

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Supplementary Budget Estimates 2012-2013, 17 & 19 October 2012

Question: E12-004

OUTCOME 4: Aged Care and Population Ageing

Topic: AGED CARE FUNDING

Type of Question: Written Question on Notice

Number of pages: 1

Senator: Senator Smith

Question:

Can the department provide a copy of the full minutes of all meetings of the Aged Care Funding Instrument (ACFI) Monitoring Group?

Answer:

The Aged Care Funding Instrument (ACFI) Monitoring Group minutes for 10 August 2012 and 26 September 2012 are attached. The minutes for the 23 October 2012 meeting have not yet been finalised.

In addition, following each meeting, a meeting outcomes document is posted on the Department of Health and Ageing website at www.health.gov.au/ACFI



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012**

Members

Mr Iain Scott (Acting Chair)	Department of Health and Ageing
Prof John Kelly	Aged and Community Services Australia
Mr Ross Johnston	Aged Care Guild
Mr Glenn Rees	Alzheimer's Australia
Prof Tracey McDonald	Australian College of Nursing
Mr Richard Gates	Australia and New Zealand Banking Group
Dr Jeffrey Rowland	Australia and New Zealand Society for Geriatric Medicine
Ms Lee Thomas	Australian Nursing Federation
Mr Nick Mersiades	Catholic Health Australia
Mr Ian Yates	COTA Australia
Mr Gerard Mansour	Leading Age Services Australia
Mr Chris Grover	Uniting Care Australia

Departmental Attendees

Ms Carolyn Smith	Department of Health and Ageing
Mr Keith Tracey-Patte	Department of Health and Ageing

Secretariat

Mr Robert Hurman	Department of Health and Ageing
Ms Kathryn Foley	Department of Health and Ageing

Apologies

Ms Rosemary Huxtable	Department of Health and Ageing
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Agenda Item 1 Welcome

The Chair welcomed all members and thanked them for their willingness to meet at short notice. He noted that the regular Chair, Ms Huxtable, was overseas and unavailable for this meeting. Given the priority of this group, Mr Scott agreed to chair the first meeting on her behalf. Mr Scott noted he would attend future meetings in his role as the First Assistant Secretary of the Office of Aged Care Quality and Compliance.

Mr Mansour requested it be noted that while this group may form a collective view, that view did not necessarily reflect the views of each member or the organisation the member represents.

Agenda Item 2 Conflict of Interest

The Chair opened discussion of this item by noting the role of this group was to work with the government to monitor the impact of the ACFI changes. He emphasised the importance of this Group in providing clear factual information to the sector about the changes to the ACFI and as a mechanism for the sector to provide constructive advice about the practical implementation of the changes which were implemented on 1 July 2012.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012**

Members discussed attendance by proxies at meetings and agreed it would only occur following consultation with the Chair. Members also agreed to brief their proxy representatives to ensure they are fully informed of the activities of the group. Departmental representatives present indicated they would be available to assist with briefing proxy members if required.

Some members expressed concern that their ability to share information gained through agenda papers and meeting discussions could be limited by the clauses in the Deed of Confidentiality and Conflict of Interest. The chair noted the Secretariat had prepared a revised Deed which simplified the definition of confidential material. A revised copy of the deed was provided to each member and executed at the meeting. It was noted that only items specifically marked as confidential could not be discussed outside the Group.

There was discussion about whether financial incentives associated with financial performance of providers constituted a conflict of interest. It was agreed that given the Monitoring Group were not making decisions about funding, this did not constitute a conflict. No Conflicts of interest were declared.

Action items

A1. Members to execute revised deeds of conflict of interest and confidentiality.
Action outcome: Completed at meeting.

A2. Secretariat will ensure the agenda and agenda papers are clearly marked to indicate whether any items are confidential. Minutes of each meeting will also reflect whether any discussions should be considered confidential.

Action outcome: Secretariat to complete.

Agenda Item 3 Terms of Reference

Members were keen to know the forward meeting schedule for the Group, with some members noting their membership of other departmental committees. The Secretariat committed to preparing a forward meeting schedule for review by members as soon as possible

The Chair sought comments from the members regarding the Terms of Reference. Members discussed the draft terms of reference in detail and noted the need to clearly define the role and scope of the Group. Members proposed a number of suggested changes to clarify that impacts being monitored were in relation to financial impacts. This included moving some of the material from the terms of reference section to background. The Secretariat agreed to circulate a revised Terms of Reference document to members' out-of-session.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012**

Action items

A3. The Secretariat will provide a forward meeting schedule as soon as possible.

