

# National Aged Care Alliance

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## Some Questions About the National Trial of the Aged Care Funding Instrument

March 2005

The proposed Aged Care Funding Instrument is to be the subject of an extensive national trial during 2005. The outcomes of this trial - and the ways in which the results are implemented - will influence the funding and delivery of residential aged care services in Australia for perhaps the next decade. This will have a major impact on the organisations and individuals that provide these services and the many thousands of older Australians that benefit from them.

The National Aged Care Alliance (the Alliance) has produced this paper primarily to assist participants in the 2005 national trial. The Alliance also hopes that it will be helpful to the many other individuals and organisations with an interest in the residential aged care sector in Australia.

The paper:

- provides some background to the setting up of the trial;
- identifies a number of questions about different aspects of the trial; and
- raises some issues about how the outcomes might be implemented.

### **The current funding system**

Approximately \$4 billion in Australian Government funding is provided to about 3000 residential aged care facilities each year as basic subsidy. These funds are currently distributed according to funding categories determined by the Resident Classification Scale (RCS). The aim of the RCS is to categorise residents based on relative care needs.

Residential aged care facilities currently assess residents for funding purposes using the 20 questions on the RCS. The Australian Government Department of Health and Ageing validates these appraisals retrospectively through a targeted audit program based on a review of resident care documentation.

This funding system has been criticised on the grounds that it requires too much documentation by facilities to substantiate their funding claims and has a significant downgrade rate. The current RCS has also been criticised for weaknesses regarding equity of access and incentives to assist those in greatest need (arising from dementia, for example). There have also been concerns expressed about the degree to which the RCS matches resources to different levels of need.

## **Recent reviews**

On 9 May 2002, the then Minister for Ageing, the Hon Kevin Andrews MP, announced that a review would be conducted into the operation of the RCS. This review was to investigate possible refinements and changes to the classification system for aged care funding, in order to reduce the documentation burden on care staff, while maintaining accountability for Australian Government funding.

Concurrently, the Government commissioned the Review of Pricing Arrangements in Residential Aged Care (Pricing Review) to consider the long-term financing options for the aged care sector.

In February 2003, the RCS Review report recommended among other things the development of a new model for residential aged care funding, development of a minimum data set, assessment of a national model for care documentation, a reduced RCS and a trial of independent assessors. Certain recommendations of the RCS Review were referred to the Pricing Review for consideration because of their impact on funding.

## **The new funding model**

In its response to the Pricing Review, the Government announced in the 2004 Budget that it would introduce a new funding model for the residential aged care system from 1 July 2006. It announced the rationalisation of the residential aged care funding classification system from eight to three categories and the introduction of new supplements to target existing funds toward the care of residents with dementia exhibiting challenging behaviours and complex nursing including palliative care needs.

The new funding instrument is to be known as the Aged Care Funding Instrument (ACFI).

Based on ACFI data collected in this process, the trial will assess at least six specified funding models for residential aged care (of which one will be introduced in 2006), and develop a dependency/case mix profile of residential aged care residents.

The main objectives of the trial are:

- to test options for the introduction of a new funding mechanism for residential aged care by conducting a national trial of the ACFI, using it to classify residents for residential aged care; and
- to collect relevant data and conduct detailed comparative analysis of specified funding models for residential aged care based on a comprehensive analysis of relevant data, including those collected during the national trial.

The trial will collect ACFI data using both external and provider (ie. aged care home) assessment.

## **Questions in relation to the ACFI**

### **Assessment**

1. Which organisation will undertake the ACFI? If it is an enhanced ACAT how will this be achieved?
2. Who will assess residents using the ACFI for funding purposes? Will assessments be consistent and will the process impact on resident timeliness of access to residential aged care places?
3. What processes will be put in place for a timely assessment, challenging an assessment or requesting a re-assessment and will service accessibility, providers or residents be penalised in any way?
4. What documentation will an aged care facility need to support the completed ACFI?
5. How will the efficiency in documentation requirements from the current RCS to the trial of ACFI be measured to determine whether there is a substantial reduction in documentation requirements?
6. Will the ACFI generate information on care profiles to better manage and plan aged care services?
7. If the ACATs cannot deliver ACFI assessment will aged care staff be required to continue internal assessment and if so will the need for Departmental validation continue?

### **Care**

8. How will the ACFI lead to improved care over the RCS?
9. Will the ACFI reward or penalise rehabilitation and improved functioning?
10. What are the consequences of the new ACFI for community care and residential low care?
11. What training and educational support will be given to aged care staff to understand the ACFI as they will need to understand the instrument so they can apply for a reassessment when appropriate?

### **Funding**

12. How many existing residents, if they are re-classified under the ACFI, would be unfunded or have their funding level significantly changed?
13. How will persons assessed by an ACAT as eligible for residential care and not eligible for a subsidy under the ACFI receive the care support they need, from whom, and how funded?
14. Will the national trial demonstrate whether resources need to be increased, and if so, will they be increased?

### **Special needs**

15. Will the ACFI identify the care needs of particular needs groups such as: homeless older people, people with mental health issues, people with dementia, people with disabilities, and people from culturally and linguistically diverse backgrounds and Aboriginal and Torres Strait Islander people?
16. Will access to care for people with dementia be improved?
17. How will the Technical Nursing and Palliative Care Supplement improve access to care for people who are dying?

### **Process**

18. Will the results of the national trial be made public?
19. What are the specific objectives of the new instrument and how will they be measured prior to any implementation decision?

Your comments on the questions raised by the Alliance are welcome as are any other questions or concerns you may want to add to our document. Comments should be directed to the National Aged Care Alliance secretariat, c/- PO Box 4239, Kingston ACT 2604 (fax: (02) 6232 6610 or email: [anfcanberra@anf.org.au](mailto:anfcanberra@anf.org.au)).

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**The National Aged Care Alliance (NACA), is a representative body of 24 peak national organisations including consumer groups, providers, unions, and health professionals. Further information about the Alliance can be found on the NACA website at: [www.naca.asn.au](http://www.naca.asn.au)**

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