REPORT

Sector wide impacts of changes to the Aged Care Funding Instrument

Prepared for
Leading Age Services Australia

9 August 2012

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1 Overview of results

- **Changes to the Aged Care Funding Instrument generate substantial and ongoing losses of revenue for providers of residential aged care**
- **Annualised revenue losses associated with the recently announced changes rise to over $350 million by 2014**
- **Average revenue loss per affected resident is $20 000 - $23 000 per annum or $56 - $63 per day**
- **The cumulative revenue loss from July 2012 to December 2014 is $751 million. That is $98 million for the second half of 2012, $300 million in 2013 and $353 million in 2014.**

Recently announced changes to Aged Care Funding Instrument (ACFI) effective from 1 July 2012 are estimated to impose a substantial financial loss on residential aged care facilities.

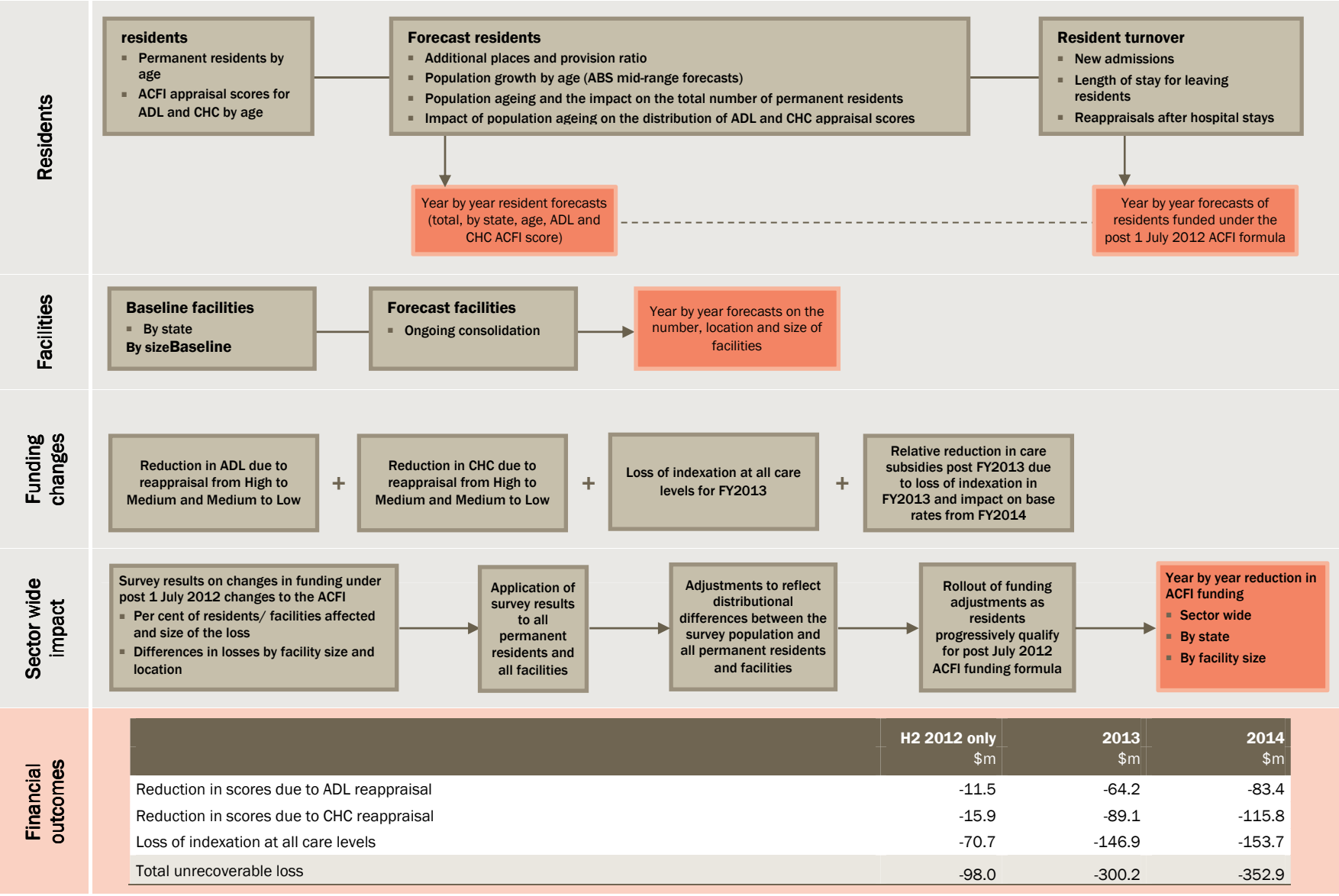
The impact of these changes will be felt incrementally as more and more residents become assessed under the post 1 July 2012 funding formula. The estimates in this report have therefore been prepared to estimate impacts over the next two and a half years by which time almost all residents will be assessed under the new rules.

