New aged care funding model offers reform for Australians

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The profile of Australian aged care residents has changed markedly in recent years, and the developers of a new system for classifying residents, published today by the *Medical Journal of Australia*, say their

model is better than the current Australian aged care funding system.

"Since the introduction in 2008 of the current aged care funding model, the Aged Care Funding Instrument (ACFI), the profile of people entering residential care has changed substantially, partly because of the success of programs that enable people to stay at home longer," wrote Professor Kathy Eagar, Director of the Australian Health Services Research Institute at the University of Wollongong, and colleagues.

Residents are now typically older and frailer on entry (about half are over 84 years old), and their annual mortality rate is around 32%. Consequently, about half of those who enter residential care will live there for two years or less. The 2017 review of the ACFI found that it does not sufficiently discriminate between the care needs of residents, that it is administratively inefficient, and that it provides perverse incentives; for example, if a resident's functioning improves, ACFI funding can be reduced. It concluded that the ACFI is "no longer fit for purpose."

Eagar and colleagues conducted a study of resident characteristics in 30 non-government residential aged care facilities (RACFs) in Melbourne, the Hunter region of New South Wales, and northern Queensland, between March and June 2018.

They used that data to develop the Australian National Aged Care Classification (AN-ACC), a casemix classification of 13 classes for residential aged care based on the attributes of aged care residents that best predict their need for care: frailty, mobility, motor function, cognition, behavior, and technical nursing needs.

"The AN-ACC is based on these key cost drivers, reflecting the functional consequences of health conditions rather than the conditions themselves," Eagar and colleagues wrote.

"It captures not what a resident does, but rather their physical capacity (including pain), cognitive capacity (including ability to communicate, sequence, interact socially, and solve problems, and memory), mental health problems (including depression and anxiety), and behavior (including cooperation, physical agitation, wandering, passive resistance, verbal aggression)."

Implementing the AN-ACC is now being considered by the Australian government in the context of the major structural and funding aged care reforms expected after the Royal Commission into Aged Care Quality and Safety publishes its final report in March 2021.

"We recommended the AN-ACC not only for residential aged care but also that it be extended into aged care at home. The AN-ACC is not an end in itself, but an essential element in the broader reform of the national aged care funding system. This includes protocols for re-assessment that allow a resident to be assigned to a different class as their needs change," they concluded.

"The AN-ACC enables the community, care providers, and governments to make meaningful judgements about the quality and outcomes of residential aged care and to fairly compare the quality of care provided at different facilities."

More information: Kathy Eagar et al. The Australian National Aged Care Classification (AN - ACC): a new casemix classification for residential aged care, *Medical Journal of Australia* (2020). DOI: 10.5694/mja2.50703

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