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Government
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Hon Chris Picton MP
Minister for Health
and Wellbeing

MHW-A23-4496

Mr David Tune AO PSM
Chair
Independent Health and Aged Care Pricing Authority
Email: secretariatihacpa@ihacpa.gov.au

Dear Mr Tune

Thank you for your letter dated, 17 July 2023, regarding the consultation on the Pricing Framework for Australian Residential Aged Care Services 2024-25.

Please find attached, SA Health's response to the questions raised in the consultation paper.

If you have any questions, please contact Sarah Carthew on [REDACTED] or email [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Picton'.

Chris Picton MP
Minister for Health and Wellbeing

30/8 / 2023

Encl: Attachment – SA Health's response to the Consultation Paper for Residential Aged Care 2024-25

Minister for Health and Wellbeing

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SA Health Response

Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2024-25

On 17 July 2023 the Independent Health and Aged Care Pricing Authority (IHACPA) released its Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2024-25 for public comment. SA Health welcomes the opportunity to provide feedback and is supportive of the continual collaborative improvements to the framework.

The response has been developed following consultation within the Department of Health and Wellbeing and across Local Health Networks (LHNs). Responses to the questions included in the consultation paper are below.

Please contact Sarah Carthew, Associate Director, Funding and Analysis (Health.ABF@sa.gov.au) for further clarification on the response.

Section 2 Principles for activity based funding in aged care

Question 1 (page 10 of the 2024-25 Pricing Framework)

What, if any, changes do you suggest IHACPA consider for the residential aged care pricing principles.?

SA Health believes that there should be a principle around sustainability to ensure that the focus is on the long term. With the expected growth in demand for residential and other aged care services, it is essential that the Pricing Framework does not have any introduced pricing bias that threatens the viability of services - be they provided in rural/metro settings or by public/private/NGO providers.

Section 3 The Australian National Aged Care Classification funding model

Question 2 (page 14 of the 2024-25 Pricing Framework)

Do the current AN-ACC class group residents in a manner that is relevant to both care and resource utilisation? (that is, require the same degree of resources to support their care delivery). What evidence is there to support your answer?

There are limitations with the current classification groupings as they do not allow for the significant difference in client behaviours. There is no current costing data available to demonstrate this specifically.

Question 3 (page 14 of the 2024-25 Pricing Framework)

What, if any, factors should IHACPA consider in future reviews of the AN-ACC classes?

Consideration should be given to include complex behaviour impacts or a resident's level of challenging behaviours. A further break down into sub classifications is required.



Question 4 (page 16 of the 2024-25 Pricing Framework)

Are there any other legitimate or unavoidable costs associated with a permanent resident's stage of care? For example entry into or departure from a service?

The current classification system is a blunt instrument with broad disaggregation. Complex clients with significant behaviour issues require considerable support. Entry and Departure from the Residential Aged Care Service does require additional resources and costs. The costs for workup are the same no matter how long a resident remains. This needs to be recognised.

Importantly in our rural settings getting the right type of care for the client is becoming increasingly challenging due to the lack of workers available to work in rural communities.

Also, the Pricing Framework and classification system does not allow, for example, a multi-disciplinary teams approach to be able to service the needs of the resident. The Framework mentions care minutes with an RN but is silent on any allied health care services that may also be required.

Question 5 (page 17 of the 2024-25 Pricing Framework)

Are there any other legitimate or unavoidable costs associated with a respite resident's stage of care? What evidence is there to support your answer?

As mentioned above Entry and Departure from the Residential Aged Care Service does require additional resources and costs. With respite services this happens more often. Consideration could be given to increase the weighting of the respite loading.

Section 4 Developing aged care pricing advice

Question 6 (page 20 of the 2024-25 Pricing Framework)

What, if any, considerations should IHACPA seek to review in its indexation methodology for its residential aged care pricing advice?

Annual indexation is a simple tool to use in times of relatively stable economic growth. Given the recent high levels of inflation and base costs (for example increasing costs of energy), IHACPA could consider quarterly indexation increments to try to keep the price contemporary.

Section 5 Adjustments to the recommended price

Question 7 (page 23 of the 2024-25 Pricing Framework)

What, if any, additional cost variations are associated with the provision of care to residents who require specialist services? What evidence is there to support this.

The Pricing Framework and classification system does not allow, for example, a multi-disciplinary teams approach to be able to service the needs of the resident. The Framework mentions care minutes with an RN but is silent on any allied health care services that may also be required.

Costs in a rural and remote setting are increasing at significant rate, partly related to staff attraction and retention. Shortage of accommodation for workers is contributing to the increasing cost of housing workers in rural and remote communities. The use of contractors and casual workforces not only increases costs but also can increase the risk in providing poor services. Contracted staff generally do not have the loyalty and adherence to mission of the permanent workforce and the culture of customer service and motivation built up over time.

Question 8 (page 23 of the 2024-25 Pricing Framework)

What, if any, care -related costs are impacted by service location that are not currently assessed in the BCT weighting?

There is currently only one measure for complexity which is not fit for purpose. More levels of complexity are required to clearly see the impact of significant complex behaviour problems and the costs to support these needs.

Question 9 (page 23 of the 2024-25 Pricing Framework)

What, if any, evidence or considerations will support IHACPA's longer term development path for safety and quality of AN-ACC and its associated adjustments

Longer term plans to improve safety and quality are supported but generally these come with additional costs that need to be recognised.

Section 6 Priorities for future developments

Question 10 (page 26 of the 2024-25 Pricing Framework)

How could, or should the AN-ACC model be modified to be used for 'Multipurpose Services (MPS) and are there any factors that are not accounted for under the AN-ACC model?.

AN-ACC would need to be modified to provide funding stability and assurance (eg funding the number of approved places rather than occupants) as there are many fixed costs in the rural and remote MPS that are not always occupied. Very small numbers at each site mean limited opportunity for economies of scale. Funding of significant complex client behaviours and needs will require consideration for funding to MPS sites. Acknowledgement that costs in MPS sites are growing more rapidly than in a single purpose site due to the needs of the clients.

Question 11 (page 27 of the 2024-25 Pricing Framework)

How could, or should the AN-ACC model be modified to be used for NATSIFACP and are there any factors that are not accounted for under the AN-ACC model?.

No comment as SA Health does not run and NATSIFACP sites.

For more information

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