

THE ACFI CHANGES INDUSTRY IMPACT REPORT

August 2016

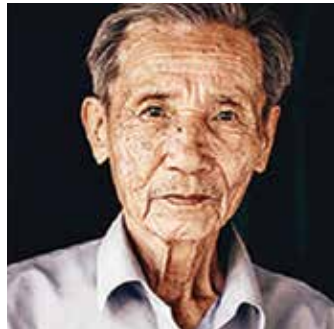


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EXECUTIVE SUMMARY

The ACFI changes we've all been speculating about are here. This report looks at how they impact the industry and also assists providers with an action plan so that they are prepared and in a Remarkable position to lighten the impact and in some situations, even come out ahead.

Remember:

- The new rules only apply to new residents and reappraisals post each stage of the changes. So any resident reappraised prior will be paid under the current arrangements.
- There are alternative claiming profiles that are impacted less or not at all.

This report:

- Is based on our sample of 18,361 beds and assumes the Industry has the exact same claiming profiles, occupancy, length of stay etc and so is not intended to be an accurate representation of the Industry as a whole, more a high level overview.
- Is just a high level model and is not intended to be solely relied upon. Its intention is to give Aged Care providers an idea of the impact on their organisation and action they can take now to reduce this impact, based on a current snapshot in time and the assumptions listed. They will need to do their own due diligence.
- Assumes claiming profiles, average length of stay, occupancy levels all remain constant (i.e. new appraisals result in the same claiming profile mix)
- Does not take into account the positive impact of alternative claiming profiles – i.e. for profiles currently impacted by the changes, through comprehensive assessment, what alternative non-impacted claiming profiles can be considered for new appraisals? This requires an expert eye.
- Does not take into account mandatory reappraisals. We can consider alternatives where actions trigger mandatory reappraisals.

All data used to prepare this report is a combination of the data supplied by a sample of Aged Care providers and data from MyVitals, which has been extrapolated across the total number of beds as at 30 June 2015, which is 195,935.

If you would like more accurate information specific to your organisation, please contact us on 1300 419 119 or team@providerassist.com.au.

ANALYSIS OF THE IMPACT & SOLUTIONS

INDUSTRY REPORT

Industry details for the purpose of this Report:

1. Average Length of Stay **140.81** weeks
2. Occupied beds **195,935**
3. Departure rate **6029.76 Residents per month**

Details are based on the current position of a sample of 18,868 beds and extrapolated across the total number of beds as at 30 June 2015, which is 195,935.

THE IMPACT

If the Industry changes nothing, the negative financial impact of the changes are as follows:

- 67.75% of the Industry's residents will be affected
- Will reach its full effect by 32.49 months or 2.71 years

FINANCIAL YEAR	PART 1	PART 2	TOTAL	
2016	\$-	\$-	▪ \$-	
2017	-\$92,397,852	-\$54,427,434	▪ -\$146,825,286	(-1.1%)
2018	-\$262,978,501	-\$388,767,385	▪ -\$651,745,887	(-5.0%)
2019	-\$424,057,116	-\$761,984,076	▪ -\$1,186,041,191	(-9.1%)
2020	-\$461,913,263	-\$1,005,473,076	▪ -\$1,467,386,339	(-11.3%)
TOTAL	-\$1,241,346,732	-\$2,210,651,971	▪ -\$3,451,998,703	(-6.6%)

If the changes were to take effect for all current residents as of right now, the full impact would be **-\$1,472,542,192** or **-11.30%**.

However, there are things we can do to improve this!

NB: While this report has been based on residents' average length of stay some situations may result in a faster or slower decline – i.e. depending on the frailty of the residents claiming H in CHC. Consider the following examples:

- If there are residents in a dementia specific unit, providers need to consider how many and what the dementia units' average length of stay is.
- The average length of stay of high care residents may also impact on a facility's average length of stay.

THE SOLUTIONS

MISSED FUNDING

Based on our sample of 18,868 beds and MyVitals, applying this across the Industry, there is at least **\$744,846,435** of missed funding in the Industry under the current rules. This is an estimate only based on our sample.

Our advice is to recover this funding before worrying about the financial impact of the budget changes.

