

# Principles for Aged Care Services Funding

Government is currently undertaking a review of the current Aged Care Funding Instrument (ACFI) with a view to developing a new, more certain and sustainable residential aged care funding model. Not-for-profit aged care provider peak bodies have developed these principles to guide the development of any new funding model. The new funding model should be designed comprehensively, including all current supplements and consideration of arrangements for consumer financial contributions, and be able to be applied across home and residential care (in line with the recommendations in the Aged Care Sector Committee's Roadmap for Reform).

## Not-for-profit aged care organisations

Not for profit (NFP) aged care organisations deliver about 60 per cent of residential aged care services and about 85 per cent of all community aged care in Australia. The purpose and distinguishing responsibilities of NFP aged care providers are as custodians of values, leaders of innovation, champions of volunteerism, providers of pastoral care and proponents of community benefit. There is a commitment to people and values and surpluses are reinvested in improving services; keeping people actively connected in civil society; delivering unprofitable services in unviable markets; and, operating where there is no capacity for the disadvantaged in our society to receive care in existing markets. They advocate for prevention, wellness, palliative care and models of service that improve health and quality of life; support research with particular emphasis on the needs of rural, remote and disadvantaged older populations.



# Principles for Aged Care Services Funding

## Outcome Focused

The model should be aimed at maximising health and wellbeing, and support re-ablement, prevention and restorative approaches to aged care services. Performance should be measured through the achievement of outcomes (not merely inputs or outputs) while funding recognises the cost drivers, such as workforce demands and required skill levels, in achieving the desired outcomes.

## Equity

Funding should support all consumers based on their assessed needs, including those with special needs. This requires flexible funding allocations, weighted on individual needs to ensure diverse consumers are able to be appropriately supported. The approach should also ensure that specific consumer groups (e.g. rural and remote, LGBTI, CALD, Indigenous, older people living with disability, those with mental health needs or people who are socially isolated) have access to quality support and care. It should further take account of the particular complexities encountered in appropriately supporting consumers with multiple chronic diseases and problematic behavioural patterns.

## Consumer Choice and Control

The model should support consumer choice and control across the continuum, recognising different cost structures in the delivery of aged care services. The model should also recognise that consumer choice, control and flexibility can be achieved in aged care services through models including, but not limited to, the funding following the consumer model that will be implemented for home care packages.

## Flexible and Scalable

The model should ensure that it can be adapted, where the funding follows the consumer across the continuum of care (home-based, residential and respite etc.), to support longer term planning and goal setting for individuals and to support the integrated aged care system envisaged in the Roadmap. Regulation and application of funding should enable supplementary resource allocation for episodic, short or medium time periods to provide for very specific needs associated with acute episodes of illness, post-acute periods or for palliative care.

## Efficient

Minimising red tape should be a key feature of any future funding model. All possible resources should be allocated to direct service delivery. The funding model should support evidence-based practice and discourage practices that do not deliver tangible benefits to the consumer.

## **Certainty and Sustainability**

The model should ensure the aged care system is financially sustainable and not prone to financial volatility. Investment in service expansion and innovation to achieve positive outcomes for older people and their families will follow stable and predictable baseline funding, which anticipates projected areas of growth in the number and changing profiles of care needs of residents. The model should recognise a commitment to quality, safety and continuous improvement as standard prerequisites for service providers.

## **Transparent and Simplified**

The model should be simple and completely transparent to support trust and engagement between funders, providers and consumers, and to make it easier for consumers to understand and providers to administer.

## **Integrated**

The model should support seamless interactions between the sectors that care for older people, including aged care, primary and allied health, and acute care.

## **Value for Money and Affordability**

The funding model should represent value for money and affordability for consumers and for government. Those consumers who can afford to pay should contribute to the costs of their care but Government should provide a safety net for consumers who are unable to make a financial contribution.

The funding model should recognise that providers need to generate market-based returns, at an appropriate level to support delivery of effective services and to continue to invest in the sector. The model should also recognise the need to support those providers who deliver aged care for communities where a local market may not otherwise sustain them.