

Towards an Aged Care Pricing Framework · Independent Health and Aged Care Pricing Authority (IHACPA)

Aged Care Workforce Industry Council (ACWIC) Submission

14 October 2022

Introduction

The Aged Care Workforce Industry Council (ACWIC) welcomes the release of the consultation paper *Towards an Aged Care Pricing Framework*.

ACWIC was established to provide a unified body to oversee, coordinate and sequence the implementation of the 14 Strategic Actions in Australia's Aged Care Workforce Strategy 'A Matter of Care'. Whilst delivering on 'A Matter of Care,' ACWIC adapts its work in light of the recommendations of the Royal Commission into Aged Care Quality and Safety.

ACWIC would like to make a brief submission on the question relating to workforce implications.

How might workforce challenges present in the implementation and refinement of AN-ACC for the aged care system? (p.47)

Workforce overview

- The aged care workforce is under significant strain, with up to 65,000 employees leaving the sector each year¹. This exit is taking place at the same time as massive reforms are underway across the sector in response to the Royal Commission into Aged Care Quality and Safety recommendations.
- Productivity Commission data suggests the size of the workforce needs to triple to approximately one million by 2050.²
- The impacts of COVID-19 are ongoing on the workforce, as older Australians receiving care continue to suffer from the virus.
- Over 30% of the aged care workforce come from migrant backgrounds.³ With immigration channels only recently reopened, this critical source of staff has been severely limited over the last two years.
- Aged care providers report difficulty in recruiting new employees to fill vacancies, while the country experiences a nation-wide labour shortage.
- Department of Health data suggests that there were 22,000 unfilled direct care role vacancies across aged care in 2021.⁴
- The Department of Health and Aged Care is investing in a number of initiatives to bolster the workforce, such as the Home Care Workforce Support Program. These programs are in their infancy and have not yet resulted in employees entering the workforce.

¹ *Duty of Care: Meeting the Aged Care Workforce Challenge* – CEDA August 2022- [CEDA - Duty of Care: Aged Care Sector in Crisis](#)

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³ Migrant workers in frontline care, University of NSW, [Migrant Workers in Frontline Care.pdf \(unsw.edu.au\)](#)

⁴ Department of Health, 2020 Aged Care Workforce Census Report, [2020 Aged Care Workforce Census Report \(health.gov.au\)](#)

- Therefore, the current lack of aged care workforce is likely to present a number of challenges in the implementation and refinement of AN-ACC.
- ACWIC encourages IHACPA to consider the workforce shortages, the strain current employees are under and the broader labour market pressures in its decision making, operation and modifications.

Context

- The new funding model for residential aged care, the Australian National Aged Care Classification (AN-ACC), has been the subject of much scrutiny as its activation in October 2022 draws closer.
- The new model includes improvements on the outgoing Aged Care Funding Instrument (ACFI), including a \$28.20 increase (per resident, per day) in the base rate of funding, and the mandating of new minimum care hours.
- The 13-class payment system, which determines supplements above the base-rate according to a comprehensive assessment of residents' physical and cognitive capacities, also provides additional funding for Indigenous elders and those living in rural care facilities.
- Three issues that have caused concerns in the sector namely, namely:
 - 1) Meeting the minimum standard staffing levels tied to the AN-ACC:
 - 2) That allied health services may not be adequately provided through a lack of mandating in the new system; and
 - 3) That the new model has not explicitly mentioned staff ratios, a longstanding demand of workers and their unions.⁵

Minimum Standards

- The new minimum standards are a crucial piece of regulation to ensure Australian aged care facilities provide sufficient staff to deliver quality care to residents.
- The Government has committed to introducing the requirement to have a registered nurse onsite 24 hours a day from 1 July 2023 and a sector wide average of 200 minutes of care time, including an average of 40 minutes of registered nurse time from 1 October 2023 – funding for this requirement will start from 1 October 2022. A sector wide average of 215 minutes of care, including an average of 44 minutes of registered nurse time will be required from 1 October 2024.⁶
- International evidence suggests that introducing mandatory minimum staffing standards tends to increase the amount of care provided by staff in residential aged care facilities (RACFs). However, the impact of staffing standards is influenced by the stringency of the minimum threshold relative to existing staffing levels, the capacity of organisations to increase their staffing levels, and the specific way the regulation is formulated.⁷
- This may require a substantial expansion of a workforce already under strain. Workforce shortages are already a problem due to the COVID-19 pandemic, with low immigration and additional work demands, such as infection control and handling family requests.
- A report published in August by the Committee for Economic Development of Australia suggests even without the minimum standards, Australia's aged care workforce needs to grow by an

⁵ <https://agedcarenews.com.au/2022/05/16/sophisticated-or-insufficient-stakeholders-argue-pros-and-cons-of-new-an-acc-funding-model/>

⁶ <https://www.health.gov.au/health-topics/aged-care/aged-care-reforms-and-reviews/residential-aged-care-funding-reform/the-an-acc-care-funding-model#what-is-the-anacc-care-funding-model>

⁷Sutton, S. Ma, N. et al: Considering the new minimum staffing standards for Australian residential aged care. *Australian Health Review*, 2022, 46, 391–397 CSIRO PUBLISHING-
<https://www.publish.csiro.au/ah/pdf/AH21160#:~:text=4%20The%20three%20requirements%20are,16%20RN%20hours%20per%20day.>

additional 17,000 workers per year between now and 2030. For example, the new requirements will likely cause a dramatic increase in demand for RNs.⁸

