



## **Australian Government**

### **Department of Health**

## **Fact Sheet**

### **Changes to residential aged care funding arrangements - Budget 2016-17**

#### **Detail of changes to be implemented on 1 July 2016 and 1 January 2017**

In response to the higher than expected increase in residential aged care funding the Government announced in the 2015 Mid-Year Economic and Fiscal Outlook (MYEFO) and in the 2016–17 Budget changes to residential care funding arrangements.

After these changes are implemented funding to the residential aged care sector will continue to grow in aggregate at an average of 5.1 per cent over the five years to 2019–2020.

This Fact Sheet provides details of these changes.

The changes will be implemented in two stages.

#### **Part A – Changes effective from 1 July 2016**

- Half indexation of CHC domain in 2016–17
- Changes to certain scores in the CHC scoring matrix from 1 July 2016 to 31 December 2016 – for new appraisals or reappraisals of existing residents

#### **Part B – Changes effective from 1 January 2017**

- New redesigned CHC scoring matrix from 1 January 2017.
- Changes to scores and eligibility requirements for certain Complex Health Care procedures in Question 12 of ACFI

These changes will apply to new appraisals or reappraisals of existing residents only. Existing appraisals will be grandfathered.

More detail on these changes is attached.

In addition, the Government has announced that it will consult with the sector on potential further reform to strengthen the way care funding is determined, including looking at separating needs assessment from service provision, and having it done by an independent party, as recommended in the 2011 Productivity Commission report *Caring for Older Australians* and the Aged Care Sector Committee's *Aged Care Road Map*.

## Part A – Changes effective from 1 July 2016

### *Half indexation of CHC domain in 2016-17*

Indexation of funding in the Complex Health Care (CHC) domain of the Aged Care Funding Instrument (ACFI) will be at 50 per cent of the rate that would otherwise have applied for the 2016–17 financial year, returning to 100 per cent of the determined rate from 2017–18. Indexation of funding for the Activities of Daily Living and Behavioural domains of ACFI will not be affected and will be applied at the fully determined rate.

### *Changes to CHC scoring matrix 1 July 2016 – 31 December 2016*

There will be changes to the Complex Health Care scoring matrix from 1 July 2016 to 31 December 2016 for new appraisals or reappraisals – existing appraisals are not affected.

These changes keep the structure of the scoring matrix intact but reduce scoring for certain combinations. As shown in Figure 1, from 1 July 2016 to 31 December 2016:

- the score for a rating of D in Q11(Medication) and a C in Q12 (Complex health care) will be reduced from 3 points to 2 points; and
- the score for a rating of A in Q11 (Medication) and a C in Q12 (Complex health care) will be reduced from 2 points to 1 point.

These changes mean the ‘DC’ and ‘AC’ combinations will result in a lower overall category, with DC reduced from a ‘high’ to a ‘medium’ and AC being reduced from ‘medium’ to ‘low’.

Currently, the dollar value of each domain level per resident per day is:

- Nil (score of 0) – \$0
- Low (score of 1) – \$16.25
- Medium (score of 2) – \$46.27
- High (score of 3) – \$66.82.

*Figure 1: CHC scoring matrix changes effective 1 July 2016 – 31 December 2016*

|        |  | Question 11: Medication |   | Question 12: Complex Health Care |   |
|--------|--|-------------------------|---|----------------------------------|---|
| Rating |  | A                       | B | C                                | D |
| A      |  | 0                       | 0 | 1*                               | 2 |
| B      |  | 0                       | 1 | 2                                | 3 |
| C      |  | 1                       | 1 | 2                                | 3 |
| D      |  | 1                       | 2 | 2*                               | 3 |

\*AC was previously given a rating of 2 and DC was previously given a rating of 3

## Part B – Changes effective from 1 January 2017

### *Changes to CHC scoring matrix effective from 1 January 2017*

From 1 January 2017 a redesigned matrix will replace the above matrix. The new matrix will apply to all new appraisals or reappraisals – existing appraisals will not be affected.

The new matrix reduces the rating categories for medication under Question 11 from four rating points to three rating points. If assistance is needed with medication this will now in all cases receive the middle ‘B’ rating, rather than the previous matrix which provided an incentive to take longer to deliver medication by allocating the highest level of funding where medication assistance was required for more than 11 minutes per day.

*Figure 2: CHC scoring matrix – from 1 January 2017*

| Question 11 Medication  | Question 12: Complex Health Care |   |   |   |
|---|----------------------------------|---|---|---|
|   | A                                | B | C | D |
| No Assistance Needed (New A)                                  | 0                                | 0 | 1 | 2 |
| Assistance Needed (New B)                                     | 1                                | 1 | 2 | 3 |
| Injections (subcutaneous, intramuscular, intravenous) (New C) | 1                                | 2 | 2 | 3 |

A rating of ‘A’ (No Assistance Needed) will apply where there is no medication or medication is self administered. A rating of ‘B’ (Assistance Needed) will apply where any assistance is required daily with medications or patches are required to be applied at least weekly. A rating of ‘C’ (Injections) will apply where daily administration of a listed injection is required.

### *Changes to scores and eligibility requirements for certain Complex Health Care procedures in Question 12 of ACFI – effective 1 January 2017*

Under Question 12 of ACFI certain scores are allocated to certain procedures with the total of all scores determining the overall domain funding category. Changes will be made (for new appraisals and reappraisals) to the scores and eligibility requirements for certain items as outlined below to better reflect the complexity of care delivery in light of contemporary care practices. The following changes will ensure higher funding is better targeted to residents with the highest care needs.

#### *Item 12.1- Blood pressure measurement*

The score will be reduced from 3 points to 1.

#### *Item 12.4a - Complex pain management at least weekly and for 20 minutes.*

The score will be reduced from 3 points to 2.

#### *Item 12.4b - Complex pain management by allied health professional at least 4 days per week.*

The score will be reduced from 6 points to 4 and in addition a timing requirement will be added requiring 120 minutes of delivery of treatment over a week

#### *Item 12.12 - management of oedema, deep vein thrombosis, arthritic joints or chronic skin conditions by fitting of certain garments, bandages and dressings*

The score will be reduced from 3 points to 1 where the treatment is for the management of arthritic joints and arthritic oedema involving the application of tubular elasticised support bandages