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Risk of a two-tier aged care system emerging after ACFI cuts: CEO

By **Darragh O'Keeffe** on June 10, 2016 in **Industry**

16

New or re-assessed residents who can afford to pay for non-medication based pain management services that have been reduced by ACFI changes may choose to purchase them, but poorer seniors can't afford to, says Richard Hearn.

The government's changes to the Aged Care Funding Instrument (ACFI) are likely to impact how residents' pain management will be treated, as an inadvertent outcome of reductions to alternate treatments. While new user pays rules may enable those residents who can afford to pay for some of those treatments, that option won't be available to poorer seniors.

This raises the spectre of a two-tier aged care system, Richard Hearn, chief executive officer of major South Australian aged care provider Resthaven, has told *Australian Ageing Agenda*.

Mr Hearn said it was unclear how well consumer advocates had understood this possibility, given the public comment on the controversial ACFI changes had predominately come from providers and their peak bodies.

"For rural and remote services and outer metropolitan suburbs of lower wealth, the level of residents with low financial means is much higher – for example, some areas have 100 per cent of residents with low financial means," Mr Hearn said.

There was also now a risk of increased use of medications for pain as a result of the reduction of some services in the Complex Health Care domain of the ACFI, he said, referring to the area of the funding tool where the government had focussed its changes.

Mr Hearn's comments follow those of Chris Rigby, CEO of NSW provider Scalabrini Village, [who told AAA on Wednesday](#) that the ACFI changes would likely see a reduction in the number of registered nurses employed

in his facilities.

Mr Hearn said Resthaven's modelling suggested his organisation would experience a 10 per cent reduction in ACFI funding in the first full year of impact (2017-18) and up to a 2 per cent reduction in 2016-17.

Widespread impact: not just targeting 'high claim' providers

Based on Resthaven's analysis and benchmarking with other aged care operators, Mr Hearn said the changes appeared to impact on "the great majority of residents with significant care needs and their providers."

"The same type of impact we have assessed is being independently shared by others in the not-for-profit sector across states, rural and remote, larger and smaller [organisations], affecting a range of medium to high ACFI resident claim levels – that is, the great majority of ACFI claim levels," Mr Hearn said.

He also challenged the assertion that the funding changes were a "claw back from a select group of high claim providers who have claimed above what is reflective of need," as has been suggested by government.

While the mainstream media had reported that "one in eight" ACFI claims were downgraded, these stories omitted the fact that the government adopts a "sophisticated risk management profile of all claims to which the audit program is applied," Mr Hearn said.

What's more, it was not known how often a successful appeal by an aged care provider resulted in a changed validation decision, he said.

Noting that his state of South Australia had been reported to have the highest validation downgrade rate, Mr Hearn said there were "historical and inconsistent patterns of unexplained validation downgrades between states," something that was never publicly discussed or analysed.

The issue therefore was not just about the ACFI tool, but also about the consistency of audit programs, he said.

Resthaven supported a cost of care study as a "much-needed review to understand funding requirements of residential aged care," he said, adding this had been a sector position for two decades.

What is the response from parties?

Mr Hearn said that both the Coalition Government and the opposition had given no commitment to adjust the budget changes nor had they offered "a tangible response to concerns being raised."

Providers acknowledged that the federal budget was tight, but questioned what priority was given to frail older people when making difficult economic decisions, he said.

"I have not received one single enquiry from any sitting member or any candidate in any seat across South Australia with respect to the concerns around the impact of these changes in aged care.

"Are the elderly frail individuals within our services invisible to candidates in this federal election? It does seem so," he said.

Follow AAA online for further reports on the impact of the ACFI changes to aged care service provision.

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One Response to *Risk of a two-tier aged care system emerging after ACFI cuts: CEO*

Wendy Rocks June 10, 2016 at 1:07 pm #

Mr. Hearn states the case accurately and well. Further to his comments I would pose the question; given the sophisticated risk management program the Government (Department) apply to ACFI funding claims wouldn't it be MORE appropriate to say that 7 out of 8 claims are accurate, rather than the intentional negative SPIN that the government is putting on the facts by saying 1 in 8 claims are inaccurate?!

Secondly, if the government brought in harsher measures to discipline those who may be fraudulently claiming (\$10,000 fines), why are they not utilising these powers instead of damaging the stability of the whole industry or the 7 out of 8 providers who claimed accurately?!

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Polls

Should ACFI be expanded to include additional allied health therapies?

- No
 Yes

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Upcoming Events

JUN

16

Thu

(http://www.australianageingagenda.com.au/diary/action~oneday/exact_date~16-6-2016/)

World Elder Abuse Awareness Day ... @ Adelaide Convention Centre
 (http://www.australianageingagenda.com.au/event/world-elder-abuse-awareness-day-conference-working-together-todayand-every-day/?instance_id=2023)

9:00 am Aged Care and Retirement Village... @ Hilton Brisbane
 (http://www.australianageingagenda.com.au/event/aged-care-retirement-village-law-conference-brisbane/?instance_id=2011)

9:30 am Meaningful Engagement/ iPads for... @ Alzheimer's Australia Vic
 (http://www.australianageingagenda.com.au/event/meaningful-engagement-ipads-engagement/?instance_id=1887)

9:00 am Aged Care Law: Key Resident and ... @ Duxton Hotel
 (http://www.australianageingagenda.com.au/event/aged-care-law-key-resident-provider-issues/?instance_id=2009)

JUN

17

Fri

(http://www.australianageingagenda.com.au/diary/action~oneday/exact_date~17-6-2016/)

10:00 am Memory Loss Mini Conference for ... @ Dee Why RSL
 (http://www.australianageingagenda.com.au/event/memory-loss-mini-conference-familyfriend-carers/?instance_id=2018)

6:30 pm Flipped @ Government House Ballroom
 (http://www.australianageingagenda.com.au/event/flipped/?instance_id=2008)

JUN

18

Sat

(http://www.australianageingagenda.com.au/diary/action~oneday/exact_date~18-6-2016/)

SAGE Industry Study Tour – New Z... @ SAGE New Zealand
 (http://www.australianageingagenda.com.au/event/sage-industry-study-tour-new-zealand/?instance_id=2014)

a.com.au/diary/action~oneday/exact_date~18-6-2016/)

JUN

20

Mon

(http://www.australianageingagenda.com.au/diary/action~oneday/exact_date~20-6-2016/)

Ageing Asia Innovation Forum in ... @ Osaka & Tokyo
(http://www.australianageingagenda.com.au/event/ageing-asia-innovation-forum-japan-ageing-market-business-mission/?instance_id=1975)

World Continence Week @ Continence Foundation of Australia
(http://www.australianageingagenda.com.au/event/world-continence-week/?instance_id=2025)

JUN

21

Tue

(http://www.australianageingagenda.com.au/diary/action~oneday/exact_date~21-6-2016/)

ACS Awards for Excellence @ Doltone House - Hyde Park
(http://www.australianageingagenda.com.au/event/acs-awards-excellence/?instance_id=1849)



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