TITLE: Casemix in aged care: creating the foundations for much-needed reform

Introduction

A new casemix-based classification and funding system for residential aged care is planned for implementation by the Australian Government in October 2022, bringing a significant overhaul of the current system. In addition to changes to the funding arrangements, new national staffing requirements have also been informed by the classification.

The Australian National Aged Care Classification (AN-ACC) was developed in a national study commissioned by the Commonwealth Department of Health.

Methods

The project comprised four studies, conducted over 18 months:

- Service utilisation and classification development study - captured individual care time per resident per day, along with resident assessment data and financial data, designed to provide information about the costs of delivering care to residents with different care needs (the 'variable' costs).

- Structural and individual cost study - involved collecting financial data to identify facility characteristics, such as location, size and specialisation, that drive the care costs shared equally by all residents (the 'fixed' costs).

- National casemix profiling study - undertaken using a draft classification and payment model that was developed from the findings of the first two studies.

- Reassessment study - involved reassessing residents four to six months after their initial assessment, to collect additional information about the rate and extent of change in residents' care needs over time.

Results

The AN-ACC funding model consists of three components: a variable payment (for the individual care component), a base care tariff (for the fixed care component), and a one-off adjustment payment for the additional resources required when a resident first enters residential care.

Residents are assigned to a casemix class using an AN-ACC assessment tool, and this class determines the 'variable' per diem payment for each resident. The AN-ACC classification comprises 13 classes, which are defined based on end-of-life needs, frailty, functional status, cognition, behaviour and technical nursing needs. There is a fivefold difference in relative cost between the least and most expensive class.

The base care tariffs for the 'fixed' costs of providing care to all residents were derived from multivariate modelling of the financial data. Analysis identified that the cost drivers at facility-level were remoteness, size, low bed occupancy, and indigenous and homelessness service specialisations.

The national casemix profiling, incorporating population projections, showed there would be some funding impacts in parts of the sector, however, the impact would be neutral for most care homes.

Conclusions

As the population continues to become older and frailer with increasingly complex care needs, more sophisticated information systems are needed in the aged care sector to better inform funders, providers and the community, and ensure service sustainability.

The AN-ACC was selected by government as a preferred funding model as it provides a meaningful system for addressing critical issues around aged care quality, including more transparent and equitable funding, appropriate staffing requirements, and the benchmarking of outcomes. Additionally, the model has the potential to be progressively expanded to also include community and home aged care services.