



**Australian Government**  

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**Department of Health and Ageing**

Dear Service Provider

Since the introduction of the Aged Care Funding Instrument (ACFI) on 20 March 2008, a number of queries have been submitted by facilities to their peak bodies and the Department about the Classification Review Program. Therefore I am writing to you to clarify the operation of the Classification Review Program post 20 March this year.

**What is different?**

- The number of reviews of RCS appraisals will gradually decrease once the ACFI validation program commences and the number of ACFI appraisals submitted increases.
- The program is expected to cease on December 31 this year and the Government will review the findings.
- The Government announced in its May 2008 Budget that the number of RCS reviews conducted between July and December 2008 will be increased by 50 per cent for six months. This equates to 5000 additional reviews.
- The additional reviews will target aged care homes where there are unusual increases in resident classifications and those residents who are attracting subsidy at a saved or grandparented rate to ensure that incorrect funding is not grandparented, and will only impact on grandparented rates where an incorrect subsidy has been claimed.
- To meet the Budget requirements and review those residents whose subsidy is being paid at a saved rate – the review officers will be conducting an RCS validation on residents whose RCS classification has expired, who have had an ACFI appraisal submitted and are receiving a saved rate or grandparented subsidy.
- The RCS reviews will be conducted on the RCS appraisal in place immediately prior to an ACFI appraisal being submitted.
- For some RCS reviews conducted as part of the Budget measure, the review officers will be validating RCS applications for classifications which were dated more than 12 months ago.
- This means that the review officers will be examining documentation that is over 12 months old, eg if an RCS annual reappraisal was submitted on 1 July 2007, an ACFI was submitted in July 2008 (and a saved rate subsidy is being paid based on the RCS application submitted in July 2007), the July 2007 RCS appraisal may be reviewed because it could affect the current rate of subsidy if subsidy is being paid at a saved rate.

## What is the same?

- The Classification Appraisal clarifications as described in Chapter 5 of the Documentation and Accountability Manual (April 2005) regarding reviews of resident appraisals.
- The review program uses a risk assessment approach, with targeted and random elements to determine the priority of visits to aged care homes and the particular resident classifications to be reviewed.
- Review officers will examine the documentation (assessments, care plans, progress notes etc) that the facility used to determine the RCS application for classification. Documentation developed after the date the RCS application for classification was signed cannot be considered.
- S88-1(1) of the *Aged Care Act 1997*, (the Act) requires that records relating to claims for payment of subsidy etc be retained for 3 years from 30 June of the year in which the record was made, eg a record made on 27 January 2008 must be kept until 1 July 2011.
- There is no legislative impediment, in either the Act or the Determination, that prevents a departmental officer reviewing a resident classification that is 'expired'
- When a review is undertaken, only a small proportion of resident classifications in a home are reviewed. The proportion of classifications reviewed is not more than 25% of residents or 25 resident classifications, whichever is the lesser.
- The Department does not routinely review deceased residents' appraisals. It sometimes occurs that a resident will depart care in the period between the review and the request for reconsideration, and the Department will proceed with the reconsideration.
- The additional reviews will follow the same standards and guidelines as for other reviews conducted by the Department.
- Any adjustment to subsidy will not be back dated more than 6 months from the date of the review decision letter.
- If a facility chooses to contest any changes to a resident's classification, the same avenues of appeal exist, both to the Department and to the Administrative Appeals Tribunal.

Please Note: It is a requirement of the legislation that a resident's care plan be regularly reviewed and updated ie it is a living document which must be immediately available for reference by medical and nursing staff and care givers. Therefore, the care plan would need to be accessible for the specified three years post 30 June from the time of initial creation, so that the clinical history of the resident is readily available to clinical decision makers.

If you wish to seek further information regarding the Classification Review Program, please contact the Aged care Information Line on 1800 500 853, fax your query to (02) 6289 1598 or email to: [scale.accountability@health.gov.au](mailto:scale.accountability@health.gov.au).

## **When will ACFI reviews commence?**

- The methodology behind the approach to the reviews of ACFI appraisals was tabled at the 16 September 2008 Aged Care Funding Instrument Reference Group meeting and reviews of ACFI appraisals will soon commence.

Yours sincerely

*Authorised for electronic transmission*

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