

# SUBMISSION TO THE INDEPENDENT HEALTH AND AGED CARE PRICING AUTHORITY'S CONSULTATION PAPER: TOWARDS AN AGED CARE PRICING FRAMEWORK

October 2022

## INTRODUCTION

Thank you for the opportunity to respond to the Independent Health and Aged Care Pricing Authority's (IHACPA) consultation paper *Towards an Aged Care Pricing Framework*.

Universities Australia acknowledges the new and expanded role for IHACPA and welcomes its work in developing an Activity Based Funding (ABF) approach to aged care. The delivery of effective, sustainable aged care services is a pressing issue for Australia. Work towards transparent and fair aged care funding that supports quality, accessible and efficient service delivery is a key part of this.

### About Universities Australia and our interest in health and aged care

Universities Australia is the peak body representing Australia's 39 comprehensive universities. We have a keen interest in aged care policy and in related areas of health and disability policy, particularly in relation to workforce. A sufficient, educated and well-trained workforce is a fundamental part of effective health, aged care and disability service delivery and universities play a significant role in its formation. Every member university delivers multiple health professional courses through which they educate and train virtually all new entry health professionals in Australia across the allied health, dentistry, medicine, nursing and pharmacy professions. Universities also play an important role in upskilling and reskilling already qualified health workers and in undertaking research relevant to health and aged care.

Universities Australia maintains ongoing dialogue with these three sectors and consults regularly with universities on relevant matters through our Health Professions Education Standing Group (HPESG). HPESG comprises senior university leaders across all health professional disciplines and jurisdictions and provides a unique forum in which multidisciplinary health and aged care education and workforce issues can be discussed. We engaged with the Royal Commission into Aged Care Quality and Safety through providing submissions and testimony. We are represented on the Aged Services Industry Reference Committee and we continue to engage with many other parts of the health, disability and aged care systems in relation to education and training and its essential link to workforce development. We also regularly engage with IHACPA, especially in relation to work around funding, pricing and costing for Teaching, Training and Research (TTR).

## RESPONSE TO CONSULTATION QUESTIONS

Our response to the consultation paper is primarily about teaching and training in aged care services and how this relates to aged care funding, workforce growth and sustainability – a major factor in quality aged

care service delivery. This touches on a number of the consultation questions<sup>1</sup>, not just those specific to workforce, and our response reflects this.

## **Principles for activity-based funding in aged care**

We understand IHACPA's pricing principles and are broadly supportive of the following sets of principles to support aged care pricing:

### ***Overarching principles:***

- Access to care
- Quality care
- Fairness
- Efficiency
- Maintaining agreed roles and responsibilities

### ***Process Principles:***

- Administrative Ease
- Stability
- Evidence based
- Transparency

### ***System Design Principles***

- Fostering Care Innovation
- Promoting Value
- Promoting harmonisation
- Minimising undesirable and inadvertent consequences
- ABF preeminence
- Recipient based

We broadly support development of an Australian National Aged Care Classification (AN-ACC) as the basis for the ABF development, relevant to number of residents and type of care, provided this is done in consultation with relevant stakeholders. Classifications comprise codes that provide clinically meaningful ways of relating the types of residents receiving care to the resources required to deliver that care and have successfully underpinned IHACPA's development of other ABF/funding systems.

The potential for alternative and/or additional funding approaches to aged care is also outlined in the paper and is supported. This is in keeping with the Royal Commission's recommendation that, where possible, ABF be developed for Aged Care funding based on a national efficient price (NEP) supplemented by block funding where ABF is not feasible. We acknowledge that this will initially be developed in relation to residential aged care until reforms to home care are concluded and that a new funding model for residential respite will be implemented alongside the AN-ACC funding model.

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<sup>1</sup> A full list of consultation questions is available at Appendix 1.

While we generally support these principles and approaches, it is Universities Australia's strong view and recommendation that:

- adequate funding for teaching, training (TT) and, potentially, research (R) must additionally be factored into aged care pricing and funding; and that
- there is transparency in use of TTR allocated funds for these purposes.

TTR must include, although may not be limited to, expanded health student placements and supervision. We see the lack of inclusion of TTR is as a major omission in the current framework for aged care funding.

### **The need to include TTR in aged care funding**

An adequate and suitably educated workforce is a core component of quality, effective, accessible aged care delivery, both residential and at home. This workforce is broad but includes many health professionals across different disciplines. There is already an identified aged care workforce shortage and the predicted future workforce need is great<sup>2</sup>.

The consultation paper recognises the workforce challenges in aged care and notes that workforce is a complex matter that is largely the responsibility of the Government and the Department. While this is true, workforce cannot be divorced from funding.

The Aged Care Royal Commission included a specific focus on aged care workforce and revealed multiple challenges exist in recruiting and retaining aged care workforce. Many factors contribute to these challenges and funding was stated to be one component.

It has been shown that the establishment of learner-development cultures within aged care services, which include, but are not limited to, student placement across various disciplines, have multiple positive impacts - for aged care clients, service providers and students. Some of the benefits include:

- Improved client outcomes (including, mobility, cognitive function, falls prevention and decreased social isolation).
- Staff upskilling including increased multi-professional and cross-disciplinary learning/practice.
- Increased likelihood that students will choose to work in aged care settings when they graduate.
- Increased attractiveness of the service to new staff (supports recruitment /retention).
- Enhanced perception of service by clients and others<sup>3</sup>.

