

The development of the Australian National Aged Care Classification (AN-ACC).

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The Australian Health Services Research Institute, University of Wollongong, was commissioned by the Commonwealth Department of Health in August 2017 to undertake the Resource Utilisation and Classification Study (RUCS). The RUCS is an important national study to inform future funding models for residential aged care. It is the first time evidence has been collected on cost drivers in this sector.

The key aims of the study were to identify the **cost drivers for residents** in care; identify the **proportion of care costs that are shared across residents** relative to the proportion that are related to individual resident needs; **develop a new assessment instrument and casemix classification** suitable to underpin a new funding model for the Australian residential aged care sector. The RUCS comprised four separate but closely related sub-studies: a service utilisation and classification development study, a shared costs analysis study, a casemix profiling study, and a resident reassessment study.

To identify the cost drivers for resident care, a prospective and comprehensive collection of resident assessment, service utilisation and financial data was completed. The study involved 30 facilities clustered in three geographic regions in Queensland, New South Wales and Victoria. The data collection included 1,877 resident assessments and 315,000 staff time records. The results supported the hypothesis that residential aged care costs are driven by care burden and are associated with end of life needs, frailty, mobility, functional decline, cognition, behaviour and technical nursing needs. The primary output of this study was a new casemix classification, the Australian National Aged Care Classification (AN-ACC).

A larger, nationally representative sample of 110 facilities was then recruited to provide financial data that were analysed to understand differences in cost drivers between types of facilities and factors such as seasonal effects. This study identified that fixed care costs such as general supervision of meals and night shift are associated with about 51% of the total care costs within a facility, while the remaining 49% relate to costs associated with providing individual care to residents. A base care tariff structure was developed, involving six tariffs, to reflect the effect of location, size and specialisation on care costs. Combining the findings of the studies supports the development of a single harmonised funding model.

The suitability of implementing the proposed funding model was tested by analysing data on 3,148 residents from 80 facilities, focussing on the profile of residents and the relative distribution of funding under the existing and proposed models.

Based on the combined study results a recommended funding model has been developed that includes the following key design elements: separation of assessment for care from assessment for funding purposes; assessment for funding purposes to be completed by external assessors; provision of a one-off adjustment payment for new residents, a fixed price per day for shared costs and a variable price per day for the individual resident costs.

The RUCS was completed in January 2019. Overall, the statistical and clinical performance of AN-ACC is considered more than sufficient for it to be adopted nationally in Australia.