Sector-wide modelling based on a detailed model of forecast residents and expected revised score outcomes attributable to the new funding rules found total unrecoverable losses to be:

- **$98m** for the **second half of 2012** (from 1 July 2012 to 31st December 2012 only), due primarily to the loss of indexation on ACFI care subsidies across all care levels and the reduction in daily subsidies for the six month period;
- **$300m in 2013**, as residents are progressively assessed under the post July 2012 appraisal criteria and when the impacts of the reduction in FY2013 indexation are felt; and
- **$353m in 2014**, as 95 per cent of residents are being assessed under the post July 2012 rules, and the FY2013 indexation loss is increasingly reflected in base care subsidy rates.

The methodology used to assess these impacts is illustrated in chart 1.1. Headline results are provided for the sixth months between July 2012 and December 2012, and the full calendar year impact for 2013 and 2014.

1.1 Summary of modelling approach and results



	H2 2012 only $m	2013 $m	2014 $m
Reduction in scores due to ADL reappraisal	-11.5	-64.2	-83.4
Reduction in scores due to CHC reappraisal	-15.9	-89.1	-115.8
Loss of indexation at all care levels	-70.7	-146.9	-153.7
Total unrecoverable loss	-98.0	-300.2	-352.9

Data source: The CIE

1.2 Changes to the Aged Care Funding Instrument

Effective from 1 July 2012, changes have been made to the Aged Care Funding Instrument (ACFI).

There are three components to the changes.

1 A change to the scores in question 3 of the Activities of Daily Living (ADL) domain.

2 A change to the Complex Health Care (CHC) matrix.
   - Changes to ADL and CHC components will take effect for all new appraisals and reappraisals from 1 July 2012 onwards.

3 A one-off reduction in the amount paid under the ACFI at all care levels from 1 July 2012. After indexation is applied from 1 July 2012, this means that ACFI subsidy rates will remain at their 30 June 2012 level.

The modelling is based on detailed forecasts undertaken on:

- the number of residents requiring residential care by age group, trends in annual admissions by age group, the impact of ageing on the number of residents with a particular ACFI score, and expected resident turnover;
- the consequent number of residents that will be progressively assessed under the post 1 July 2012 funding arrangements;
- the proportion of those residents that are likely to receive a different score in question three of the Activities of Daily Living (ADL) domain and with respect to the Complex Health Care matrix (CHC); and
- the size of the change in funding that is attributable to affected residents.

The final two of these parameters are extrapolated from the results of a survey undertaken by QPS Benchmarking which surveyed 275 facilities across Australia, covering 18 348 residents to calculate the portion of residents affected by the changes to the ACFI and the size of the funding loss per affected resident. The complete QPS Benchmarking report is provided in Appendix A.

Residents to be assessed under the new funding rules

- **95 per cent of residents are forecast to be appraised under the new funding formula by the end of 2014**

The first step in assessing the impact of changes to the ACFI is to identify the pool of residents that will be assessed under the new funding rules. Forecasts on the number of older Australians requiring residential aged care have been made based on June 2010 data from the Australian Institute of Health and Welfare (AIHW), forecasts from the Australian Bureau of Statistics (ABS), and important assumptions about the number of Australians in each age group that transfer into residential care.

A certain proportion of these residents will be progressively assessed under the new funding rules as they become eligible for appraisal or reappraisal, which in the case of the modelling reflects those residents that enter residential care from 1 July 2012. We have taken a conservative approach to estimating resident turnover reflecting the limitations of the data. Turnover has been estimated based on the difference between existing

permanent residents and the average length of stay for leaving permanent residents, which produces a comparable turnover rate to new permanent admissions as a proportion of total permanent residents. Reappraisal rates are based on permanent residents taking hospital leave.

Key assumptions used to estimate the pool of residents that will be appraised under the new funding rules over the next few years is set out in table 1.3. It shows that 95 per cent of residents will be appraised under the new funding formula by the end of 2014. This reflects the difference between forecast permanent residents by age group, forecast admissions by age group, allowing for resident turnover for leaving residents and resident reappraisals each year.

1.3 Progressive eligibility of residents to the new funding formula

	Unit	As at Dec 2012	2013	2014
Permanent residents [a]	No.	170 794	174 412	178 183
Permanent resident reappraisals [b]	No.	21 178	43 254	44 189
Turnover of existing permanent residents [c]	No.	25 192	40 233	41 103
Permanent residents subject to pre 1 July 2012 funding	No.	124 423	44 554	9 404
% of permanent residents	%	73%	26%	5%
Permanent residents subject to post 1 July 2012 funding	No.	55 394	127 572	170 018
% of permanent residents	%	27%	74%	95%

[a] Resident forecasts reflect the proportion of permanent residents in each age group in June 2010, adjusted over time in line with ABS mid-range population forecasts by age group assuming the following RACF entry rates: 5% up to age 70, 10% for ages 70-74, 20% for ages 75-79, 25% for ages 80-84, 50% for ages 85-89, 75% for ages 90-95 and 100% for 95+. This generates annual resident growth of 2%-2.2% since June 2010. Residents receiving respite care are excluded due to lack of data on appraisal scores.

