



## Residential aged care services and sustainability (Pillar 2 of the Royal Commission response) – Reforming residential care funding to drive better care and a viable system

In response to the Aged Care Royal Commission, the Australian Government is investing \$189.2 million to implement new funding models for residential respite care and residential aged care. This measure includes:

- \$135.9 million to deliver improved care outcomes for people in residential aged care, through implementing a new, transparent funding model for residential aged care.
  - The new Australian National Aged Care Classification (AN-ACC) model will be implemented from 1 October 2022. It will provide fairer and more equitable funding and support the sector to deliver higher quality care to the 240,000 senior Australians using residential care services and 110,000 using respite services each year
  - This funding builds on the \$258.5 million provided in 2020 to support the development of a new residential aged care payment system, and undertake a period of ‘shadow assessment’, and
  - During this year of shadow assessment, which commenced on 6 April 2021 all residents will be assessed by an independent assessor using the AN-ACC assessment tools. This will allow a smooth transition to the new model for all residents on 1 October 2022.
- A 2 year \$53.3 million transition fund will also be established to assist providers who may need support during the transition.

### Why is this important?

The new AN-ACC model improves on the previous Aged Care Funding Instrument (ACFI), which produced inequitable funding outcomes and funding volatility for providers, supported care practices that are no longer contemporary, and encouraged providers to focus on funding outcomes above quality care delivery.

The Government commissioned the University of Wollongong to undertake work in 2017 to develop a new case mix funding model based on evidence of the relative costs of delivering care to different types of residents. The AN-ACC was the outcome of this study.

Assessments under the AN-ACC will be undertaken by independent assessors, not nurses working in residential aged care services. This will enable clinicians working within care homes to spend more time delivering care rather than completing ACFI funding claims. It also provides a robust and equitable model for the Government to confidently provide a substantial funding increase to the sector from October 2022. For details on the funding increase refer to factsheets *Residential care funding uplift* and *Mandatory care time standards and reporting*.

The introduction of the AN-ACC responds fully or in part to *Recommendations 120* and *121* of the Royal Commission's final report.

### **Who will benefit?**

The AN-ACC funding model, will deliver increased nursing and personal care time each day to the 240,000 senior Australians accessing residential aged care each year.

Skilled clinicians working in residential aged care will greatly benefit through being able to focus more time delivering care rather than on processing funding claims.

Residential aged care services which operate in rural and remote regions, and those which service Indigenous and homeless populations will benefit from a more equitable distribution of funds.

The 67,000 senior Australians who access residential respite services each year will benefit from improved access to quality respite care, delivering critical support to individuals and their families when they need it.

More broadly, the aged care sector, government and senior Australians will benefit from a more stable and efficient funding model that provides greater expenditure certainty.

### **How much will this cost?**

The Australian Government will invest \$189.2 million over 4 years, from 2021–22.