



ABN 48 609 882 288

The Senate  
Community Affairs Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
24 November 2020

Dear Sir/Madam

### **Inquiry into the Aged Care Amendment (Aged Care Recipient Classification) Bill 2020**

Thank you for the opportunity to provide feedback on the Aged Care Amendment (Aged Care Recipient Classification) Bill 2020 (the Bill).

Aged & Community Services Australia (ACSA) is the leading national peak body supporting not for profit church, charitable and for-purpose providers of retirement living, community, in-home and residential care for more than 450,000 older Australians.

The intention of the Bill is to amend the Aged Care Act 1997 (the Act) to introduce an additional, discretionary procedure for classification of recipients of residential aged care (residents) and some kinds of flexible care. The amendments will allow for the introduction of a new classification system focussed on independently determining the care needs of older Australians accessing residential aged care and some kinds of flexible care.

The Bill allows the Secretary of the Department of Health or delegate to assess care recipients using an alternative procedure for classification to that prescribed by the existing Part 2.4 of the Act. It effectively seeks to:

- Make it possible for an independent assessment workforce to assess residents, initially in a shadow assessment process but also once implementation is occurring;
- Allow the use of alternate assessment tools (including the Australian National Aged Care Classification (AN-ACC<sup>1</sup>) tool) including assigning new classification levels; and

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<sup>1</sup> The AN-ACC funding instrument was developed by the University of Wollongong as part of the funded resource utilisation and classification study that occurred between 2017 and 2019 and which included a trial of the assessment tool.



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- Allow the above to occur whilst the current ACFI processes and funding continue in place.

Currently approved providers assess residents needs using the Aged Care Funding Instrument (ACFI). It is widely acknowledged that this instrument is no longer fit-for-purpose and does not adequately address palliative or dementia care.<sup>2</sup> Assessments for funding classification are undertaken by approved providers and take senior clinicians away from direct care delivery.

We understand a contract independent workforce is to be engaged to undertake the shadow assessment of all residents in residential aged care facilities across Australia (with the exception of residents identified as being at end of life), commencing in the first half of 2021, using the AN-ACC funding tool.

Assessors are to be either Registered Nurses, Physiotherapists or Occupational Therapists with a minimum of five years' experience in aged care. These professional categories are consistent with the recommendations of the resource utilisation study. We support assessors being limited to these disciplines, for the shadow assessment period, as they are health professionals with requisite training in functional assessment skills.

Separating assessments for funding away from assessments for care will support providers to concentrate on the care and supports that an individual resident requires free of any consideration of funding and this, we believe, will be a positive improvement.

In the longer term when a new funding system is being implemented we need to ensure that any independent assessment workforce must have the *capacity* (assessor numbers appropriate to the task at hand) and *capability* (the requisite skillset) to undertake the assessments.

The shadow assessment process is an important step in ensuring that independent assessment works in a timely way and is able to adequately determine the level of resources needed to support an individual resident. At the end of this process we need to understand:

- Whether the alternate resident classification delivers the required support for an individual resident;

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<sup>2</sup> House of Representatives Proof Bills, Aged Care Amendment (Aged Care Recipient Classification) Bill 2020 Second Reading Speech, Wednesday 21 October 2020



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- The financial impacts at both the aggregate and provider level of a change from the current funding instrument (ACFI) to an alternate funding instrument (in this case AN-ACC) including how it will:
  - Cater for costs associated with geography;
  - Address key issues such as fixed and variable costs (including administration costs);
  - Support provision of palliative care and dementia care;
  - Support special needs groups; and
  - Support wellness and reablement.
- Whether the proposed five per cent stop loss is adequate in all circumstances given currently sixty-two per cent of providers are experiencing an operational loss, rising to seventy-eight per cent for outer regional, rural and remote providers. ACSA is concerned that most providers could not sustain an additional five percent loss unless the underlying funding issues, now clearly articulated by Counsel Assisting the Royal Commission and a range of other independent sources, have already been addressed prior to implementation.
- The potential values assigned to the national weighted activity unit ([nwau](#)) of AN-ACC.

Information gleaned and results from the shadow process must be shared openly to allow understanding and analysis of the findings. We note that the second reading of the Bill states that classification data obtained from the assessments will ensure that providers (among others) will have all the information they need to ‘fully understand the new funding model.’<sup>3</sup>

ACSA fully supports exploration of alternate funding instruments, including having an independent assessment for the funding for individual residents, which this Bill will enable to occur. It is critical that this is done in line with the funding and financing reform required more broadly in aged care. The inadequacy of the current funding arrangements and the direct link between quality and funding has now been well established by the Royal Commission. Counsel Assisting the Royal Commission into Aged Care Quality and Safety highlighted in their Final Submission that aged care providers are under significant financial pressure.<sup>4</sup> In Research Paper No. 1 to the

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<sup>3</sup> House of Representatives Proof Bills, Aged Care Amendment (Aged Care Recipient Classification) Bill 2020 Second Reading Speech, Wednesday 21 October 2020

<sup>4</sup> Counsel Assisting’s Final Submissions, Royal Commission into Aged Care Quality and Safety, Final Hearing Day Two, 23 October 2020



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Royal Commission the University of Wollongong highlighted the need for additional funding for residential care.<sup>5</sup>

Such reforms must be guided by the recommendations contained within the Final Report of the Royal Commission into Aged Care Quality and Safety due in early 2021.

If you require further information, please contact Derek Dittrich

Yours sincerely

**Patricia Sparrow**

CEO

Aged & Community Services Australia

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<sup>5</sup> How residential aged care staffing levels compare with international and national benchmarks, Research Paper No.1, Royal Commission into Aged Care Quality and Safety, 2019