[b] Based on the proportion of permanent residents that take leave to receive hospital treatment, estimated by the AIHW to be 24.8% of all permanent residents in June 2010. It is noted that residents that take hospital leave as well as leave residential care permanently in a given time period will be counted twice in the turnover rate. However, this estimate is still considered to be a conservative given the omission of residents from receiving respite care in the demand model.

[c] Turnover is based on the average length of stay for leaving residents of 145.1 weeks in June 2010 (AIHW 2011, Residential aged care in Australia 2009-10: A statistical overview), which is assumed to be constant over the forecast period. This produces an equivalent turnover rate as it would have done had been calculated based on the proportion of new permanent residents (capturing ageing trends and RACF entry rates) relative to total permanent residents.

Source: The CIE

Total sector wide losses

The total loss in revenue relative to pre 1 July 2012 funding rules is $751 million over the 2 and a half year period from 1 July 2012 to 31st December 2014. A breakdown on the total revenue losses by year are shown in tables 1.4 and 1.5. Note that changes in H2 2012 are based on a six monthly period only, while 2013 and 2014 estimates apply to the full calendar year.

1.4 Summary of total revenue losses

	H2 2012	2013	2014
	$m	$m	$m
Reduction in scores due to ADL reappraisal	-11.5	-64.2	-83.4
Reduction in scores due to CHC reappraisal	-15.9	-89.1	-115.8
Loss of indexation at all care levels	70.7	-146.9	-153.7
Total unrecoverable loss	-98.0	-300.2	-352.9

Data source: The CIE

1.5 Revenue losses per permanent resident

	H2 2012	2013	2014
	$	$	$
Revenue losses per resident affected by changes to the ACFI	-$20 718	-$22 656	-$20 494
Average revenue losses per permanent resident (all residents)	-$1 148	-$1 721	-$1,981

Data source: The CIE

Estimation of revenue losses due to revised scoring arrangements

- **Industry wide revenue losses attributable to proposed ACFI scoring arrangements are $27m for the second half of 2012, rising to $153m for 2013 and $199m for 2014**

Estimates on the size of the losses for residents attributable to changes in question three within the ADL domain and the CHC domain have been developed based on:

- the forecast number of residents eligible for assessment under the new funding rules *that would have receive a **different** high, medium or low score* under the pre and post 1 July 2012 funding change; and
- the financial value of the change for affected residents.

The number of residents in each ADL and CHC score category is built up from the age-specific distribution of residents in each assessed care category in June 2010, adjusted over time in line with ABS mid-range population forecasts by age group. An adjustment is made to keep growth for each age group consistent with RACF entry rates.[1] The key assumptions used to estimate revenue losses are set out in table 1.6.

The total number of residents likely to be affected industry-wide is based on the number of forecast permanent residents in each ADL score and CHC score and the proportion of residents affected according to the QPS Benchmarking survey. The daily funding change associated with ADL category rating changes was calculated from multiplying the number of affected residents in each ADL category with the daily ADL funding loss per resident.

The funding loss was $ 28.20 when a resident fell from High to Medium and $39.56 when a resident fell from Medium to Low (including the 8.75 per cent CAP allowance pre and post ACFI changes).[2] Annual funding losses were calculated by multiplying the daily funding loss by 182.5 (to estimate the impact for July-December 2012) and 365 (to estimate annual impacts in 2013 and 2014).

The daily funding change associated with CHC category rating changes were calculated by multiplying the number of affected residents in each CHC category with the daily CHC funding loss per resident. This funding loss was $27.95 when a resident fell from Medium to Low (including the 8.75 per cent CAP allowance pre and post ACFI changes). Annual rates were estimated in the same way as for ADL above.

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[1] There is a slight discrepancy between total permanent residents overall and total permanent residents with an ADL appraisal score and residents with a CHC appraisal score, which reflects the same discrepancy in the AIHW 2010 dataset.

[2] It should be noted that the data collected by QPS Benchmarking and provided in Appendix A does not include the CAP allowance. However, the way in which the QPS data has been used to model the impact of changes to the ACFI, does reflect and include the 8.75 per cent CAP allowance.

