each Meals on Wheels® outlet acts as a social enterprise, contributing to local food systems and to the economic prosperity of the region.

An older person can receive Meals on Wheels® for an entire year for about the same public cost as just one day in hospital or one week in residential aged care.

As the highly visible face of aged care in their communities, Meals on Wheels'® 592 networked service outlets provide the majority of CHSP meal services, yet receive a disproportionately low level of allocated grant funding. Total grant payments for meal services currently comprise just 3.3% of the $2.4 billion CHSP budget at around $80 million per annum. In 2017-18, Meals on Wheels South Australia alone received 3.5% of the national CHSP meal grant allocation but delivered more than 10% of the national total CHSP meal services through its 83 outlets.

The pioneers of home support services in Australia, Meals on Wheels® operates in virtually every electorate. The value of Meals on Wheels® to the Australian economy, health and aged care systems has been grossly underestimated.

We operate through the valued contribution of 76,000 volunteers, who donate some $600 million in labour costs; but the model is not free. The rising costs of food production, transportation, compliance and increased specialisation and diversification in menu choices to cater for all members of the community are being felt in all jurisdictions. These issues are compounded in rural and remote locations and Indigenous communities. Unlike Home Care Packages and residential care, no supplemental funding applies to the CHSP.

These rising costs have created an over-reliance on volunteers committing more time and effort to fundraising activities in an effort to relieve consumer cost pressure. Volunteer fatigue is escalating, with many volunteers, particularly management committee members, contemplating exiting the provider space altogether. This is putting the entire Meals on Wheels® model at risk, creating a major downstream problem for government. A withdrawal of Meals on Wheels® from the supply market would leave a sizeable gap across the nation, which could not be met by the remainder of the market and certainly not within the current funding envelope.

An inequitable, unaffordable system in its current form

Despite the weight of evidence demonstrating the economic benefits of the Meals on Wheels® service model, the rate of service use has plateaued and in many parts of Australia is declining.

The Report on Government Services, 2019[18], shows a 37% reduction in the number of meals provided per 1,000 members of the target population under the CHSP and precursor Home and Community Care (HACC) Programs between 2012 and 2018. This equates to a 30% (2.3 million meals per annum)

[17] Australian Meals on Wheels Association. (2016). National Meal Guidelines: A Guide for Service Providers, Caterers and Health Professionals Providing Home Delivered and Centre Based Meal Programs for Older Adults. Australian Meals on Wheels Association. (Available from: https://mealsonwheels.org.au/wp-content/uploads/2016/10/ NationalMealsGuidelines2016.pdf)
[18] Report on Government Services 2019, Aged Care Services, Page 3, Table 14A

reduction in meal service provision at a time when the number of older people living at home is increasing, along with rates of malnutrition and social isolation. This drop is not evident for most other home support services delivered through the CHSP and HACC programs over the same period and cannot be explained as the result of wellness and reablement approaches.

Older Australians pay significantly different amounts for exactly the same service depending on where they live and which Commonwealth program they have been able to access. Commonwealth government underinvestment in CHSP meal services has made the service unaffordable for many consumers.

Meals on Wheels® providers consider that the consumer's capacity to contribute to the cost of their meal service is at its limit. With one in four older Australians living in poverty it is common for older consumers to compromise healthy nutrition by cancelling or reducing their meal services when their regular bills become excessive and unmanageable. This is a matter of considerable anxiety and frustration to our community of volunteers.

High consumer contribution costs are forcing older people out of the system, eroding the CHSP objectives of maximising independence and enhancing wellbeing for older people, increasing the risk of malnutrition, driving up costs in the public health system and contributing to unnecessary pressure on waiting lists for Home Care Packages.

In the non-means tested, grant-based CHSP program, most Meals on Wheels® consumers pay, on average, between 50% and 80% of the full cost of the service depending on where they live[19]. This stands in stark contrast with the percentage consumers contribute to the total service cost in the remainder of the CHSP (9.7%), Home Care Package program (5.8%)[20] and National Disability Insurance Scheme (NDIS) participants. In each program, the consumer contribution for meals incorporates the cost of the ingredients.

In most jurisdictions, CHSP meal funding to Meals on Wheels® members is restricted to the threshold payment of, currently, $4.85 per meal output. Consumers cover the shortfall of up to $14.00 per meal service, including the cost of the ingredients. The consumer contribution for a vital source of preventative health care is more than 10% of the aged pension, if they require just five meals per week.

Due to unjust legacy funding arrangements created when a single Commonwealth program subsumed pre-existing state and territory administered programs in 2012, the CHSP provides different levels of funding per meal within and across jurisdictions in Australia. There is no valid reason why an older Australian living in Queensland and many other states should receive less in funding for a basic meal than an older Australian living in New South Wales. This horizontal fiscal imbalance has created an uneven playing field nationally within Meals on Wheels®, with no driver for an efficient national price.

CHSP meal service providers achieved a small funding increase of $8 million in 2017-18. While the welcome establishment of a threshold government payment of then $4.70 per meal created equity at the low end of funded providers and helped limit consumer contribution increases temporarily, it failed to adequately address the payment inequity for consumers. Uncontested CHSP growth funding in 2018-19 was also welcome in areas experiencing increased demand for services but did nothing to resolve the underlying disparities in unit pricing.

