

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?

ABF must represent the cost of providing care at a level required by the care recipient, to ensure all care recipients receive appropriate staffing and subsidy support for such things as medication, incontinence, activities of daily living, nursing support and emotional and recreational support

2. What, if any, concerns do you have about the ability of AN-ACC to support long term improvement in the delivery of residential aged care in Australia that is efficient, sustainable and safe?

Due to the lack of transparency on how the AN-ACC classification outcome is calculated, the providers that are risk averse and do not understand complexities of AN-ACC might be reluctant in applying for reassessment when resident's care needs deteriorate, hesitant that a reassessment could result in a downgrade. Over time this practice will lead to poor quality outcomes for the residents because the care needs overall for the facility will deteriorate and they'll need more staff, but the funding will stay low, the care minutes targets will stay low and the provider will keep rostering to meet the low care minute targets.

3. What, if any, additional factors should be considered in determining the AN-ACC national weighted activity unit (NWAU) weightings for residents?

Cost and activities of Lifestyle staff. They are key in ensuring resident's emotional and therefore physical wellbeing.

4. What should be considered in developing future refinements to the AN-ACC assessment and funding model?

A more objective method of assessing resident's cognition. Currently under AN-ACC the cognition is "conversation" based. The assessors only spend 2-3 minutes at max with a resident and often do not get the correct picture of their cognitive abilities. Having no objective assessment also creates assessor bias and subjectivity in the outcome of assessment.

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?

Pricing framework needs to establish a cost base of staffing including penalty rates, casual staffing, on costs such as superannuation, payroll tax, workers compensation for all care staff, Hotel Services, Maintenance and sufficient management expertise needed to report to the commonwealth on all aspects of RAC funding and compliance. Furthermore annual or bi annual indexation needs to reflect Aged Care Award increases as determined by Fair Work Australia, plus new costs such as PPE, Rat testing, clinical waste and the like.

6. What, if any, additional principles should be included in the pricing principles foaged care services?

Quality of care requires an equitable cost base and reimbursement provided by the consumer, and subsidies needed to operate effectively. The current ACFI funding increases from 1/7/2014 revealed ACFI subsidy increase of 14% against award rate increases of 26%. Clearly the pricing arrangements and current COPO indexation is insufficient and inequitable to providers who cannot increase pricing to consumer where subsidy fails to meet cost imposts

7. What, if any, issues do you see in defining the overarching, process and system design principles?

Both ANN-ACC and subsidy arrangements must be supported by easily demonstrable costing matrix so addition to outcomes required can be easily costed and funded as required.

8. What, if any, concerns do you have about this definition of a residential care price?

Pricing should reflect accommodation choices and care needs of the care recipient, with acknowledgement that service and accommodation improvement can only occur when provider receives higher remuneration for high quality accommodation. The multi matrix system of NDIS is indicative of suitable direction for RAC.

9. What, if any, additional aspects should be covered by the residential aged care price?

Location of the facilities. We are aware that currently funding is based on MMM classification but there are a number of facilities that are rural and regional that face lot of difficulty in hiring staff, the cost of travel to and to service these regions are high but they do not fall under the MMM classification 5 or more to get the higher funding. There should be more weightage given to MMM 3 and 4 facilities. Example Tinana in Qld.
Cost of lifestyle activities and staff

10. What, if any, concerns do you have about the proposed pricing approach and level of the residential aged care price?

Although the NWAU is high, the cost of care minute delivery has also gone up due to which there will be more providers who will be at financial risk than before.

11. 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?

12. What should be considered in the development of an indexation methodology for the residential aged care price?

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NDIS funding was increased by 9% 1/7/2022 where RAC funding indexed by 1.7% against 5% staffing increase. Both NDIS and RAC funding types use the same cohort of staff.

In addition, this should also consider -
Change in acuity of residents entering aged care.
Average length of stay of residents.
Change in aged care staff attrition rate
Change in award rates and salaries

13. What, if any, additional issues do you see in developing the recommended residential aged care price?

The process must be clearly visible and able to be audited by external sources. Algorithms such as AN –ACC must be made public .

14. What, if any, changes are required to the proposed approach to adjustments?

15. What, if any, additional adjustments may be needed to address higher costs of care related to resident characteristics?

There should be a consideration of higher funding for the new commissioning facilities till they are fully or nearly fully occupied. The providers have to over roster for a ramping up facility and the funding is usually low because the new residents that enter residential care start at lower care needs level. There is a provision for a 1 off adjustment payment but that does not cover the cost of extra staff.

16. What evidence can be provided to support any additional adjustments related to people receiving care?

Cost of services and difficulty in recruitment and retention of staff. Cost of multi level RAC facilities in Metro locations require higher daily fees to ensure ROI.

17. What should be considered in reviewing the adjustments based on facility location and remoteness?

Cost of services and difficulty in recruitment and retention of staff.

18. What evidence can be provided to support any additional adjustments for unavoidable facility factors?

A matrix of costs allowable for RAC could pick up additional or new requirements of providers. This is a failure of the current system.

19. How should any adjustments for quality and safety issues be considered in the long-term development path of AN-ACC and the associated adjustments?

Pricing framework needs to establish a cost base of staffing including penalty rates , casual staffing , on costs such as superannuation , payroll tax , workers compensation for all care staff , Hotel Services , Maintenance and sufficient management expertise needed to report to the commonwealth on all aspects of RAC funding and compliance. Furthermore annual or bi annual indexation needs to reflect Aged Care Award increases as determined by Fair Work Australia, plus new costs such as PPE , Rat testing , clinical waste, energy costs, technology support and the like.

20. Should hotel costs be incorporated into the AN-ACC funding model and what should be considered in doing this?

21. What should be considered in future refinements to the residential respite classification and funding model?

Cognition should be given a consideration in the respite classification

22. What are the costs associated with transitioning a new permanent resident into residential aged care?

Extensive family consultations

Hospital, GP and other health practitioner consultations

Admin costs related to paperwork and entering resident in the provider portal

Over rostering of new ramping up facility.

Renovating a bedroom on resident exiting facility based on wear and tear, Eg Carpets , Window Coverings. Damage to cupboards etc.

23. How might workforce challenges present in the implementation and refinement of AN-ACC for the aged care system?

The lack of qualified nurses and care workers in Australia for the industry to meet their care minute targets. Smaller facilities cannot meet support staff costs such as IT and technology , financial acumen and administration staff.

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

The industry must be sustainable and provide a return on investment commensurate with establishment cost of \$500,000 per bed , plus depreciation over 15 year period. RAC should mirror NDIS funding.

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

More providers being financially viable than pre 1st oct 2022

Less notices of non-compliance than pre 1st oct 2022