



TASMANIA

PREMIER OF TASMANIA

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Mr David Tune AO PSM
Chair
Independent Health and Aged Care Pricing Authority
Email: secretariatihacpa@ihacpa.gov.au

Dear Mr Tune

Thank you for your letter dated 15 August 2022, inviting comments on the *Towards an Aged Care Pricing Framework Consultation Paper*. I apologise for the delay in responding.

Tasmania's feedback is provided in Attachment A.

Thank you for the opportunity to provide comments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Rockliff'.

Jeremy Rockliff MP
Premier
Minister for Health

Enc:
Attachment A - Towards an Aged Care Pricing Framework Consultation Paper

Towards an Aged Care Pricing Framework Consultation Paper



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- 1 **What, if any, may be the challenges in using the Australian National Aged Care Classification (AN-ACC) to support activity based funding (ABF) in residential aged care?**
- Tasmania has several small rural hospitals that provide both hospital care and aged care. The hospital funding under the National Health Reform Agreement uses a fixed and variable methodology which recognises the lack of economies of scale, Tasmania notes that the AN-ACC has a similar methodology which considers indigeneity, bed numbers, homelessness specialisation and location, based on the Modified Monash Model. Tasmania has yet to fully examine the impact of the model on its State run facilities, it is not clear how the AN-ACC, National Efficient Cost model and services funded through other mechanisms will interact where facilities provide a range of services across the community.
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- 2 **What, if any, concerns do you have about the ability of AN-ACC to support longterm improvement in the delivery of residential aged care in Australia that is efficient, sustainable and safe?**
- Older people invariably have complex care needs. While it is accepted that efficiency of service is an important factor, should the AN-ACC model not remunerate aged care facilities appropriately, any additional expense will be borne by the provider and reduce sustainability of aged care services. Scalability and the impact of shifting minimum care requirements in the AN-ACC will reduce certainty in the model and subsequent funding and make long term service planning more difficult for providers.
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- 3 **What, if any, additional factors should be considered in determining the AN-ACC national weighted activity unit (NWAU) weightings for residents?**
- The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.
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- 4 **What should be considered in developing future refinements to the AN-ACC assessment and funding model?**
- The scaling of the AN-ACC funding model, which has a minimum care minutes requirement, may not fit with the size of current facilities. Where there are large variations in the care requirements, for small sites this could create inefficiencies where staffing is increased to meet the minimum requirement, as the volume of residents cannot always be varied to match staffing. It is not clear how the impact of changing requirements in the AN-ACC will affect small facilities.
- The cost of capturing and reporting data should be considered in the AN-ACC model. The AN-ACC model has increased the level of data capture and reporting requirements of aged care providers, and this cost will invariably flow on to the cost of providing aged care.
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- 5 **What, if any, changes do you suggest to the proposed principles to guide the development and operation of the Pricing Framework for Australian Aged Care Services?**
- Tasmania suggests that careful consideration should be given to the wording of the principle of the “Efficiency” principle to include the context of the key principles of “Access to care”, “Quality of care” and “Fairness” given these were key recommendations of the Aged Care Royal Commission Final Report. Efficiency in this context needs to be balanced with the key principles and should not be agnostic of these concepts.
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- 6 **What, if any, additional principles should be included in the pricing principles for aged care services?**
- Tasmania suggests that the key principle of “Sustainability” with the guiding context of “ABF recognises that aged care provision is of key importance to our society and our society has an obligation to provide care to the elderly.”
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7	<p>What, if any, issues do you see in defining the overarching, process and system design principles?</p>
	<p>Consideration should be given to change in focus of the current aged care systems. Where aged care services are provided as part of a suite of services to communities, the existing structures and mechanisms used for reporting and management may not be adequate to respond swiftly to changes that are introduced from the implementation of the AN-ACC. Privately provided aged care services may be better positioned to respond to the new pricing framework, whereas services provided through public health networks will take time to ensure the appropriate changes are in place. The ability to transition to the new funding and reporting requirements will vary across settings and providers.</p>
8	<p>What, if any, concerns do you have about this definition of a residential care price?</p>
	<p>The price must include the full cost of care and consider that aged care is primarily the responsibility of the Commonwealth Government. An average price for aged care may not be an appropriate mechanism for aged care funding unless it adequately adjusts to meet all circumstances impacting the cost of care for aged care recipients.</p>
9	<p>What, if any, additional aspects should be covered by the residential aged care price?</p>
	<p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
10	<p>What, if any, concerns do you have about the proposed pricing approach and level of the residential aged care price?</p>
	<p>The price must include the full cost of care and take into account that aged care is primarily the responsibility of the Commonwealth Government. Because of this an average price for aged care services may not be an appropriate mechanism for aged care funding unless it adequately adjusts to meet all circumstances impacting the cost of care for aged care recipients.</p>
11	<p>How should 'cost-based' and 'best practice' pricing approaches be balanced in the short-term and longer-term development path of the Independent Health and Aged Care Pricing Authority's (IHACPA) residential aged care pricing advice?</p>
	<p>Value Based Care principles are considered and implemented. This would help to ensure that the maximum number of people can receive a standard of care that positively contributes to, rather than reduces, quality of life.</p>
12	<p>What should be considered in the development of an indexation methodology for the residential aged care price?</p>
	<p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
13	<p>What, if any, additional issues do you see in developing the recommended residential aged care price?</p>
	<p>A clear and consistent definition of AN-ACC in-scope expenditure must be identified and articulated. Where facilities do not have clear delineation of finance data between the services provided, identifying the true cost of aged care may be difficult. This is particularly problematic at small sites which provide multiple services to regional and remote communities.</p>

