UnitingCare Australia

PRICING FRAMEWORK FOR AUSTRALIAN RESIDENTIAL AGED CARE SERVICES 2024-25

SUBMISSION TO IHACPA CONSULTATION PAPER

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About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provisions.

We are the largest network of social service providers in Australia, supporting 1.4 million people very year across urban, rural, and remote communities.

We focus on articulating and meeting the needs of people at all stages of life and those that are most vulnerable.

UnitingCare Australia welcomes the opportunity to provide a submission to the Independent Hospital and Aged Care Pricing Authority's (IHACPA) consultation on the Pricing Framework for Australian Residential Aged Care Services 2024-25. This submission has been prepared in consultation with the UnitingCare network.

Principles

UnitingCare Australia notes the residential aged care pricing principles and is generally supportive of them. However, it must be acknowledged that these principles cannot be met without IHACPA considering the full suite of funding available to residential aged care providers, not just AN-ACC. UnitingCare Australia notes that IHACPA has ruled many of these funding sources out-of-scope for its advice. However, UnitingCare Australia strongly believes IHACPA should play a more holistic role in residential aged care funding by looking at funding for everyday living and accommodation, as well as care costs. A more holistic role for IHACPA would be in line with the recommendations of the Royal Commission.

Classes

There is a disconnect regarding classification of residents within the same or similar classes in relation to the severity of the conditions that are considered in the class groups. As an example, a resident with a severe impairment, supervised in mobility and with intrusive or physical behaviours could be determined to be of the same class (and grouping) as a resident who requires assistance to mobilise with cognitive impairment and a higher frailty score. The first resident may require 1:1 specialling with increased ongoing care burden and the second have a burden of care which staff can manage well within the planned and expected staffing levels. This element can significantly impact resource utilisation and the cost differential can lead to an increasing funding deficit for the provider.

AN-ACC does not adequately fund dementia care. It does not adequately account for dementia patients that are mobile and the costs associated with managing challenging behaviours.

Inadequate funding of care needs may have the unintended consequence of unintentionally creating a disincentive to care for these cohorts.

Class 1 Entry for Palliative Care should be considered as a class following a resident admission, rather than a process to be commenced as a part of pre-admission. Once a resident has been admitted it is an easier and often more appropriate time for a facility to engage with the resident, family and broader care team (e.g GP) to complete this process successfully.

Arrangements for residents who deteriorate while in care and need to transition to palliation need to be further considered. There are instances where residents deteriorate and pass away on lower AN-ACC classifications as reassessment was not able to be completed before the resident passes away. The costs incurred to provide the necessary palliative care during this time can be significant. More timely reassessment or arrangements for backdating of funding needs to be considered.

Stage of care

The effort associated with care and lifestyle planning, handover, clinical assessment and AN-ACC review upon entry into care is high. These costs are becoming higher relative to bed days as the age and acuity of residents, and turnover, increases. Aside from getting a detailed understanding from the resident and their representatives as to their care needs, the required and important investment in their wellbeing, ensuring their whole of life needs are understood and planned for and met, that they are supported spiritually and emotionally as they adjust to their new surroundings and find a new routine, and to reassure concerned families and friends, takes significant effort to manage well. The current one-off entry adjustment component is not sufficient to cover these costs.

Respite

Respite is becoming an increasingly unviable model of care within residential aged care. Residential respite pricing needs to take into account the proportionately higher effort associated with care and lifestyle planning, clinical assessment, handover and transition into care on entry and the process to support discharge, given shorter stays associated with respite. Respite funding is only based on mobility when there may be other issues that impact on the care needs of that resident, such as behavioural or cognitive issues. The care and support required for a respite resident is often the same or higher than a permanent resident. Regardless of the length of

stay, funding levels should be reflective of the costs of care based on the needs and characteristics of the person receiving the care. Permanent residents receive a one-off admission adjustment – this should be extended to respite residents.

Indexation

IHACPA should consider a methodology for recouping any shortfall in funding from prior years in subsequent years. For example, the under-funding from the indexation decision for 2023-2024 needs to be reflected in the indexation for 2024-2025 in addition to expected CPI, wage increments and other cost increases expected in the 2024-2025 year.

The Australian Government could consider asking IHACPA to apply indexation twice a year. This would ensure the indexation factor can take into account changes in cost drivers closer to their impact, such as the annual wage review. Alternatively, ad hoc outside of cycle advice could be provided to government when significant decisions are made, such as the annual wage review.

Base Care Tariff

The additional costs and complexity of delivering services in regional locations that are not in MMM 5-7 needs to be considered. Services that are relatively close to major urban centres or are delivered in larger rural towns may experience unique challenges. Facilities categorised as MMM 2-4 incur additional costs associated with service provision, including goods, services and transportation costs. There are also risks around labour supply - increasing costs associated with the use of agency staff, including travel and staff accommodation. We note the recent presentation by the University of Technology Sydney at the IHACPA conference that showed it was these inner regional services that were experiencing losses in care funding, contributing to the acute financial challenges facing these services.

Further consideration should be given to additional loadings for services operating in regional areas classified as MMM2-4.

NATSIFAC

The National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) model remains vital to aged care services providing care to Aboriginal and Torres Strait Islander people in remote and very remote Australia.

AN-ACC would require significant adjustments in order to be appropriate to services operating through NATSIFAC as block funding currently provides security and flexibility. Block funding is vital when the number of residents is small and can fluctuate significantly.

It is recommended IHACPA undertake a review of the real costs NATSIFAC services face in remote Australia.

Other comments

The administrative costs being faced by residential aged care providers have been rising exponentially. We note the University of Technology Sydney's analysis showing that administrative costs has grown by 32.5% over the last five years and seriously outstripped the growth in subsidy funding. Administrative costs need to be more accurately reflected in AN-ACC and in other subsidies from the Australian Government.

The industry is eagerly awaiting the publication of more details about the Residential Aged Care Costing Study (RACCS). The sampling used in this study is extremely important. IHACPA needs to ensure adequate sampling of high needs residents with higher cost profiles, such as residents with dementia, complex mental health issues, substance abuse issues, and those that display aggressive behaviours. It should also appropriately sample facility level variation, such as the differences in costs faced across all MMMs, particularly in MMM2-4 in light of the major financial losses services in these locations are facing. The costing studies should be aiming to cost the provision of high quality, person-centred care.

Residential aged care is about much more than the provision of episodic care. It is about supporting the ongoing quality of life of older Australians. Currently AN-ACC funding does not incentivise or encourage the provision of high quality, excellent

care. There is no margin to enable innovation and investment. We must get residential aged care pricing right, as quickly as possible, to ensure that residential aged care can best support resident wellbeing and quality of life.