VOLUNTARY REAPPRAISALS

To recover this missed funding, it is advised that providers look at their voluntary reappraisal program. The changes only relate to new residents and reappraisals, so conducting voluntary reappraisals now will leave them in a far better position for the years to come. Providers should ensure that they are conducted by an expert that can consider now and the future.

ALTERNATIVE CLAIMING PROFILES

For profiles currently impacted by the changes (especially those organisations with an over reliance on 4b treatments), through comprehensive assessment, what alternative non-impacted or less-impacted claiming profiles can be considered for new appraisals? This requires an expert eye.

ADL / BEH

Remember, the changes are not impacting the other two domains. Utilising MyVitals to compare the Industry sample's details against the industry averages for these two domains, we can see that the Industry sample may be currently under-claiming.

Funding reclaimed here will not be affected by the changes. Ensure Reappraisals are conducted by an expert that can consider now and the future.

ADL	Industry Sample	MyVitals AIP	Benchmark HC
ADL - H	45.7%	51.1%	70.0%
ADL - M	33.6%	32.7%	24.1%
ADL - L	19.5%	15.6%	5.8%
ADL - N	1.1%	0.6%	0.1%

Analysis: Where a provider's claiming % negatively differs to the benchmark it most likely indicates under-claiming.

BEH	Industry Sample	MyVitals AIP	Benchmark HC
BEH - H	55.0%	59.4%	68.0%
BEH - M	25.8%	24.0%	20.3%
BEH - L	13.4%	12.2%	8.9%
BEH - N	5.8%	4.5%	2.8%

Analysis: Where a provider's claiming % negatively differs to the benchmark it most likely indicates under-claiming.

THE SOLUTIONS

FINANCIAL IMPACT OF RECLAIMING YOUR MISSED FUNDING

The impact of the changes is significantly reduced if providers are able to claim all of their missed funding. If they close that gap by December 31, the impact of the changes compared to this moment in time is:

FINANCIAL YEAR	DO NOTHING		RECLAIM MISSED FUNDING		COMPARISON
	ANNUAL FUNDING	CUMULATIVE IMPACT	ANNUAL FUNDING	CUMULATIVE IMPACT	
2017	\$12,887,176,272	-\$146,825,286 (-1.1%)	\$13,317,138,099	\$283,136,542 (2.2%)	\$429,961,827
2018	\$12,382,255,671	-\$651,745,887 (-5.0%)	\$13,094,731,202	\$60,729,645 (0.5%)	\$712,475,532
2019	\$11,847,960,366	-\$1,186,041,191 (-9.1%)	\$12,529,359,830	-\$504,641,727 (-3.9%)	\$681,399,464
2020	\$11,566,615,218	-\$1,467,386,339 (-11.3%)	\$12,227,740,454	-\$806,261,104 (-6.2%)	\$661,125,236
TOTAL		-\$3,451,998,703 (-6.6%)		-\$967,036,644 (-1.9%)	\$2,484,962,059

As you can see, reclaiming missed funding improves the financial position in the long run.

**ACTION
PLAN**



ACTION PLAN

Our recommendation, due to the grand parenting rules, is to ensure that Aged Care providers are claiming what they should be now in order to enter the new system in the best possible position.

1. ALTERNATIVE CLAIMING PROFILES

Review claiming profiles and consider alternatives for profiles claiming Q12. What alternatives can be considered that will either maintain funding or at the very least, reduce the impact? i.e. Where providers are claiming 12.1 a more comprehensive assessment can still achieve the same funding. An ACFI & clinical expert will be able to offer alternatives and a more comprehensive assessment.

NB: Post January 1 2017 this will be critical & will leave providers in a better financial position than shown in this report.

2. MYVITALS

Review MyVitals Monthly – comparing their facility against like facilities (i.e. AIP or HC) will highlight where their gaps might be. Pay particular attention to the ADL, BEH, CHC payment days tables to see specific areas that they might be falling short.