Universities already work with aged care service providers to support the development of learning environments. Often, however, structural barriers exist within aged care services which impede the establishment of such cultures. One primary obstacle is funding. In environments where funding is tight and workforce is already stretched in providing client care, there is little spare capacity to supervise students or for staff themselves to engage in learning activities, despite a willingness to do so. Without opportunities to undertake clinical experience in aged care settings:

- clients and staff miss out on the many benefits that students bring to services when they are there; and
- health professional students are less confident about - and less likely to choose - working in aged care on graduation.

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<sup>2</sup> By 2024, the aged care sector is expected to grow by almost 20 per cent, equivalent to 57,000 people, to meet the needs of an ageing population. Source: NDIS National Workforce Plan: 2021–2025.

<sup>3</sup> TRACS to the Future National Evaluation of Teaching and Research Aged Care Service (TRACS) Models Supported Through The Aged Care Workforce Flexible Fund: Final Report Kate Barnett, Cecilia Moretti & Sara Howard March 2016: <https://agedcare.royalcommission.gov.au/system/files/2020-06/RCD.9999.0296.0001.pdf>

The consultation paper states that: ... *“IHACPA considers that there are a number of reasons why the recommended residential aged care price will need to account for additional factors beyond the average cost...”*. We see TTR as a critical additional factor. The lack of inclusion of TTR in aged care funding is detrimental to client and workforce gains. To support the quality aged care service delivery and access, Universities Australia strongly recommends that TTR be factored into aged care funding.

### **IHACPA’s history of work in funding TTR**

IHACPA already undertakes efficient cost determinations for TTR for public hospitals and health services. These cost determinations support funding of TTR within relevant services. Funding covers all elements of TTR, including funding to support entry-level health professional students undertake placements in public hospitals and health services.

### **ABF or block funding for TTR**

TTR in public hospitals and health services is currently block funded. Work on the development of ABF for TT<sup>4</sup> has been underway for a number of years and IHACPA continues to progress the Australian Teaching and Training Classification (ATTC) as the foundation of this work.

We understand, and have previously engaged with IHACPA on, the challenges in both TTR block funding (lack of transparency of use) and the TT ABF (omission of the embedded teaching component).

At this stage, we suggest that teaching and training for aged care is block funded – with work done on bringing greater transparency to its use for this purpose. Many staff in aged care facilities tend to be employed on a casual or part-time basis with contracts that do not allow student supervision and/or other education activities. By providing dedicated funding for this purpose, TTR block funding would enable aged care services to employ a range of staff across different disciplines specifically to supervise students – in allied health, medicine, nursing, oral health and pharmacy. It would also potentially enable upskilling of existing staff and support multi-professional and interdisciplinary learning. As outlined previously, evidence shows that aged care services that build learner-development cultures have enhanced outcomes for clients and service providers.

Many factors have contributed to the current aged care crisis. However, lack of attention to building quality teaching and training capacity in aged care has played a part. Without adequate supervision capacity in aged care services, there is not sufficient time to work with students to address the myths and misconceptions about the opportunities provided in aged care work and to teach students about frailty and end of life care. Aged care services need resourcing to help them work with universities to change these misconceptions amongst students and to teach important clinical and other skills in caring for the elderly.

We recognise that this is outside of IHACPA’s current focus on developing an ABF for aged care. However, it is vital that resourcing for teaching, training and supervision for students from multiple health disciplines is factored into aged care funding, ideally in ways that show transparency of use, just as they are recognised and included in funding for public hospitals and health services. We are concerned that without this, the ability to educate, train and grow the aged care workforce will be constrained.

We strongly recommend that work on block funding for aged care TTR happens in parallel to development of the ABF.

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<sup>4</sup> Initial work to assess the development of an ABF for TTR found that, at that stage, it was only feasible to consider further development of an ABF for the teaching and training (TT) component, given complexities of the research (R) part.

## OTHER COMMENTS

### Five-year timeframe and markers of success

IHACPA has highlighted that the process for developing and refining the aged care pricing framework will be involved and extended. We support the five-year vision for this process and reiterate the importance of this work including a funding component for teaching and training.

The consultation paper has also requested consideration of markers of success in IHACPA's aged care costing and pricing work. Some initial ideas for markers include:

- evidence that funding flows equitably to services according to client need and volume;
- greater funding transparency, including the ability to follow funding flows through publicly available data and reports; and
- a range of quality improvement makers including client care and workforce recruitment/retention improvements.

We look forward to further consultation and engagement with IHACPA on this important topic.

## Appendix 1: Consultation Questions

Number	Questions
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?
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?
3	What, if any, additional factors should be considered in determining the AN-ACC national weighted activity unit (NWAU) weightings for residents?
4	What should be considered in developing future refinements to the AN-ACC assessment and funding model?
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?
6	What, if any, additional principles should be included in the pricing principles for aged care services?
7	What, if any, issues do you see in defining the overarching, process and system design principles?
8	What, if any, concerns do you have about this definition of a residential care price?
9	What, if any, additional aspects should be covered by the residential aged care price?
10	What, if any, concerns do you have about the proposed pricing approach and level of the residential aged care price?
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?
13	What, if any, additional issues do you see in developing the recommended residential aged care price?
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?
16	What evidence can be provided to support any additional adjustments related to people receiving care?
17	What should be considered in reviewing the adjustments based on facility location and remoteness?

Number	Questions
18	What evidence can be provided to support any additional adjustments for unavoidable facility factors?
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?
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?
22	What are the costs associated with transitioning a new permanent resident into residential aged care?
23	How might workforce challenges present in the implementation and refinement of AN-ACC for the aged care system?
24	What areas should be included in the proposed five-year vision for IHACPA's aged care pricing advice?
25	What would be considered markers of success in IHACPA's aged care costing and pricing work?