



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

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THE AGED CARE FUNDING INSTRUMENT –TERMS OF REFERENCE RELEASED

Minister for Ageing, Justine Elliot, today released the terms of reference for the Government's review of the Aged Care Funding Instrument (ACFI).

Minister Elliot said: "The Aged Care Funding Instrument was the biggest change in the method of funding aged care in more than a decade. It introduced a more sustainable funding instrument for residential aged care providers, increasing funding for those residents with the greatest care needs".

The ACFI was introduced on 20 March 2008 to replace the Resident Classification Scale as the means of allocating Australian Government care subsidies to residential aged care facilities.

ACFI was designed to have funding more accurately matched to the care needs of residents and to allow aged care workers to spend less time filling out paperwork and more time providing care.

Independent analysis by Access Economics in September last year indicated that the ACFI, when fully implemented, would lead to an increase in funding for the sector of approximately 2.9 per cent in real terms.

When ACFI was introduced the Government committed to a review once aged care providers had experience with its operation to make sure that it is delivering as it was designed to do.

This year, around 210,000 people will receive subsidised permanent residential aged care, with an average of around 160,000 people receiving care in one of Australia's 2,800 aged care homes each night.

Minister Elliot said: "The Australian Government spends almost \$10 billion a year to support the care for older Australians and more than \$5 billion of this is allocated through the ACFI.

"The introduction of the ACFI was a substantial change to the way care subsidies are allocated and we want to hear from aged care providers about their experience with this funding tool and any concerns that they may have with its operation," Minister Elliot said.

Drawing on existing information, data, and on public submissions, the review will examine the extent to which the new Aged Care Funding Instrument has achieved its objectives of:

- Better matching funding to the complex care needs of residents;
- Reducing the documentation created by aged care providers;
- Reducing the level of disagreement between providers and the findings of departmental validators.

The review will also examine:

- The funding levels of approved providers in particular of low care providers and providers in rural and remote areas;
- Access to appropriate care, especially for residents with special needs;
- If there are any gaps or anomalies in the ACFI in relation to care needs;
- If the ACFI appropriately recognises the roles of care providers in relation to the delivery of care needs; and
- The appropriateness of Schedule 1 of the Quality of Care Principles 1997 in determining the services to be provided to residents of aged care facilities with differing levels of care needs.

The review is expected to be completed by mid 2010. A discussion paper to inform submissions will be released in conjunction with a call for public submissions later this year.

The terms of reference have been developed in close consultation with the ACFI Industry Reference Group and are available at www.health.gov.au/acfi

Media contact only Kathryn Conroy – 02 6277 7280



Australian Government
Department of Health and Ageing

Review of the Aged Care Funding Instrument
Terms of Reference

Background

In 2009-10, around 210,000 people will receive subsidised permanent residential aged care, with an average of around 160,000 people receiving care in one of Australia's 2,800 aged care homes each night. The Australian Government will provide almost \$7.1 billion in 2009-10, and more than \$30.9 billion over the next four years, to support the provision of these residential aged care services.

Australian Government funding for the provision of residential aged care is provided through the *Aged Care Act 1997*, with Approved Providers being paid a number of subsidies and supplements in respect of each eligible resident. The majority of Australian Government funding is provided through the 'basic subsidy' and the level of the basic subsidy payable in respect of a resident is determined by the resident's classification against the Aged Care Funding Instrument (ACFI). This classification also determines whether the resident is classified as requiring high or low level care.

The Department of Health and Ageing classifies each resident into one of 65 ACFI classifications, based on the level of approval for care granted to the resident by an Aged Care Assessment Team (ACAT) and on the Approved Provider's appraisal of the care needs of the resident against the ACFI. Provider's appraisals of the care needs of a resident are subject to validation by the Department on a risk managed basis.

The ACFI was developed to replace the Resident Classification Scale, which had been in place since 1997, and was introduced on 20 March 2008. The ACFI was intended to more closely match funding to the care needs of residents; reduce documentation; and reduce the level of disagreement between providers' appraisals of the care needs of their residents and the findings of Departmental validators.

The Government announced that a review of the new funding instrument would be undertaken after its implementation to assess its implications for aged care residents and providers and to assess the extent to which its objectives were being achieved.

Scope of the Review

Drawing on existing information and data, and on public submissions, the Department of Health and Ageing will examine the extent to which the new Aged Care Funding Instrument has achieved its objectives of:

- better matching funding to the complex care needs of residents;
- reducing the documentation created by aged care providers to justify funding; and
- reducing the level of disagreement between providers' appraisals of the care needs of their residents and the findings of Departmental validators.

The department will also examine the impact of the introduction of the ACFI on:

- the funding levels of Approved Providers, and in particular of low care providers and providers in rural and remote areas; and
- access to appropriate care, especially for residents with special needs, including whether the design of the ACFI fails to appropriately recognise the relative costs of meeting the care needs of certain classes of residents.

The department will also examine the design of the ACFI to determine whether:

- there are any gaps or anomalies in the ACFI in relation to care needs; and
- the ACFI properly recognises the roles of care providers in relation to the delivery of care needs, including the role and scope of practice of enrolled nurses and allied health professionals.

The department will also examine:

- the appropriateness of Schedule 1 of the *Quality of Care Principles 1997* ('specified care and services') in determining the services to be provided to residents of aged care facilities with differing levels of care needs; and
- options to improve agreement between the level of approval granted to a resident by an Aged Care Assessment Team and the Approved Provider's appraisal of the care needs of the resident.