1.6 Industry wide losses related to proposed ACFI scoring arrangements for ADL and CHC

	Unit	H2 2012	2013	2014
Proportion of residents affected by ACFI changes – survey (ADL)				
High	%	1%	1%	1%
Medium	%	11%	11%	11%
Low	%	0%	0%	0%
Nil	%	0%	0%	0%
Proportion of residents affected by ACFI changes – survey (CHC)				
High	%	0%	0%	0%
Medium	%	22%	22%	22%
Low	%	0%	0%	0%
Nil	%	0%	0%	0%
Estimated number of total residents affected (ADL)				
High	Number	90	251	327
Medium	Number	1 524	4 267	5 546
Low	Number	-	-	-
Nil	Number	-	-	-
Estimated number of total residents affected (CHC)				
High	Number	-	-	-
Medium	Number	3 117	8 731	11 349
Low	Number	-	-	-
Nil	Number	-	-	-
Annual funding change (ADL)				
High	$m	-0.5	-2.6	-3.4
Medium	$m	-11.0	-61.6	-80.1
Low	$m	-	-	-
Nil	$m	-	-	-
Annual funding change (CHC)				
High	$m	-	-	-
Medium	$m	-15.9	-89.1	-115.8
Low	$m	-	-	-
Nil	$m	-	-	-
Total	$m	-27.4	-153.3	-199.2

Note: **Totals may not add due to rounding.**

Data source: The CIE

The proportion of ADL residents affected by the ACFI changes was derived from the number of residents in the QPS Benchmarking survey that fell from High to Medium (42 residents) and from Medium to Low (650 residents) under the proposed ADL changes divided by the total number of residents in each High and Medium ADL score categories surveyed by QPS Benchmarking (7 982 and 5 679 residents respectively). We note that 3.77 per cent of total residents will be affected by ADL changes — with 692 residents slipping a rating category and 18 348 residents in the survey sample.

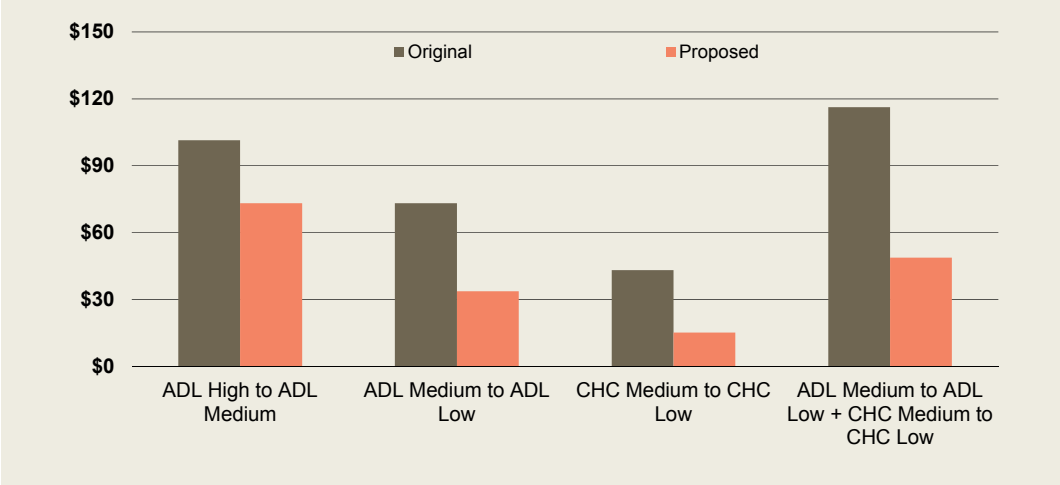
The proportion of CHC residents affected by the ACFI changes was derived from the number of residents in the QPS Benchmarking survey that fell from High to Medium (0

residents) and from Medium to Low (1 301 residents) under the proposed CHC changes divided by the total number of residents in the High and Medium CHC score categories surveyed by QPS Benchmarking (5 303 and 5 842 residents respectively). We note that 7.09 per cent of total residents will be affected by CHC changes — with 1 301 residents slipping a rating category and 18 348 residents in the survey sample.

The variation in the daily losses per affected resident across the different combinations of price changes are shown in chart 1.7.

A case study on how the changes can affect a single resident is provided in box 1.8.

1.7 Size of daily revenue losses for affected residents



Data source: The CIE

1.8 Case Study 1: David is entering an aged care home

Resident Profile

David is 85 years old and has recently entered an aged care home after his wife, who was his primary carer passed away. He suffers from moderate dementia and severe arthritis which means he cannot care for himself independently and is unable to walk safely on his own. David needs practical help to complete basic daily activities like showering, eating and going to the toilet. David regularly gets upset as he misses his wife, which is more frequent in the afternoons before his son visits.

Individualised Plan of Care to meet David's Needs

The aged care provider has just completed an aged care needs assessment (ACFI) and developed a care plan for David. This includes:

- Skilled staff on site 24 hours a day, seven days a week assist David with essential daily activities, showering, dressing, walking, eating and going to the toilet
- Hot packs and therapeutic massages to relieve his arthritic pain
- Staff provide a varied range of stimulating and relaxing activities to maintain his mobility and independence, help with memory and support his emotional needs
- Staff regularly take David outside to the garden in the afternoon which is an activity he and his late wife enjoyed doing. This helps to reduce his anxiety when he can focus on pleasurable things such as the flowers
- Staff regularly administer medication for his arthritis

Funding Reduction Gap arising from ACFI assessment

As a result of the changes to the aged care funding model, the aged care provider now receives 51% less funding than a resident of the same care needs who entered prior to 1 July 2012.