Action outcome: Proposed forward meetings dates were provided to members by the Secretariat on Wednesday 15 August 2012.

A4. Revised Terms of Reference will be distributed to members for comment and endorsement.

Action outcome: The Secretariat will distribute revised terms of reference to members for comments and endorsement as soon as possible.

Agenda Item 4 Communications

The Chair opened discussion of this item. He suggested this group was an ideal forum to improve communication to the sector by providing clear factual information about the current and future changes to the ACFI. He restated the Government's intention of improving communication with the sector about the ACFI changes by ensuring information provided to this group could be shared and discussed with their members and organisations.

Members discussed the different information needs of their members and stakeholders. There was a divergence of views due to each stakeholder groups needs e.g. information needs of consumers versus providers versus professional groups. Members agreed each representative had a responsibility to ensure the information provided to their members was targeted at the information needs of those members.

The Chair proposed the Group issue a communique following each meeting which outlined the issues discussed. Members agreed the communique should be a standing agenda item for each meeting. Members also agreed the Communique should be publicly released within three working days of the meeting if possible.

Action item

A5. The Secretariat will circulate a draft communique to members for comment and endorsement.

Action outcome: The Secretariat will circulate a draft communique to members as soon as possible.

The meeting adjourned for morning tea.



Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012

Agenda Item 5 **Monitoring Framework**

The Chair reconvened the meeting and asked Mr Tracey-Patte to outline the proposed monitoring framework.

Mr Tracey-Patte noted the proposed framework has the following goals:

- To monitor growth in expenditure, noting the Government's intention to bring growth back to the target rate of 2.7 per cent;
- To monitor the impact of the ADL and CHC changes made on 1 July 2012;
- To monitor the impact of the overall price reduction from 1 July 2012; and
- To explore the impact of these changes on particular parts of the sector, including special needs groups.

Mr Tracey-Patte emphasised that, due to the time lag in the submission of claims, actual data will always be delayed by three months. He noted the data tables provided had been prepared using a comparison of 2009-10 data with 2010-11 data to demonstrate what data would be available and to determine whether the format used was useful for members.

Mr Tracey-Patte noted the data provided was based on all ACFI assessment data since the start of the ACFI in 2008. He noted that the models had been built using a bottom up approach based on the responses to individual questions within the ACFI and the relevant subsidy rates. This data excludes historical variances such as the small amount of people still on RCS adjusted payments. The data had been presented using the average resident per day amounts, excluding the conditional adjustment payment (CAP). He noted that as the data was based on actual assessments, the data accurately reflected how the ACFI assessment rules were applied and therefore there was no need for assumptions about frailty drift.

Members discussed the benefits of including the CAP payments within the model. Mr Tracey-Patte noted CAP payments had traditionally been excluded as there were a small amount of providers who did not participate in the CAP. Some members felt the inclusion of data with the CAP incorporated would be a useful comparison tool. It was agreed the Department would provide information that included CAP inclusive amounts for future meetings. Following discussion, the group also agreed it was important for future data to include the outcomes of ACFI validations.

Members discussed potential future changes to the ACFI. The Department had identified specific areas to focus on which included: assessing clinically atypical claims, looking at need for system changes when assessing the feasibility of future changes and looking at the rules and evidence based requirements.



Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012

Mr Tracey-Patte noted that different changes would have different impacts on implementation. Some may have minimal system impact but may affect provider operational practice. Others may require substantial lead time.

Members then turned the discussion to the type and format of data required to assess the impact of changes on the sector. Members noted the data provided needed to be formatted to determine whether there was any impact on specific parts of the aged care sector. Members suggested future data should include:

- Location of service – state and type (metropolitan, regional, rural, remote)
- Size of service (number of beds)
- Size of provider (number of services)
- Type of service (for profit, not for profit, government, charity)
- Special needs of residents:
 - Aboriginal and Torres Strait Islander
 - Homeless
 - Dementia (and other clinical indicators as relevant)

Action items

A5. Future data to include information about CAP inclusive amounts.

Action outcome: Department of Health and Ageing to consider inclusion in data formats.

A6. Future data to provide more information and comparison based on:

- Location of service – state and type (metropolitan, regional, rural, remote)
- Size of service (number of beds)
- Size of provider (number of services)
- Type of service (for profit, not for profit, government, charity)
- Special needs residents: Aboriginal and Torres Strait Islander, and Homeless and Dementia (and other clinical indicators as relevant)

Action outcome: Department of Health and Ageing to consider inclusion in data formats.

