

# Support At Home Alliance

A group of organisations passionate about the future of the home care system for senior Australians

## Extending the AN-ACC to community care: frequently asked questions

AN-ACC community care extends the AN-ACC aged care funding model to community care services and comprises two key funding components:

- **Base Care Tariff (BCT)** component covers the core costs of a community aged care service so that it has the capacity to provide aged care services to individuals. The easiest way to think about capacity is to think about opening a new service. What would you need to put into place before being in a position to provide services to the first consumer? These costs are the capacity costs. In the AN-ACC funding model, an approved provider would receive an annual BCT payment at the beginning of each year to fund their capacity to deliver an agreed range of community and home aged care services.
- AN-ACC activity component covers the costs of delivering services to consumers once all the capacity costs are dealt with through a BCT. Different consumers need different amounts and types of services and so the AN-ACC classification is used to classify a consumer based on the mix of services they need and these are aggregated to form an annual price and volume contract each year.

### 1. What is the Base Care Tariff?

The Base Care Tariff covers the capacity or structural costs of operating a service. These costs are not driven by the care needs of individual clients, but by the costs consumed equally by all care recipients plus agency overhead costs. This includes management and office costs, care coordination, quality assurance, reporting and education. The Base Care Tariff will vary by service type, size and location.

### 2. What are the 'activity' costs?

Activity costs are the cost of care tailored to the needs of individual recipients. Differences in individual care needs are associated with differences in function, cognition, behaviour and health status. Clients are allocated to a class within the AN-ACC casemix classification system based on these needs.

### 3. What is the AN-ACC?

The Australian National Aged Care Classification (AN-ACC) is a casemix classification system. Each client is assessed and, based on that assessment, is assigned to an AN-ACC class. Each AN-ACC class has its own funding rate. Classes for people with more needs are funded at a higher rate than classes for people with less needs. If the needs of a person change, they can be reassessed and assigned to a different AN-ACC class.

In combination with the Base Care Tariff, the profile of clients, as defined by their AN-ACC class, determines the annual funding that an agency receives.

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## 4. In practise how would the AN-ACC payment model benefit the sector?

Capacity or structural costs are covered by an annual Base Care Tariff, providing stability of funding. The structural costs will vary by service type, for example, kitchens for meal services, buses for transport services. The costs of operating these services do not change if the numbers of individual clients change.

The care needs of the people using the service are covered through an annual price and volume AN-ACC contract. The total volume of activity is calculated based on the assessed needs of the client population and the AN-ACC class to which each person is allocated.

Community care organisations are required to spend their whole allocation on the clients in their care. But they are not required to spend a specified amount of funding on each individual. They are free to gear services up and down in response to the changing needs of individuals. This is no different to the AN-ACC funding model in residential care. The AN-ACC determines the total funding to the home rather than the funding that has to be spent on each individual resident.

In the community care context, the AN-ACC will determine the total funding to the agency rather than the funding that has to be spent on each individual client. While the AN-ACC funding model relies on individualised assessment and care planning, the AN-ACC funding model is not an individualised funding model.

## 5. How will the AN-ACC funding model support quality improvement in the sector?

Transparency in terms of cost, price and volume of activity will support benchmarking in the sector to drive quality improvement for example through comparing client outcomes across service types according to AN-ACC classes.