IHACPA – Pricing Framework Consultation

1. 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?

With AN-ACC relating specifically to direct care there is an absence of consideration to the **additional compliance related costs** centred around the post Royal Commission reform agenda.

Many of the recommendations from the Royal Commission imposes significant reporting obligations that carry a heavy financial burden, these reforms include but are not limited to:

- Serious incident reporting schemes
- New financial reporting requirements,
- Additional quality indicator reporting
- Proposed monthly care statements
- Formation of new advisory committee
- Code of Conduct requirements
- Proposed Personal Care Worker registration schemes
- Star Rating System
- New key personnel requirements (this item also provides a dual context when including NDIS requirements).

In order to ensure the sustainability of AN-ACC the funding model needs to take a broader lens and include the compliance, regulatory and reporting requirements that are associated with the complex care needs of the people in care.

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

AN-ACC does not yet provide a **supplement** for organisations operating in rural areas identified within Modified Monash Model 4 (MMM4). This is despite more limited access to quality Health infrastructure

1. The cost of care in these thin market areas is high, and choice for consumers is limited.
    a. **66% of rural & remote care homes make a loss** as at March 2022, up from 52% in March 2021
    b. 72% of Inner Regional care providers are operating at a loss up from 56% in March 2021.[1]
        1. National average 64%
2. This trend continues when viewing the care homes EBITDA losses:
    a. 41% of rural and remote care homes up from 23% in March 2021
    b. 50% of inner regional homes running at EBITDA losses up from 30% in March 2021
        1. National average stands at 38%

Currently this does not consider:

[1] StewartBrown (March 2022) STEWARTBROWN AGED CARE SURVEY RESULTS https://www.stewartbrown.com.au/images/documents/StewartBrown_Aged_Care_Survey_-_March_2022_Results_Summary_Presentation.pdf

- Higher costs associated for services in these areas, including the lack of support and health infrastructure found in metropolitan areas
- The lack of diversity in the workforce
- Access to support services.

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

Our calculations have identified an approx. 5% cost increases across the board for the 2021-2022 Financial year. Wages of course is the highest portion of our costs and while it is promising that IHACPA has stated that it '*may consider the fair work commissions wage increase*' we contend that this needs to be considered an essential component of the new authority.

Further workforce pressures also need to be considered when reviewing the funding required for AN-ACC. Specifically, overtime costs, onboarding costs, and the increase in agency costs are a result of pressures that are outside of the control of large and small providers, however the small increases currently provided to the sector barely reach inflation targets let alone consider these additional costs burden for direct care staff.

Adjustments to the recommended price

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

As detailed in question one this is an immediate issue that should be addressed as AN-ACC presents a financial gap by not including the compliance, reporting and regulatory burden that providers must undertake in order to delivery aged care services.

Other comments

Palliative care

The current gap in AN-ACC for 'class 11,12,13' is an issue for **ensuring support for the consumer** and sustainability of the residential care funding reform. Specifically, this example relates to when a resident enters residential care and becomes palliative during their stay, the current process to apply for reclassification allows for the instance that this person will pass away before a reclassification is made by the external assessor. In this scenario funding is **not back dated**.

This is a problem that does to look at the consumers best interests in ensuring that they are classed appropriately meaning they do not receiving funding and care that reflect their palliative state – in a formal sense.

As a provider we suggest that a possible solution would be implementing a process that is similar to palliative care entry process where an independent doctor/nurse provides sign off and this enables a reassessment to occur at anytime as long as it meets the clinical guidelines within the form.

COVID-19

COVID-19 related costs associated with delivering hotel services, particularly for COVID-prevention related costs i.e. additional cleaning and infection control practices. These additional ongoing COVID-19 related costs must be captured and reflected in price recommendations.

HammondCare would welcome further opportunities to discuss or supply further information on the above in order to provide IHACPA support on this important funding reform.