

Proposal for a new residential aged care funding model

Consultation paper

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About us

Baptist Care Australia is the national representative body for Baptist community service organisations. We work to bring equality and opportunity to Australian communities, advocating nationally on issues important to our members and the people they serve.

Baptist Care Australia members serve people in aged care, affected by family violence, experiencing homelessness, on low incomes, experiencing relationship breakdown, living with a disability, and affected by multigenerational disadvantage. Services include crisis accommodation, social housing, out of home care for children, counselling, no and low-interest low schemes, and other programs that help people rebuild their lives or live independently with the right support.

With a combined annual turnover of \$750 million, Baptist Care Australia members employ over 9,000 staff and engage with more than 2,500 volunteers annually.

Baptist Care Australia believes every older Australian should have the opportunity to live well, with dignity and independence as part of their community and in a place of their choosing. Aged care services should be easy to access and understand, offer real consumer choice and control, and be of a high quality. Appropriate and affordable aged care services should be available when and where people need them, regardless of their background, culture, location or entry point.

Submission

Baptist Care Australia welcomes the opportunity to provide input into this consultation on the proposed new residential aged care funding model. Getting residential aged care funding right is essential if we want to have a system that provides care for those who need it moving into the future. Demand for residential aged care services has increased substantially over the past decade, and the people accessing residential aged care services have increasingly complex care needs. To provide high-quality care it is essential that the funding system that supports the residential aged care system is secure, sustainable, and has the interests of the individual residential aged care consumer at its core.

The current model used to fund residential aged care the Aged Care Funding Instrument (ACFI) is not fit for purpose. It has not delivered funding certainty or stability, and Baptist Care Australia, like many organisations in the sector, supports the government's consideration of new funding methods. The aged care sector is showing the strain of trying to provide high-quality services whilst also receiving inadequate funding, and if the sector is going to continue into the future we need to have serious conversations about how residential aged care funding is allocated.

Positive elements of the proposed Australian National Aged Care Classification (AN-ACC) model

Baptist Care Australia supports in principle many of the elements of the AN-ACC funding model. There is a renewed focus on reablement, and the ability for individuals to retain a certain level of funding when their function may have improved is a significant benefit of the model. This means that services are not only able to continue to provide supports to maintain a higher level of individual functioning, but also invest in important reablement focused initiatives – something that has been eroded by the current funding allocation system.

Another positive element of the AN-ACC model is the recognition of the difficulties faced by rural, regional and remote aged care providers. This is a significant improvement from the ACFI, which frequently disadvantages regional, rural and remote providers when trying to make higher level funding claims. The recommendation that the base tariff payment for remote providers is based on approved bed numbers rather than occupancy is also an initiative is also a significant incentive.

In addition, it appears that there would be several services types that will benefit from the AN-ACC model, including Aboriginal and Torres Strait Islander services, homelessness services, and other and small specialist services. Recognising the different challenges and cost pressures these types of

services face is crucial, and Baptist Care Australia is encouraged that the study recognises the important role these services play within the community and the need for them to continue providing services into the future.

The recognition of the fixed costs of providing care is also a positive step in the right direction. Irrespective of occupancy rate or the specific care needs of an individual there are fixed costs involved in operating a residential aged care facility, and providing for these in a funding allocation system is appropriate.

Pricing and costs

In considering how the AN-ACC model would impact on the residential aged care sector, it is important to recognise that the proposed model is primarily a cost allocation instrument rather than a mechanism that addresses pricing. In addition, the model was designed to exist within the current funding envelope.

It is essential that government understand the difference between cost allocation (which is addressed by the proposed funding model) and pricing or funding. Determining appropriate levels of funding are the purview of government, not that of this model. Baptist Care Australia has serious concerns about implementing a model without also having a conversation about the adequacy of residential aged care funding. Any model implemented will not be effective if there is not enough money within the system to support it.

It is really difficult for the sector to support a model without knowing both the amount of funding that will be available and how price will be determined. With the current information provided in the study, it is impossible for residential aged care providers to determine how the model would affect their operations and therefore appropriately endorse the model.

Residential aged care funding model options

Baptist Care Australia also has some concerns in relation to the AN-ACC model and how it will be trialled. There are particular concerns about how the process of determining that the AN-ACC model was the most appropriate model to take forward and trial was decided.

