



LASA
LEADING AGE SERVICES
AUSTRALIA
The voice of aged care

MEMBER FEEDBACK 'ALTERNATIVE AGED CARE ASSESSMENT, CLASSIFICATION SYSTEM AND FUNDING MODELS'

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Leading Age Services Australia (LASA)

Leading Age Services Australia (LASA) is the national peak body representing and supporting providers of age services across residential care, home care and retirement living. Our vision is to enable a high performing, respected and sustainable age services industry delivering affordable, accessible, quality care and services for older Australians. We represent our Members by advocating their views on issues of importance and we support our Members by providing information, services, training and events that enhance performance and sustainability.

LASA's membership base is made up of organisations providing care, support and services to older Australians. Our Members include private, not-for-profit, faith-based and government operated organisations providing age services across residential aged care, home care and retirement living. Our diverse membership base provides LASA with the ability to speak with credibility and authority on issues of importance to older Australians and the age services industry.

Member feedback to the University of Wollongong's report 'Alternative Aged Care Assessment, Classification System and Funding Models'

Following on from the release of the *Alternative Aged Care Assessment, Classification System and Funding Models* report, LASA consulted with a selection of relevant Members to gain their initial response to the report's findings and funding options.

This document summarises LASA Members' initial views regarding the proposed funding models for residential aged care.

Introductory statement

Providers of residential aged care look for a funding model that (1) is simple (2) rewards quality (3) has low transaction and compliance costs and (4) is equitable across providers. A reformed funding model on its own will not ensure a sustainable aged care industry without review and reform of the revenue streams other than payments received from government.

Residential aged care providers' initial views

Any reform of the funding model for residential aged care should meet the requirements listed below:

Future discussions of funding reform ought to include economic modelling.

This modelling should enable providers to assess and compare the financial impact of different funding models to current ACFI funding and the financial outcome of one model relative to another. Any change to the model of funding must not jeopardise providers' financial viability.

LASA Members reject the external assessment of residents' care requirements.

Providers consider that external assessments could have a propensity to be untimely and inaccurate and thus possibly pose significant clinical and financial risks:

- Assessments conducted during assessor visits may be clinically inaccurate because of the limited time spent observing the resident.
- Clinically inaccurate assessments commit providers to delivering care that may not be appropriate, with payments that do not support residents' actual care requirements.
- There is the potential for increased red tape in the event of disputes regarding an inaccurate assessment.
- Delays in assessments will result in delayed payments to providers.
- Providers cannot be assured of external assessors' relevant competence or the ability for such a service to be delivered reliably by an external party.

Supplements should be part of the revised/reformed funding model.

- **Supplements should not be subsumed into core funding**, including for commonly occurring care requirements. Even though many residents require management of pain and/or management of behaviour, providers want to continue receiving supplements for this care. Providers believe that supplements make these care requirements visible and thus providers accountable for the delivery of this care.
- **A supplement for the first 4-6 weeks after a resident moved into a facility** is strongly supported by providers as it would fund the assessment, assistance and functional restoration (or end-of-life care) new residents require. The supplement should lift funding to that received for respite care (but should include accommodation costs).
- **Supplements for episodic re-ablement** should be available for those residents who benefit. To maintain a resident's regained capacity ongoing support should be funded under a Wellness approach.

Any proposed funding models should be presented in conjunction with their associated compliance regimes.

Providers want to gain a full understanding of the potential changes to funding and compliance.

LASA Members' view on the five funding models proposed

LASA Members discussed the five funding models proposed by the University of Wollongong's Australian Health Services Research Institute, taking three models into closer consideration.

Option 1 Modified Aged Care Funding Instrument (ACFI)

Many LASA Members tend to favour Option 1 because they are familiar with ACFI which reduces the transaction costs associated with the funding reform. Another reason why members prefer a modified ACFI is that this option should not require the purchase of a new software for its administration.

Members are anxious about the effect a rationalized ACFI may have on the financial viability of their operations. LASA Members want to be provided with economic modelling that allows them to compare the funding expected under the modified ACFI with funding received under the current ACFI.

A disadvantage in Members' view is that the ACFI does not align well with the aged care reform agenda as they consider the ACFI not to accommodate a re-ablement or a CDC approach.

LASA Members would like to see ACFI items to be evidence based where evidence is available. For example, approaches to pain management should include the range of effective treatments supported by research evidence

Option 2 A simplified model with four funding levels

A model with just two funding levels rather than the four levels proposed and with supplements for end-of-life care and dementia is preferred by some Members for its administrative ease.

A funding model with four levels for residential care dovetailing with the four levels of Home Care Packages may ease the administration of funding for providers who deliver services across the community and residential sectors. However, views are divided on whether the four-level structure would translate into this advantage.

Option 5 A blended payment system

Members' views on Option 5 are polarised with some Members considering this model to pose a risk to their financial viability and others considering it potentially workable. However, the devil is in the detail. In one view, a cost component of 70% should be fixed and 30% of the cost should be variable. Option 5 should include a funding top-up for the first 4-6 weeks after a resident moved into a facility and the assessment of residents should be kept in house.

Concluding remarks

True reform requires finding innovative solutions, a process best supported by learning from each other's views. Industry is looking for a reform process in aged care that includes (1) quality information that enables industry to make decisions with confidence (2) ample opportunity for consultation (3) meaningful collaboration with industry and (4) giving industry time to consider the reforms proposed.

LASA Members support the aims of the Government's reform agenda and look forward to further exploration of pathways that will ensure accessible, affordable, quality care is provided for older Australians by high performing, respected, and sustainable providers of age services.