---

[19] Meals on Wheels Australia. 2019. Submission to Royal Commission into Aged Care Quality and Safety.
[20] Aged Care Financing Authority. 2019. Annual Report on the Funding and Financing of the Aged Care Industry – 2019, p.13.

The inequity across Commonwealth funded programs is vast. Public funding for identical services provided by Meals on Wheels® outlets to Home Care Packages and the NDIS covers the full cost of service delivery excepting ingredients. On average, a Home Care Package pays $12.00 per meal while the NDIS pays up to $14.63 per meal. The NDIS has modelled the unit cost of producing a hot meal, taking into account indexation and rising costs associated with meal preparation and delivery. The model recognises that the unit cost increases when there is an increase in input costs. The NDIS model calculates the current cost to prepare and deliver a hot meal in a remote location at $14.63. The NDIS cost has risen over the last 18 months from around $12.00 per meal, which reflects the increasing input costs. Aged care does not have a comparable, consistent system of setting the unit costs for meals.

The government has recently announced its intention to unify the CHSP and HCP programs. Equity in Commonwealth contributions for like services, within the CHSP and between the CHSP and HCP programs, is a necessary precursor to unification of the programs. Adoption of and consistent application of the NDIS unit costing model would enable parity in consumer contributions across programs and jurisdictions.

2020-21 Budget Proposals

1. Equitable government contributions across funding programs: $80 million recurrent

Meals on Wheels Australia calls for an equitable system, in which older Australians pay only for the cost of the ingredients used in their meal service. This would make payments fair and affordable, regardless of which aged care funding program they are eligible to access, where they live, or in which setting the meal service is delivered. This measure is a necessary precursor to unifying the CHSP and Home Care Package programs.

This measure entails raising the threshold CHSP government contribution from $4.85 to $12.00 per meal service output from 1 July 2020. This will:

- Reduce the cost burden on the older consumer, preventing steep price increases for the vulnerable populations served by the CHSP;
- Increase the financial accessibility of essential and cost effective early intervention and prevention services;
- Reduce future health and aged care costs by $5 for every $1 additional funding;
- Eliminate funding inequities between jurisdictions and between government programs serving the same population in Australia;
- Facilitate unification of in-home aged care programs; and
- Strengthen capacity of a vital, national network of volunteer-led community service providers.

The estimated $80 million per annum recurrent cost could be met within the current CHSP budget parameters over the forward estimates and in concert with extension of funding arrangements for the CHSP from 1 July 2020 to 30 June 2022. Opportunities for redistribution of funds within the program include:

1. Introducing mandatory consumer contributions for services under the CHSP, standardised according to the individual's financial capacity, as recommended by the Legislated Review of Aged Care, 2017 (Recommendation 16);
2. Strengthening 2020-22 Grant Agreements by specifying minimum consumer contribution requirements as a percentage of the total service cost, across the range of service types, other than for excluded activities and services;

3. Applying a greater percentage consumer contribution to service types that relate to ‘accommodation services’ rather than ‘care services’;
4. Reallocating funds recovered from providers with a history of underspends, through the 2020-22 grant assessment currently underway;
5. Specific allocation of a portion of 2020-21 growth funds to meal service providers receiving less than $12.00 per meal output.

2. Sector support funding to Meals on Wheels Australia: $350,000 over two years

To support government with in-home care system redesign and implementation, maintain and strengthen service development and data capture capability, Meals on Wheels Australia seeks $350,000 sector support funding over two years, from 1 July 2020 to 30 June 2022.

Meals on Wheels Australia comprises a small, voluntary Board. It has received small, project-specific grants and sponsorship from the Australian Government in recent years, to develop the inaugural National Meal Guidelines ($150,000) and to support the delivery of a biennial National Conference ($81,400). There is a part-time, paid Executive Director.

Currently, Meals on Wheels® lacks the capacity, at individual service level and collectively at the national peak body level, to adequately engage in the co-design of the new aged care system. Raising funds to do so through increased membership fees will simply see the additional costs passed on to consumers through higher meal prices.

The continuing and proposed reforms to aged care services pose a high risk of volunteer disengagement. Loss of willing volunteers will drive up consumer costs to unaffordable levels and/or reduce the choice and quality of the meals and service. If meals are of poor quality and not eaten, the proven health outcomes will be lost. Of equal concern, the social cohesion and other community welfare benefits arising from volunteering will be eroded. Should the Meals on Wheels® model fail, the cost to Government of replacing the system infrastructure would be beyond reach.

A modest allocation of sector support funding will ensure that Meals on Wheels Australia has the resources to work effectively with Government to co-design and deliver the reforms outlined in the Aged Care Sector Committee’s Aged Care Roadmap, provide real solutions to recommendations stemming from the Royal Commission into Aged Care, and generate greater administrative efficiency for Meals on Wheels® providers and Government. This will help to secure the future viability of services delivered in nearly 600 Australian communities, provide certainty to the 76,000 volunteers who deliver this proven community service and reassure the 120,000 Australians, and their families, who rely on Meals on Wheels® to support their health and independence, every year.