ACFI Component	Funding pre 1 July ($ per day)	Funding post 1 July ($ per day)
Funding for assistance with daily living activities	67.28	30.90
Funding for assistance with Behaviour Management	14.63	14.63
Funding for assistance with Complex Care	39.60	13.90
Total Care Funding Available	**121.51**	**59.43**
Total Care Funding Reduction		**62.08**
	Total reduction	**51 per cent**

Data source: Leading Age Services Australia

1.9 Case Study 2: Anya returns to residential care after hospital admission

Resident Profile

Anya, a 92 year old widow was admitted to an aged care home and she has Parkinson's disease. On admission, she needed assistance with her care activities such as showering, dressing, grooming, walking and toileting due to her episodes of stiffness and difficulty coordinating movements. Despite taking a lot of time and frustration for Anya, she enjoyed being able to feed herself with only a little assistance from staff. Anya enjoyed cultivating the herb garden and social activities. She especially looked forward to the weekly visits by the local primary school children and regular bus outings.

After a few months her breathing got suddenly worse and her GP advised a hospital admission was necessary to address an underlying health condition. Due to being in hospital for more than 30 days she needed to be reassessed using ACFI. Staff assessed that despite still needing help with medications and a little more help at meal time, her care needs remained basically unchanged.

Individualised Plan of Care to meet Anya's Needs

The aged care provider was required to complete an ACFI care needs reassessment because of the length of time Anya was in hospital. They reviewed her care plan and it remained essentially unchanged and includes:

- Skilled staff on site 24 hours a day, seven days a week assist Anya with essential daily activities, showering, dressing, walking, medication, eating and going to the toilet.
- Staff cut up her food and stay with her at mealtime whilst she slowly enjoys feeding herself.
- Daily exercises to assist with coordination and muscle tone.
- Spending time each day cultivating the herb garden with staff. This is very rewarding for Anya as the chef uses the herbs in preparing the facility meals.
- Attended the fortnightly bus outings, which she enjoyed going to the beach the most. The bus is specially modified to meet the needs of the residents and staff assist with all care whilst out of the facility.

Funding Reduction Gap arising from ACFI assessment

Despite her care needs remaining the same after her return from hospital, the funding was reduced by 54 per cent or $62.08 per day because of the requirement to complete an ACFI reassessment on return from hospital.

ACFI Component	Funding pre 1 July ($ per day)	Funding post 1 July ($ per day)
Funding for assistance with Daily Living Activities	67.28	30.32
Funding for assistance with Behaviour Management	7.06	14.36
Funding for assistance with Complex Care	39.60	13.64
Total Care Funding Available	**113.94**	**58.32**
Total Care Funding Reduction		**62.08**
	Total Reduction	**54 per cent**

Data source: Leading Age Services Australia.

Estimation of losses attributable to changes in indexation

- **Industry wide indexation losses are significant, at $71 million for the second half of 2012 rising to $154 million in 2014. This reflects the loss in revenue when indexation is not applied in 2012-13 and the ongoing annual losses related to changes in base rates**
- **By 2015-16 the annual loss of revenue due to the 2012-13 indexation loss is $158 000 and will increase in each year thereafter**

Changes to indexation arrangements will affect funding per resident in two important ways:

- they will remove indexation for the 2012-13 year; and
- as a result they will lower base rates to which future indexation is applied.

Both of these components has been modelled, based on the forecast resident population model developed for this review.

The key assumptions used to estimate the size of the loss are set out in table 1.9. Chart 1.10 highlights how the 'one off' change in 2012-13 indexation affects future funding outcomes in subsequent years.

1.10 Industry wide losses related to loss of indexation in 2012-13

	Unit	H2 2012	2013	2014
Indexation loss estimates				
Base ACFI revenue excluding indexation				
Base subsidies reflecting total resident forecasts but 1 July 2012 subsidy rates [a]	$m	4 374	8 888	9 079
Base subsidies reflecting increasing average subsidy rates as set out in the update on changes to the ACFI [b]	$m	4 416	9 090	9 325
Indexation rate [c]	%	1.6	2.0	2.0
Indexed ACFI revenue				
Total revenue if indexed in accordance with COPOx	$m	4 487	9 329	9 761
Total revenue when the COPO index is not applied in 2012-13	$m	4 416	9 182	9 607
Total unrecovered loss	$m	71	147	154

[a] Revenue estimates derived from the scaling up of results from the QPS Benchmarking survey of funding for 18 348 residents (inclusive of CAP but exclusive of indexation). Annual growth in revenue reflects growth in total resident numbers, which are assumed to grow at the same rate as forecasts for (age reflective) permanent residents only.