- A study published in the Australian Health Review found only 3.8% of RACFs have staffing levels at or above all three requirements. Although many (79.7%) already meet the requirement to have a registered nurse (RN) on-site for morning and afternoon shifts, few have staffing levels above requirements for total direct care per resident per day (10.4%) or care provided by an RN per resident per day (11.1%). Historical levels of on-site RNs, total direct care, and RN care vary significantly across facilities of different size, location and provider scale.⁹
- The study concludes the likely effects of implementing the national minimum staffing standards for residential aged care in Australia. It demonstrates that the new minimum thresholds are likely to require substantial increases in staffing across the sector, both in terms of all direct care workers and RNs. It also shows that the three requirements are likely to have a differential effect for RACFs of different size, location and chain affiliation, thereby guiding policy about the future needs for Australia's aged care workforce.¹⁰

Ratios

- An associated issue is staff to patient ratios which is a key issue for workers, particularly nurses, who are stretched thinly, working with ratios of 1:10 residents or more.
- The 200 minutes of care per day (including 40 minutes of Registered Nurse time) are an average target across the sector. Each facility will have a unique care time target, depending on the AN-ACC case mix classification of their residents, at a point in time.
- This means that as the AN-ACC case mix classification changes within a site, the subsidy paid by the minute will have different outcomes. Different facilities will have a different care minute target and a unique measure of subsidies paid for each minute of care provided instead of one ratio, across the board, the new model will see ratios determined based on the unique care needs of each home's resident cohort.
- This has led to uncertainty around staff ratios as the ratios are calculated differently for every AN-ACC class rather than around number of beds and required minutes
- With AN-ACC, more revenue may not be the best outcome for all facilities. This is because it may drive further reliance on heavy rosters, which means providers may have their star ratings significantly impacted if they cannot track their ongoing requirement through daily rostering periods.¹¹

Allied Health

- It is the responsibility of approved providers to determine how best to meet the care needs of their residents in accordance with their obligations under the *Aged Care Act 1997* and the Quality Standards.
- Consistent with this, care planning is not conducted as part of the independent AN-ACC assessment and will remain the responsibility of the provider.
- There are a range of services that providers are required to make available to all residents who need them (or to assist with access) that are detailed under Schedule 1 of the Quality of Care Principles 2014.¹²

⁸ *Duty of Care: Meeting the Aged Care Workforce Challenge* – CEDA August 2022-

<https://www.ceda.com.au/ResearchAndPolicies/Research/Health-Ageing/Duty-of-care-Meeting-the-aged-care-workforce-chall>

⁹ Op cit Sutton, S. Ma, N. et al:

¹⁰ Ibid

¹¹ <https://www.mirusaustralia.com/an-acc-care-minutes-target-explained/>

¹² <https://www.legislation.gov.au/Details/F2020C00096>

- This includes access to allied health services as part of an individual therapy program aimed at maintaining or restoring a resident’s ability to perform daily tasks.
- Existing ACFI funding, which includes allied health care, will be rolled into the AN-ACC funding allocation from 1 October 2022, with providers still funded for (and required to provide) these services.
- A StewartBrown survey (2021) found that providers currently spend approximately 4% of their care funding on allied health which equates to approximately \$700 million of the care funding the Government will provide in 2022–23.¹³
- AN-ACC does not link specific treatments to funding and as such allows residential aged care facilities and allied health professionals to provide the treatments that are deemed most beneficial to the resident consistent with their individualised care plan (for example, treating pain through a rehabilitation program which may include exercises).
- Submissions to the Senate Community Affairs Legislation Committee from allied health providers expressed concern that aged care facilities are curtailing the provision of allied health services in order to prioritise meeting the introduction of other minimum staffing requirements.¹⁴
- The Australian Physiotherapy Association (APA) submitted up to 50 per cent of physiotherapists will be let go and there will be 50 per cent less physiotherapy within the aged-care facilities. Prior to 1 October and the introduction of the AN-ACC, there were reports that contracts not renewed and staff let go.¹⁵
- Further it was stressed ‘that, once you lose these qualified staff who have the passion and dedication and the knowledge of the full scope of practice of physiotherapy, it's going to be very, very hard to recoup that in the short term. It's a shame that we are losing them from that system, because they provide a great team environment and a great service to our most vulnerable.’¹⁶
- This was supported by a submission from Allied Aged Care, stating that there is currently no certainty around funding for allied health services in aged care beyond 1 October, and echoed the concerns of ‘facing a generational loss of some experienced aged-care physios, and that is an absolute tragedy.’¹⁷
- In response to these fears, it has been argued that the new model encourages reablement because when a resident is assigned to a payment class, however high, their funding is never reduced, even when their health and abilities improve. ‘Under the current [ACFI] model, residents are continually reassessed, so you get paid more, for example, if somebody can’t walk. If, on reassessment, the resident can walk, then the home loses money.’¹⁸

¹³ 2022 01 StewartBrown Aged Care Financial Performance Survey Sector Report - September 2021- <https://www.stewartbrown.com.au/news-articles/26-aged-care/254-2022-01-stewartbrown-aged-care-financial-performance-survey-sector-report-september-2021>

¹⁴ Community Affairs Legislation Committee, Aged Care Amendment (Implementing Care Reform) Bill 2022 Report- [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024948/toc_pdf/AgedCareAmendment\(ImplementingCareReform\)Bill2022\[Provisions\].pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportsen/024948/toc_pdf/AgedCareAmendment(ImplementingCareReform)Bill2022[Provisions].pdf;fileType=application%2Fpdf)

¹⁵ Ibid

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Professor Kathy Eagar- <https://agedcarenews.com.au/2022/05/16/sophisticated-or-insufficient-stakeholders-argue-pros-and-cons-of-new-an-acc-funding-model/>