Agenda Item 6 ACFI Growth

The Chair noted the issues outlined in this item were covered during the discussion of Agenda Item 5. Members agreed they had no further comments on this item.

Action item

Nil



Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 1 - 10 August 2012

Agenda Item 7 Forward Meeting Schedule

The Chair opened discussion on this item by noting a number of members on the group were also participating on other committees and so it was important to confirm a forward meeting schedule as quickly as possible. He also noted that as discussed earlier in the meeting, continuity of attendance was important.

Members made a number of comments about the factors influencing future availability. It was also noted that the timing of data availability should be considered, and as such, meetings need to be scheduled later in the month. It was agreed the Secretariat will put together a calendar with options for future meetings until the end of the year.

Action item

A3. The Secretariat will provide a forward meeting schedule as soon as possible.

Action outcome: Proposed forward meetings dates were provided to members by the Secretariat on Wednesday 15 August 2012.

Agenda Item 8 Other Business

Mr Mansour requested two items are noted in the minutes of the meeting:

- Leading Age Services Australia (LASA) released a report commissioned through CIE that morning which discussed the impact of the ACFI changes. He requested this report be discussed at the next meeting.
- Secondly he stated his involvement as a representative of LASA was not an endorsement of the Government's policy decision to target growth in ACFI spending at 2.7% per year.

Action item

Nil.



Australian Government

Department of Health and Ageing

**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 2 – 26 September 2012**

Members

Ms Rosemary Huxtable (Chair)	Department of Health and Ageing
Prof John Kelly	Aged and Community Services Australia
Mr Ross Johnston	Aged Care Guild
Mr Glenn Rees	Alzheimer's Australia
Prof Tracey McDonald	Australian College of Nursing
Mr Richard Gates	Australia and New Zealand Banking Group
Mr Nick Mersiades (phone)	Catholic Health Australia
Mr Gerard Mansour	Leading Age Services Australia
Mr Chris Grover	Uniting Care Australia
Ms Jo Root(Proxy)	COTA Australia
Ms Netty Horton	The Salvation Army

Departmental Attendees

Ms Carolyn Smith	Department of Health and Ageing
Mr Keith Tracey-Patte	Department of Health and Ageing
Mr Michael Culhane	Department of Health and Ageing
Mr Damian Coburn	Department of Health and Ageing
<u>Secretariat</u>	
Mr Robert Hurman	Department of Health and Ageing
Ms Kathryn Foley	Department of Health and Ageing

Apologies

Ms Lee Thomas	Australian Nursing Federation
Mr Ian Yates	COTA Australia
Dr Jeffrey Rowland	Australia and New Zealand Society for Geriatric Medicine

Agenda Item 1 Welcome

The Chair welcomed all members, noting Mr Mersiades was attending by teleconference and apologies had been received from Ms Lee Thomas, Dr Jeffrey Rowland and Mr Ian Yates. The Chair welcomed new member Ms Horton to her first meeting and Ms Root who was attending as a proxy for Mr Yates.

Agenda Item 2 Conflict of Interest

Members were asked to declare any additional conflicts of interest to the group. No declarations were made.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 2 – 26 September 2012**

Agenda Item 3 Minutes and Actions from Previous Meeting

The Chair noted that the Department had circulated updated drafts of the minutes and communique from the last meeting and the terms of reference which included comments from members. Members provided additional comments on these documents and it was agreed the updated documents would be provided out-of-session.

Action item

- A1. The Department to circulate the final minutes from the first meeting on 10 August 2012 to members' out-of-session.
- A2. The Department to circulate the final terms of reference to members out-of-session.
- A3. The Department to update and circulate the meeting outcomes from the first meeting of the Group on 10 August 2012.

Action outcome:

- A3. The Department circulated the revised meeting outcomes to members on Friday 28 September 2012.

Agenda Item 4 Expenditure Growth

The Chair opened the discussion on this item noting this was the first opportunity for the Group to review ACFI data since the 1 July 2012 changes were introduced. It was further noted that as this data builds, the Group will use this information to consider how expenditure is tracking against the 2012-13 Budget for residential care.

A graph showing average subsidies against budget was tabled on the day. The Group noted that, given only one month of data was available, it was too early to draw strong conclusions on the impact of the measures and tracking against Budget. It was also noted that there was a lower number of reappraisals in the month of July compared to historical averages.

