



## Resource Utilisation & Classification Study (RUCS) – challenges and opportunities

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# RUCS & the AN-ACC Tool

“in twenty words or less”

# key design principles

- contains 'fixed payment' per diem component for the shared component of care delivery (said to be 51% of care delivery inputs)
- contains a variable payment component for the individualised care component for each resident (said to be 49% of care delivery inputs)
- a one-off payment adjustment is available for new residents – to recognise the additional resources required to help residents 'settle-in'

# new concepts within the AN-ACC system

- AN-ACC is an activities based approach to funding – similar to the national hospital funding model
- AN-ACC contains 13 classes, based on those attributes that drive care needs and costs (grouping those with materially like characteristics)
  - \* care costs are associated with function not diagnosis
- there are six different rates for the fixed component (base care tariff)

## new concepts within the AN-ACC system

- the assignment of a *National Weighted Activity Unit* (NWAU) to the three components of funding
- the setting of a national care price. This is the price of an NWAU of 1.00



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**what are we noting at this early stage?**

**opportunity and risk reside at this one address**

## some early comments

- ACFI generally viewed as not 'fit for purpose' - *we need funding stability*
- AN-ACC is a costing tool – **does not address pricing** (purview of govt)
- the three components of funding – fixed, variable and adjustment – all will have an 'NWAU' value – NWAU to be set



## some early comments

- AN-ACC does not address other cost inputs other than direct care inputs
- appears positive for a range of services – homeless, ATSI, govt. services, NFPs, very remote etc
- government study across 2019 into 2020 – ACSA to track progress
- RUCS study did not address respite funding, or some of the supplements

## a Rumsfeld moment

**“we know there are known unknowns, that is to say we know there are some things we do not know”**

Donald Rumsfeld

# 'known knowns' – 'known unknowns' & 'unknown unknowns' of AN-ACC

- 'Known knowns' – we know what we know
  - \* i.e. the three funding components – base / variable / adjustment
- 'Known unknowns' – we know what we don't know i.e.
  - \* exactly how a current resident profile will translate to AN-ACC
- 'Unknown unknowns'
  - \* the 'devil in the detail' of the seven reports – more work to be done

# funding components

Fixed component (base care tariff x bed days)

+

Variable component (sum of AN-ACC x bed days) for all residents

+

Adjustment payments xN (new residents)

x

Price (NWAU of 1.00)

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# opportunities

what do we see at this stage?

# opportunities

- decoupling assessment for care from assessment for funding  
‘returning nurses to nursing’
- a stated ability to focus on wellness under the new model - with funding retained (when function is improved)
- dismantling validation system – getting away from focus on process

# opportunities

- levelling of playing field for RRR providers –
  - \* AN-ACC looks to be agnostic to location (addresses floors in ACFI)
  - \* per diem component in theory compensates for remoteness
- potential to never have to review a resident under AN-ACC
- compensates providers for the additional support for new residents

# opportunities

- in the text of Report 5 are two comments:

*“the price should be informed by cost but also include a reasonable return on investment”*

*“cost should inform price”*

these are opportunities we should use to have conversations on



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# risks

what do we see at this stage?

# risks

- the capacity and capability of the external assessment workforce
  - \* study recommends assessors are RNs / Physios / OTs
- the setting of price (the NWAU)
- that government 'cherry picks' recommendations of the study

# risks

- swings and roundabouts – that come with any new funding tool
- treatment of current subsidies – further work required
- the criteria put in place to allow for a review of funding under AN-ACC

# risks

- the study recommends a 'gradual and progressive' implementation over two years with:
  - \* a 5% stop loss provision (relates to the whole service not individual residents)
  - \* talk of a transition payment if loss greater than 5% (but only after 25% of residents have transitioned to AN-ACC Funding!)

## risks

“any significant reduction in funding...will be experienced gradually giving the homes time to adjust”

“there will be an inevitable redistribution of money”

(Report 5)

we need to better understand the impacts of the AN-ACC approach on members – ongoing work is required

# risks

- study seems to have some counter intuitive results:
  - \*younger, more able appear to fair well under AN-ACC – to be further explored
- study recognises that ‘costs’ in some MMM groups need further analysis

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# Summary

“in ten words or less”

# risks

- we have put together a working group of members
- we will attend a submission
- we will look to work with a member/s who are involved in the upcoming government study