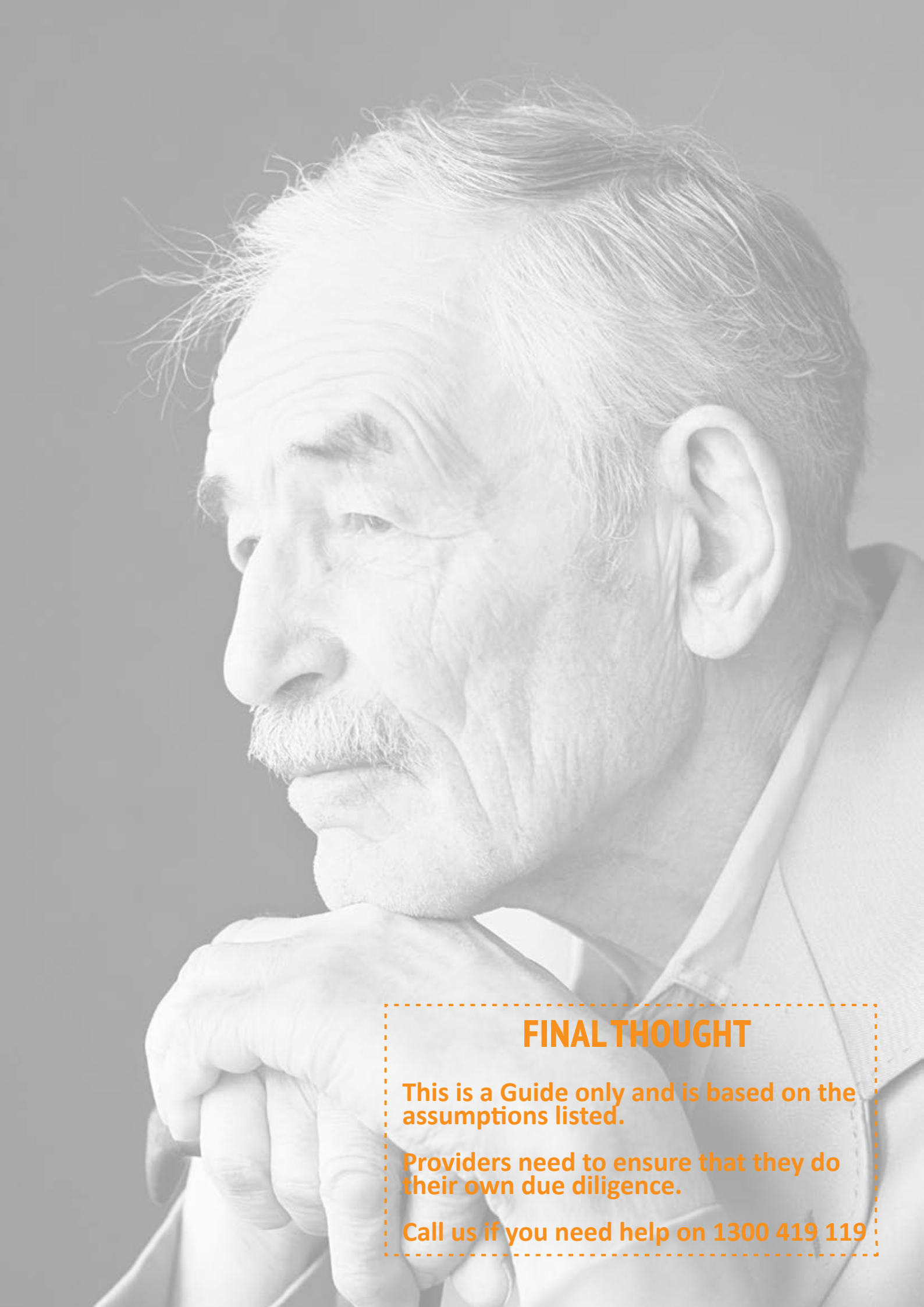
3. ADL / BEH

Focus on ADL and BEH domains – As these will not be impacted by the changes and they are currently under-claiming. Providers should consider where they may be under-claiming. Their ACFI expert should be able to do this.

4. VOLUNTARY REAPPRAISALS

Complete voluntary reappraisals – ensure there are no residents left in their voluntary reappraisal pool by December 31. Ensure these are completed by a dedicated ACFI & Clinical expert. Often funding is missed when the person doing the assessment is time poor and trying to juggle the assessments between other tasks.

NB: If providers are doing their own reappraisals and new admissions, it is critical they they get it right. If future reassessments are required to claim full funding, it will trigger a mandatory reappraisal after the Jan 1 Changes come in.



FINAL THOUGHT

This is a Guide only and is based on the assumptions listed.

Providers need to ensure that they do their own due diligence.

Call us if you need help on 1300 419 119