14	<p>What, if any, changes are required to the proposed approach to adjustments?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
15	<p>What, if any, additional adjustments may be needed to address higher costs of care related to resident characteristics?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
16	<p>What evidence can be provided to support any additional adjustments related to people receiving care?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
17	<p>What should be considered in reviewing the adjustments based on facility location and remoteness?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
18	<p>What evidence can be provided to support any additional adjustments for unavoidable facility factors?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
19	<p>How should any adjustments for quality and safety issues be considered in the long-term development path of AN-ACC and the associated adjustments?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
20	<p>Should hotel costs be incorporated into the AN-ACC funding model and what should be considered in doing this?</p> <p>Tasmania has aged care facilities situated in remote and very remote areas, the cost of hotel services is greatly increased by this remoteness. While it is understood that hotel services are paid by aged care recipients, based on Tasmania's current understanding, the methodology for calculating the daily accommodation payment does not adequately cover the cost of hotel services. The Tasmanian Department of Health supports the exploration of incorporating hotel costs into the AN-ACC funding model.</p>
21	<p>What should be considered in future refinements to the residential respite classification and funding model?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
22	<p>What are the costs associated with transitioning a new permanent resident into residential aged care?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>
23	<p>How might workforce challenges present in the implementation and refinement of AN-ACC for the aged care system?</p> <p>The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.</p>

24 **What areas should be included in the proposed five-year vision for IHACPA's aged care pricing advice?**

The Tasmanian Department of Health is yet to undertake research into this area and cannot provide comment at this time.

25 **What would be considered markers of success in IHACPA's aged care costing and pricing work?**

Costing and pricing framework should be considered successful if measured outcomes for older people accessing aged care services are positive. To determine outcomes an approach similar to International Consortium for Health Outcome Measures (ICHOM) for older persons may be appropriate. The existence of aged care outcome measurements in the aged care sector is currently unknown to the Tasmanian Department of Health and it is not clear of the difficulty involved with the implementation of such a measure if they are not in use, however this type of measurement should be considered. ICHOM measures and relevant measurement instruments can be found at:

<https://connect.ichom.org/patient-centered-outcome-measures/older-person/>