Members requested specific advice on total residential care budget compared to total residential care expenditure, on a monthly basis and an annual basis, be presented at future meetings, in addition to the average subsidy information provided at the current meeting.

Action item

- A4. The Department to refine its reporting of expenditure growth to include monthly analysis compared with the estimated budget.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 2 – 26 September 2012**

**Agenda Item 5 Report on the Impact of Measures: ADL; CHC; and
Price Reduction**

The Group reviewed a range of data tables which reflected the impact on different service/provider characteristics. Summary outcomes from this data included:

- there continues to be strong growth in ACFI expenditure with the average subsidy across all residents in care increasing from \$133.96 per day in June 2012 to \$134.83 per day in July 2012 - a 0.65% increase; and
- average subsidies were \$2.21 below what they would have been if the changes had not been introduced;
- \$2.16 of this reduction in growth came from the 1.6% price reduction, which when taken with indexation that occurred on the same day, meant that all ACFI subsidy rates were unchanged on 1 July 2012;
- \$0.02 of the reduction in growth came from the changes to the Activities of Daily Living domain which had impacted 0.05% of resident days; and
- \$0.03 of the reduction in growth came from the change to the Complex Health Care domain which had impacted 0.12% of resident days.

Members agreed the format of these data tables was useful. Members requested an addition to the table which identified the size of service by approved bed numbers which would include a + 500 beds and + 1000 bed category.

The Department noted that there had been difficulty in identifying an existing data indicator to clearly identify homes with a high number of residents with dementia, and then measure the impact of the changes on those homes. There was discussion about the way this data could be identified and the Department agreed to review this request and report back to the next meeting.

Members requested that information be provided to future meetings on the impact of the measures on residents who had been appraised since 1 July 2012 only.

Action Item

A5. The Department to consider options for identifying the impact of the 1 July 2012 measures on homes with a high resident population with dementia.

A6. The Department to include information on the impacts on residents appraised since 1 July 2012 at future meetings.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 2 – 26 September 2012**

Agenda Item 6 Report from the ACFI Technical Reference Group

Members received advice from its newly established sub-group – the ACFI Technical Reference Group which discussed a number of options to improve the operation of the Aged Care Funding Instrument for potential implementation on 1 February 2013.

The Group considered five proposals endorsed by the Technical Reference Group:

1. That providers be required to include the assessments used to support completion of checklists for questions 1-4 with the claiming documentation held at the service;
2. That the frequency requirement for complex pain management under question 12-4b be changed from “at least four times per week” to “at least four days per week”;
3. That additional wording be included in the ACFI User Guide, making it clear that to meet requirements under question 12-4b, consistent ongoing treatment must be provided as required by the resident;
4. That each question within the ACFI User Guide and ACFI answer appraisal pack that refers to physical assistance re-states the wording on page 5 of the ACFI User Guide that makes it clear that it is assistance throughout the specified activity;
5. That the words “assessed need” be added into questions 1-4 of the ACFI User Guide and ACFI Answer Appraisal Pack.

The Chair explained the process for approval of the changes by the Minister and emphasised the Department was keen to ensure the sector was given enough time to plan and implement these changes. It was noted the Department needed to seek agreement from the Minister for Mental Health and Ageing by 11 October 2012 to ensure these changes could be implemented by 1 February 2013.

The Monitoring Group developed an impact analysis for each of these five proposals to enable members to consult with their membership before providing feedback to the Department of Health and Ageing by 9 October 2012.

Action Item

- A7. The Department to prepare and circulate an impact statement by Friday 28 September 2012 for each of the changes proposed for 1 February 2013.
A8. Members agreed to provide impact by 9 October 2012.

Action Outcome

On Friday 28 September 2012, impact statements were circulated to members.



**Aged Care Funding Instrument (ACFI) Monitoring Group
Minutes Meeting 2 – 26 September 2012**

Agenda Item 7 ACFI Validation Update

Members noted the report from Mr Coburn on current ACFI Review Program outcome data. Members discussed a proposed new format for outcome data and agreed the new format had merit. The Department agreed to provide additional statistics on its website in relation to the validation program.

Action item

A9. The Department to provide additional statistics on its website in relation to the validation program.

Agenda Item 8 Meeting Outcomes

Members noted the draft communique. The Secretariat agreed to circulate a finalised version to members as soon as possible.

Action Item

A10. The Secretariat to circulate a revised meeting outcome document for comments.

Action Outcome

On Friday 28 September 2012, a meeting outcomes document was provided to all members.

Agenda Item 9 Other Business

No additional items were discussed

Action item : Nil