



- Noticeboard
- Appointments
- Awards
- Resources

# AUSTRALIAN Ageing Agenda

---

## Moving from aged care to health care

By **Contributor** on [June 12, 2019](#) in **Industry, Opinion**

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

[Email](#)

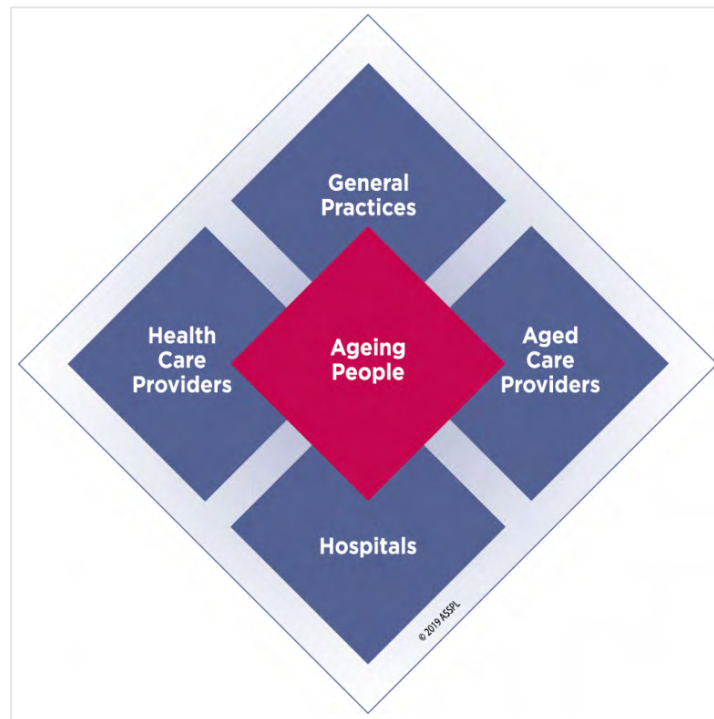
[More](#)

**Traditional residential aged care and home care business models will not survive mid-long term in the new customer-driven, competitive marketplace of aged care and health care, writes Michael Goldsworthy.**

Customer choice and control and market dynamics are the macro forces reshaping aged care organisations and the aged care industry.

Typically, it is only 5–10 per cent of leading organisations and a similar percentage of upper following aged care organisations that are truly, strategically transforming their organisations, re-engineering their business models and reinventing their cultures.

Aged care was traditionally once removed from general practices, healthcare providers and hospitals. Increasingly aged care is becoming an integral part of the health system. The health services that people require as they age and die are portrayed in the health solutions diamond model below.



As many long-term directors of care, nurses and carers will attest, over the last 20 years, typically in aged care services and particularly residential aged care, cars have given way to electric buggies, electric buggies have given way to wheelie walkers and wheelie walkers have given way to electric beds.

In essence, this phenomenon has occurred because the level of acuity and care has increasingly risen, driven up by the ever tightening entry criteria for aged care and the desire of people to stay in their home for longer. Therefore, the length of stay, or service, has dramatically decreased from some 20 years to 12–18 months in residential care and 18–26 months in home care.

According to 2018 Australian Institute of Health & Welfare data, 87 per cent of Australians aged 65 years and over have a health care status that is either defined as chronic health (1–5 chronic conditions) or complex health (5 or more chronic conditions), whether they have emerging or actual chronic conditions.

Clearly not all of these people will need aged care services or will meet the entry criteria for aged care services as defined by the *Aged Care Act 1997*.

However, they do represent one of eight major business development opportunities for boards, chief executive officers and executives of leading or upper-mid following organisations who can foresee the need to move beyond traditional aged care and retirement living business models and facilities.



Michael Goldsworthy

The other seven business development opportunities being the aged care sub-markets of workers compensation, road accident, private injury and accident, private health care, veterans' health care, indigenous health care and disability health care.

With the aforementioned in mind, aged care leaders must also become acutely aware of the emerging and future health metrics by which aged care organisations' performance will be measured in the near future by the Commonwealth Department of Health:

- keep ageing people out of hospital

- partner in getting ageing people out of hospital earlier
- prevent re-admission to hospital
- reduce the morbidity rate, that is the frequency or proportion in which chronic health conditions appear within aged care service provision.

At the same time directors need to remain focused on the main game of their organisation: to enhance the health, wellness and lifestyle of residents and clients in their care.

Taking the time to understand and strategically assess the aforementioned aged care industry and population health trends should provide directors, chief executive officers and executives with the basis to seriously reflect on their organisation's current versus future position in the new customer-driven, competitive marketplace of aged care and health care and its business model.

In particular, they should focus on their organisation's:

- core business, its raison d'être or reason for being (this is not the services that are delivered)
- the constraints and realities of their existing business model and therein not only the services, but markets, market channels and revenue streams
- the organisation's performance and strategic position against industry and Commonwealth Government (Aged Care Finance Authority) benchmarks.

It's important to understand that today's business is not tomorrow's business. Aged care is transitioning to become an integral part of the nation's health care system.

In so doing aged care leaders must intensify their efforts to not only enhance the wellness, health and lifestyle of residents and clients of today and tomorrow, but their organisation's position and performance as a vital part of an integrated health care system.

**Michael Goldsworthy is principal consultant at Australia Strategic Services.**

**Comment below to have your say on this story**

**Subscribe to [Australian Ageing Agenda magazine](#) and sign up to the [AAA newsletter](#)**

Facebook

Twitter

LinkedIn

Email

More

◆ **aged-care-act-1997, australian-institute-of-health-welfare-data, australian-strategic-services, business, commonwealth-department-of-health, michael-goldsworthy, operational**



Smart beds to provide resident updates to care workers



Caroma launches new bathroom solutions for older people



Providers told to involve residents in all care decisions