



Aged Care Funding Instrument (ACFI)

- Success Criteria -

For Better or Worse – ACSA has developed a set of success criteria, and associated questions, that must be addressed through the ACFI trial.

April 2005

ACFI SUCCESS CRITERIA

Executive Summary

Aged and Community Services Australia, along with other industry stakeholders, has been a critic of the current Residential Classification Scale (RCS) funding system for residential aged care and has long advocated for its reform, or replacement by a better system. The Australian Government has responded to such industry calls for reform by commissioning a series of reviews of the RCS culminating in the Hogan review and the Government response to it in May 2004. A new funding system, based on the Aged Care Funding Instrument (ACFI) is now planned. This new system is to be trialed in 2005.

Changing a funding system as large as that used for residential aged care is a large complex task with significant implications for aged care providers, consumers and other stakeholders. We know from experience, including experience with the RCS, that such systems may well work differently in practice from the way they were envisaged. There are many interacting variables in a funding system and it is difficult, for anybody, to fully anticipate how these will operate in practice. Apart from the instrument itself, the ACFI, the 'business rules' under which the system will operate are equally important in terms of how the whole system comes together.

In this context it is appropriate that a significant trial of the proposed new system is being undertaken. This paper summarises the positive outcomes which the new funding system should be able to demonstrate through the trial or, conversely, the areas of risk which need to be monitored.

These outcomes are set out below as a set of Success Criteria.

Success Criteria

- 1. Resource Allocation.** The funding system matches resources to residents' needs accurately and effectively.
- 2. System Efficiency.** The ACFI system reduces the paperwork burden, particularly for care staff.
- 3. Stability.** ACFI provides a more stable funding basis without the continual changes to funding which characterise the RCS.
- 4. Incentive Structure.** The ACFI provides incentives which rewards appropriate provider behaviour and positive outcomes for residents.
- 5. Assessments.** The ACFI has an appropriate assessment process in place and eliminates resident reassessment issues.
- 6. Implementation Impact.** Changes in funding for specific facilities are minimised and managed. Implementation is adequately resourced.

These six criteria do not fully exhaust the relevant questions to be answered by the trial. Indeed each can be broken down into a number of more specific questions. The thrust of them all though is to ask: "Is the new system better than the old? Is it sufficiently better to justify the cost

and effort of changing everything?" These are the critical questions to be answered by the trial of the new system. All of the stakeholders in residential aged care - providers, staff and residents - will have a keen interest in the answers to these questions from the trial.

To pose the questions is not to suggest that the ACFI system will necessarily either 'pass' or 'fail' but rather to highlight that there are important issues at stake.

One issue that is not on the table in the ACFI trial process is the supremely important one of whether the quantum of resources in the system is sufficient to support all of the demands placed on it. An area of particular concern to ACSA's members is the adequacy of resourcing provided for the increasing numbers of people with high and complex care needs both in residential and community care. A new funding system may be able to re-cut the existing cake to more closely match resources to clients' needs but there also needs to be an increase in the total pool not least to cater for this high needs group. The new system is to include 'supplements' to cater for people with complex nursing or cognitive needs but no new funding is proposed to meet these. Without such additional resources any re-targeting of the existing pool, even if it is more accurate targeting, could in fact represent rationing of aged care services.

ACFI SUCCESS CRITERIA

Background

Aged and Community Services Australia, along with other industry stakeholders, has been a critic of the current Resident Classification Scale (RCS) payments system and has advocated for its reform, or replacement by a better system. The Australian Government has responded to such industry calls for reform by commissioning a series of reviews of the RCS culminating in the Hogan review and the Government response to it in May 2004. A new funding system, based on the Aged Care Funding Instrument (ACFI) is now planned. This new system is to be trialed in 2005.

The current funding system

The Australian Government funds over 150,000 residential care places by categorising residents and establishing relative funding levels using the RCS. These RCS appraisals, undertaken by service providers, are then subject to audit by the Government through a targeted program plus the RCS documentation is used by the Aged Care Standards Agency in determining whether adequate assessments and care plans are in place. Therefore the RCS, and its supporting documentation, plays a pivotal role within residential services in providing financial security and underpins their relationships with other key bodies.

The RCS has attracted criticism on the following grounds:

- it requires too much documentation by facilities to substantiate their funding claims;
- there is a significant downgrade rate which adversely affects financial planning; and
- the tool does not provide appropriate incentives to assist those in greatest need, such as people with dementia.

The ACFI Trial

A proposed new funding model addresses some of the concerns raised. The ACFI will reduce the 8 existing categories to 3, and new supplements will be introduced, redirecting existing funds, for residents with dementia exhibiting challenging behaviours and complex nursing including palliative care.

The main objectives of the trial are:

- to test options for the introduction of a new funding mechanism for residential care by conducting a national trial of the ACFI, using it to classify residents for residential care; and
- to collect relevant data and conduct detailed comparative analysis of specified funding models for residential aged care based on a comprehensive analysis of relevant data, including those collected during the national trial.

Changing a funding system that allocates approximately \$4 billion within residential aged care is a large complex task with significant implications for aged care providers. We know from experience, including experience with the RCS, that such systems may well work differently in practice from the way they were envisaged.