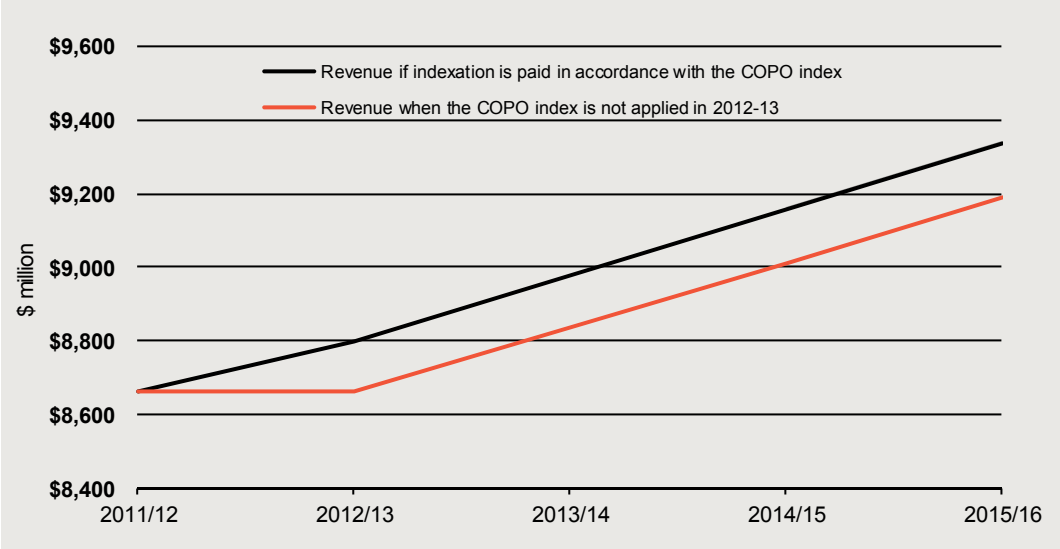
[b] Changes in ACFI subsidies reflect increases in care subsidies (basic subsidy plus CAP) published by the Department of Health and Ageing on a financial year basis out to 2016-17. Midpoint prices have been used to estimate results as at the end of the calendar year.

[c] The applicable indexation rate (Commonwealth Own Purpose Outlays (COPO) index) for 1 July 2012 would have been 1.6%. The forecast (2%) rate from 1 July 2013 is based on the compound average growth rate of the COPO index since 1997.

Note: The base subsidy estimates that reflect increasing average subsidy rates shown above differ slightly to the official ACFI revenue estimates published by the Department of Health and Ageing. While the forecasts are comparable, the CIE does not have access to DoHA's modelling and the different models are likely to have slightly different assumptions affecting the number and type of residents attracting ACFI subsidies over the forecast period.

Data source: The CIE

1.11 Effect of the 'one off' change in 2012-13 indexation



Data source: The CIE

2 Key findings from the survey data

Many of the important assumptions used to underpin the industry-wide results are drawn from the QPS Benchmarking survey results. The following analysis of the QPS Benchmarking survey results have been used to inform and develop total sector outcomes. The QPS benchmarking survey results provide annual estimates of revenue loss once the changes to the ACFI are fully implemented.

- **89 per cent of facilities will face a loss in ACFI revenue as a result of the new changes**
- **Excluding the compounding effect of the indexation loss, the annual average loss per facility is $125 000 but with a wide variation in losses**
- **85 per cent of surveyed facilities reported annual revenue losses between $26 000 and $224 000 (one standard deviation from the mean)**
- **The range for those least affected to worst affected was an average annual revenue loss of $15 000 for the 5 per cent of facilities least affected, to $419 000 for the 5 per cent of facilities most affected**
- **The size of the annual loss for around a quarter of facilities is less than $50 000**

While all facilities will experience ACFI subsidy declines, 89 per cent of facilities are expected to be affected by changes to ADL and CHC ratings.

Following the changes, average funding per facility declines by $125 000 to an average of $2.87 million.