In recent years there have been several funding options in discussion including most recently, a modified ACFI instrument developed by Richard Rosewarne from the University of Wollongong in 2017. This study identified five possible residential funding options which could have been modelled and trialled.

It now appears that any other alternative funding allocation models are off the table in terms of consideration. The lack of transparency around this process is cause of some concern amongst the

sector, and it would be useful to understand why the other models were not deemed viable at this point in time. If we want to have the best and most efficient aged care system, we need to have a rigorous process to decide how costs are determined and allocated.

Assessment workforce and the assessment process

The AN-ACC model is based on the central principle that there is an external workforce available that has the capacity to undertake the required assessments, with the study recommending that the assessor workforce come from specific professional groups, including registered nurses, occupational therapists or physiotherapists.

One major concern about this model is where this workforce is going to come from. The aged care sector is already struggling to attract capable and appropriately skilled professionals, particularly registered nurses and other allied health practitioners, and this external assessment workforce would place an additional strain on the system.

In order to attract and retain appropriately skilled and capable assessors, practitioners would need to be well trained and resourced, with a good understanding of the aged care system and the specific care needs of older people. The assessment workforce would also need to be appropriately resourced to service those living in regional and remote parts of Australia in a timely manner.

In addition to this, the adequacy of the time and resourcing allocated to the assessment process is a concern. The AN-ACC study indicates that care assessments could be conducted in approximately a one hour session. Baptist Care Australia would argue that a comprehensive assessment of an individual's care needs occurs over time, with some care needs only becoming apparent after ongoing interactions with a person. There is a risk that if the assessment workforce is understaffed and under-resourced, the assessment process will be rushed and as a result, there is a significant risk of under-assessment occurring.

An under-assessment would mean incorrect or inadequate funding being allocated to an individual's care needs. Apart from the fact that this would negatively affect the providers ability to provide the care required it would also place a further burden on the assessment service, as the instance of requests for re-assessment would be high. There is a concern here that the assessment workforce would not have the capacity to deal with both new assessments as well as the requests for re-assessment in a timely manner.

It is also worth mentioning that for many people accessing residential aged care, their care needs can change quickly. There is a high probability that a person assessed at a particular level one month will have more complex care needs in one or two months in the future. The model needs to allow for

providers to make an assessment of a person's care needs and request funding in a timely way in order to support that individual.

Innovation

Currently, there are many providers offering innovative service delivery options, including specialist dementia care, approaches that focus on reablement and wellness, and non-nurse centric models. A perceived risk of this model is that it was developed analysing the current standard activity patterns of residential aged care providers and that by adopting it would tie funding to more conventional service delivery approaches. If we are looking at what residential aged care will look like in the future, the funding model needs to have the flexibility to cater for different types of residential aged care, in different settings. Consumers have different and changing expectations about what residential aged care should look like (for example, smaller, house-style facilities) and the funding needs to be able to cater for this.

Any new residential funding model needs to not only allow for but encourage innovation within the sector.

Conclusion

In 2016, Baptist Care Australia along with several other not-for-profit aged care provider peak bodies (including ACSA, Anglicare Australia, Catholic Health, Lutheran Church of Australia, and Presbyterian National Aged Care Australia) formed a joint position statement on principles for aged care services funding. This statement outlines several key principles we believe should be at the core of any new funding model. These principles included being outcome-focused, equitable, enabling consumer choice and control, flexible and scalable, efficient, provide certainty and sustainability, foster a culture of transparency, be integrated, and provide value for money. You can view a copy of the statement [here](#). Baptist Care Australia strongly believes that any future funding model should be evaluated against these principles.

While there are many positive elements of the proposed AN-ACC funding model, it is difficult to endorse a model that does not address pricing and a model that has not been rigorously tested. Baptist Care Australia strongly believes that if the model is going to be further trialed and considered, the model needs to be considered in its entirety and carefully evaluated. There also must be needs an ongoing discussion with the sector about how the AN-ACC would work in practice and any findings from the trailing process must be published and made available for analysis and discussion.

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Baptist Care Australia appreciates the opportunity to provide comment to this consultation and looks forward to continuing to engage with government on this important issue.