

TITLE: Funding model design and casemix classification development in aged care

Introduction

Casemix classification and casemix funding are well established in acute hospital care. Funding models reflect the episodic nature of acute care and it is widely accepted that the main cost drivers are the patients' diagnoses and their treatment. However, different types of care and settings such as aged care require different solutions and present new challenges.

Classification development needs to recognise that alternative cost drivers exist in these environments such as physical function, falls risk or other assessed needs. In designing funding models one needs to strike a balance between providing funding certainty and providing autonomy and incentives to providers to be able to deliver care efficiently.

Methods

This presentation draws on several projects recently undertaken in the aged care sector, including a study for the Australian Government Department of Health to develop the Australian National Aged Care Classification (AN-ACC) funding model. We will provide an overview over the general approach adopted and outline in principle solutions as well as discuss selected technical aspects illustrating how casemix-based tools can be used for planning, benchmarking and to improve quality of care.

Results

The developed funding models for residential aged care services and other aged care providers recognise that some costs can be managed by providers while others are outside their control. Therefore, the funding models combine a capacity component based on provider-level characteristics and an individualised component. The former is designed to provide funding for the fixed costs over which providers have little control and provide funding certainty for the capacity to deliver care. The latter allocates funding based on the care or activities provided to individuals and should be based on their assessed needs.

Casemix classification development, not just in aged care, is an iterative process comprising expert advice and statistical data analysis to underpin the funding model. Experts can provide feedback to initial analysis results and valuable insights into potential cost drivers. This is especially true when developing new classifications and routine data is not (yet) available. The additional benefit of involving stakeholders in the development process is the increased likelihood of acceptance by the sector.

Conclusions

With the implementation of casemix funding and classification the typical casemix-based tools become available to providers, funders and policy makers.