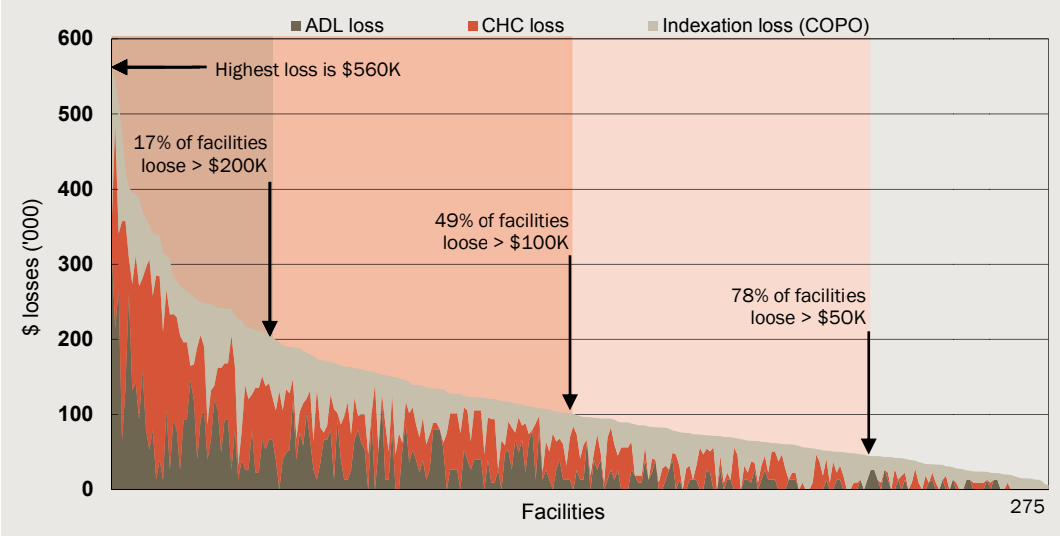
- For the largest facilities (receiving around $12.8 million in ACFI subsidies) the funding contraction will be around $462 000.
- For facilities receiving around $1 million in ACFI subsidies the revenue loss will average around $58 000.
- Mid–sized facilities (receiving around $6-7 million in ACFI subsidies) will lose around $260 000 in revenue.

This points to the large range in revenue losses for individual facilities — while the minimum loss per facility is $6 200, one facility looses as much as $560 000 per annum.

Chart 2.1 shows the losses attributed to ADL, CHC and one-off indexation losses for each facility in the survey sample.

While 49 per cent of facilities loose more than $100 000 per annum, only a relatively small proportion (17 per cent) loose over $200 000 per annum. Twenty-two per cent of surveyed facilities loose less than $50 000 per annum.

2.1 Losses attributable from ACFI changes, by facility



Data source: The CIE and QPS Benchmarking survey results.

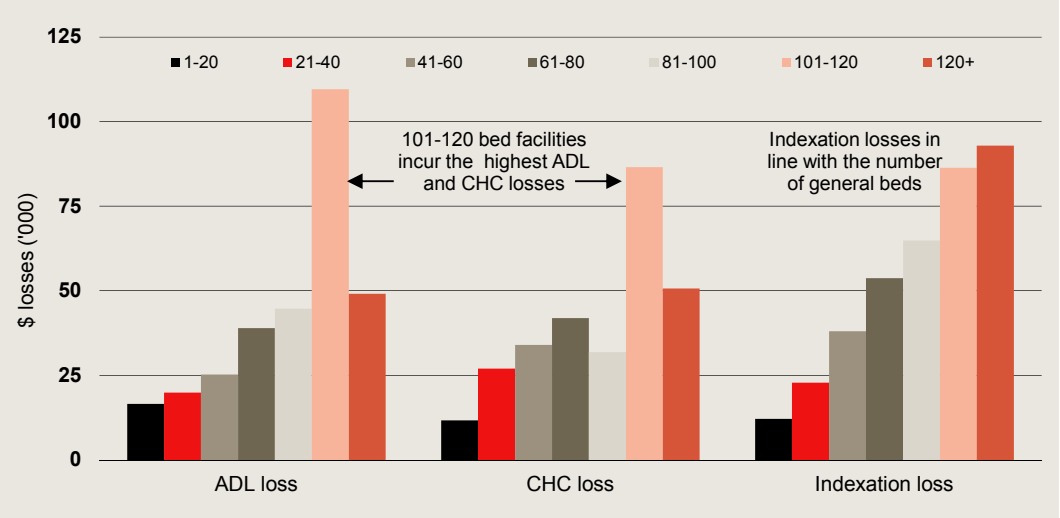
Drivers of funding outcomes for facilities

According to the results of the QPS Benchmarking survey, average annual losses per facility differ subject to some key facility characteristics. For instance, the reduction in ACFI revenue for ADL and CHC are far higher for facilities with between 101 and 120 beds than for other facilities, including those with over 120 general beds. That is, while facilities with over 120 general beds will lose an average of $100 000 from ADL and CHC ratings changes, those with between 101 and 120 beds will lose, on average, over $196 000.

This is likely because the highest daily rate change for a resident is for residents that have their ADL score downgraded from Medium to Low as a result of the changes to the ACFI. Many of the largest facilities cater for residents that are likely to still receive a High score, or may be rescored from High to Medium, which attracts a lesser reduction than from Medium to Low. Conversely, indexation losses are spread more evenly across facilities, increasing in line with the number of general beds (chart 2.2).