There are many interacting variables in a funding system and the RCS contains links to other sections of the Aged Care Act, so it is difficult, for anybody, to fully anticipate how these will operate in practice.

Naturally during such a period of change there is much healthy discussion in the field about the new tool, its business rules and the possible implications for both providers and residents. The experience of those in the trial will inform the debates on such issues as the value of external assessment versus the current validation system. The industry will then be well placed to put forward more detailed policy positions.

One issue that is not on the table in the ACFI trial process is the supremely important one of whether the quantum of resources in the system is sufficient to support all of the demands placed on it. An area of particular concern to ACSA's members is the adequacy of resourcing provided for the increasing numbers of people with high and complex care needs both in residential and community care. A new funding system may be able to re-cut the existing cake to more closely match resources to clients' needs but there also needs to be an increase in the total pool not least to cater for this high need group. The new system is to include 'supplements' to cater for people with complex nursing and cognitive needs but no new funding is proposed to meet these. Without such additional resources any re-targeting of the existing pool, even if it is more accurate targeting, could in fact represent rationing of aged care services.

The outcomes required from a new funding system are outlined below as a set of Success Criteria. There are also a series of associated questions which must be addressed and adequately answered at either policy or practical implementation levels as a result of the Trial. The thrust of them all is to ask: "Is the new system better than the old? Is it sufficiently better to justify the cost and effort of changing everything?" All of the stakeholders in residential aged care – providers, staff and residents – will have a keen interest in these answers to these questions.

This paper aims to identify the positive outcomes which the new funding system should be able to demonstrate through the trial as well as the areas of risk which need to be monitored particularly through the implementation phase. ACSA will actively monitor the progress of the trial against these criteria, and will advise Government whether, in our view, the new system is better or worse than the old and has our support.

Success Criteria

- 1. Resource Allocation.** The funding system matches resources to residents' needs accurately and effectively.

Criteria:

- 1.1 The new system matches resources to client/resident needs more closely than the RCS.
- 1.2 All residents including high care, low care and special needs groups are funded to levels commensurate with their care needs under the ACFI.
- 1.3 The ACFI supports appropriate levels of rehabilitation.

Associated Questions:

- How will persons assessed by an ACAT as eligible for residential care, who are not eligible for a subsidy under the ACFI, receive the care they need and how will this be funded?
- Are there implications for community care, transitional care and other services?

- How will the supplements be determined?
- At what level under the ACFI are bonds are to be taken?

2. System Efficiency. The ACFI system reduces the paperwork burden, particularly for care staff.

- 2.1 Paperwork required will be significantly less than with the current system.
- 2.2 ACFI processes can easily be integrated with other systems at the facility.
- 2.3 ACFI processes can be readily computerised/automated.
- 2.4 Flow on changes to other documentation such as Resident Agreements and care plans are addressed in the new system.
- 2.5 The documentation needs of other associated bodies, such as the Aged Care Standards Agency, are met within the new ACFI processes.

Associated Questions:

- How will the efficiency in documentation requirements under the RCS and under ACFI be measured and compared?

3. Stability. ACFI provides a more stable funding basis without the continual changes to funding which characterise the RCS.

3.1. Funding is more stable and predictable under the ACFI for:

- 3.1.1 current, existing residents
- 3.1.2 newly admitted residents

Associated Questions:

- How is the risk of incorrect external assessments managed and whose responsibility is it?

4. Incentive Structure. The ACFI provides incentives which reward appropriate provider behaviour and positive outcomes for residents.

- 4.1 Positive outcomes for residents are encouraged by the ACFI.
- 4.2 The ACFI system improves the continuity of care for residents.
- 4.3 The ACFI system encourages enhanced independence.

Associated Questions:

- Are there any impacts on short term stays such as for respite?

5. Assessments. The ACFI has an appropriate assessment process in place and eliminates resident reassessment issues.

- 5.1 Bottlenecks in the assessment system are reduced/eliminated.
- 5.2 Where external assessment occurs it is undertaken in a timely manner.
- 5.3 There is a clear, simple and fair process for providers to challenge an external assessment.

Associated Questions

- Who assumes the financial risk of any delays?
- What is the impact of delays on residents or prospective residents?
- How will the appropriateness of external/internal assessment be determined in the trial?
- How will ACFI assessments relate to the developing new community care assessment approaches?
- Is reassessment automatic after 2 years or what other criteria could apply?

6. Implementation Impact. Changes in funding for specific facilities are minimised and managed. Implementation is adequately resourced.

- 6.1 The ACFI has the least possible negative impact on the current level of funding to individual residential care services.
- 6.2 Staff are trained in the ACFI before the instrument is implemented.
- 6.3 Appropriate infrastructure and technology is in place before implementation.

Associated Questions

- How will any reduced funding to specific services be managed?
- What are the training and re-training requirements for staff?
- How will organisations be resourced for training, infrastructure and technology changes?
- How do the ongoing requirements for training, infrastructure and technology compare between the RCS and the ACFI?
- How will the instruments success be measured prior to any implementation decisions?
- Will any existing residents, once reclassified under the ACFI, be ineligible for funding or have a significant change to their funding level? If so, how will this be managed to ensure that residents are not disadvantaged?
- During implementation all residents will need to be reassessed under the new instrument as their RCS becomes due. How will this additional workload for external assessors be managed?