State specific information was only available for three states with an acceptable sample size of respondents that completed the location descriptor, namely Victoria, Queensland and NSW. Analysis of the survey results show that while facilities in Queensland reported the highest average total funding losses of $139 000, the variation across states was not large (chart 2.3). Survey results based on facility state of residence indicated that Victoria and NSW recorded average total funding annual losses of $110 000 and $127 000 respectively.

2.2 Average subsidy losses resulting from ACFI changes, by facility size



Note: Indexation loss excludes additional losses allocated with the loss of indexation in 2012-13 on future base rates.

Data source: The CIE and QPS Benchmarking survey results.

2.3 Average subsidy losses resulting from ACFI changes, by state

Note: Indexation loss excludes additional losses allocated with the loss of indexation in 2012-13 on future base rates.

Data source: The CIE and QPS Benchmarking survey results.

APPENDIX A

QPS Benchmarking ACFI Changes Review

QPS Benchmarking ACFI Changes Review: Residential Aged Care prepared for Leading Age Services Australia

Date: 18/07/2012

QPS Benchmarking ACFI Changes Review: Residential Aged Care

Background

Leading Age Services Australia LASA) engaged QPS Benchmarking (QPS) to conduct an independent survey of residential aged care facilities in order to understand and model the potential impacts of changes made to the Aged Care Funding Instrument..

On Thursday the 24th June 2012, the Department of Health and Ageing announced that from the 1st July 2012, ACFI funding would be changed as follows:

1. A change to the scores in question 3 of the Activities of Daily Living (ADL) domain;
2. A change to the Complex Health Care (CHC) matrix;
   - Changes to ADL and CHC components will take effect for all new appraisals and reappraisals from 1st July 2012 onwards
3. A one off reduction of 1.6 percent in the amount paid under ACFI at all care levels from 1 July 2012. After indexation is applied from 1 July 2012, this means that ACFI subsidy rates will remain at their 30 June 2012 level.

   By retaining the amount paid at the same level as last financial year, aged care providers were denied aged care access to an annual funding increase to offset rising costs. (COPO shortfall).

Executive Summary

The overall purpose of this study was to identify the following:

- ACFI Lost Revenue;
- COPO Shortfall and;
- Overall Lost Revenue. (Note: Overall Lost Revenue is the combination of the ACFI Lost Revenue and the COPO Shortfall).

Table 1 provides the results of the ACFI Lost Revenue, COPO Shortfall and Overall Lost Revenue for the total aggregated data and averaged per facility, within the study. (i.e. 275 residential aged care facilities, 18,348 residents)

Table 1		**ACFI Lost Revenue**	**COPO Shortfall**	**Overall Lost Revenue**
1.1	**Total $ lost revenue**	-$21,232,692.40	-$13,181,766.34	-$34,414,458.74
1.2	**Total % lost revenue**	2.6%	1.6%	4.2%
1.3	**Total $ lost revenue per facility**	-$77,209.79	-$47,933.70	-$125,143.49

Table 2 provides the results of the ACFI Dollar Lost revenue for ADL's and CHC's, COPO Shortfall and Overall Lost Revenue averaged per resident affected by the changes and total residents population within the study.

Table 2		**Number of Residents Affected By Changes**	**Percentage of Residents Affected By Changes**	**Average Dollar Lost revenue Per Resident Affected by Changes**	**Average Dollar Lost revenue Per Resident per total study population (N=18,348)**
2.1	**ADL $ Lost revenue**	692	3.8%	-$13,047.20	-$492.08
2.2	**CHC $ Lost revenue**	1301	7.1%	-$9,380.50	-$665.14
2.3	**TOTAL ACFI $ Lost revenue**	1924 (note: those residents affected by both domain losses are counted once only)	10.5%	-$11,035.70	-$1,157.22
2.4	**COPO $ Shortfall**	18,348	100%		-$718.43
2.5	**Overall $ Lost revenue (ACFI & COPO)**	18,348	100%		$1,875.65

Study Results

275 residential aged care facilities returned ACFI data on a total of N=18,348 residents assessed for ACFI funding. This data was collated and reviewed for funding levels prior and post changes to ACFI scoring and funding.

The data has been stratified and the following results have been provided in this report:

1. Overall annual $ Lost Revenue for the total data set
2. Average annual % Lost Revenue for the total data set
3. Average annual $ Lost Revenue per facility for the total data set
4. Total annual $ Lost Revenue in ADL funding for the total data set
5. Annual % Lost Revenue in ADL funding for the total data set

6. Total annual $ Lost Revenue in CHC funding for the total data set
7. Annual % Lost Revenue in CHC funding for the total data set
8. Total annual $ Lost Revenue attributed to ACFI scoring changes for the total data set
9. Annual % Lost Revenue attributed to ACFI scoring changes for the total data set
10. Total annual $ value attributed to COPO Shortfall of 1.6% for the total data set
11. Average annual $ Lost Revenue per facility – Overall
12. Average annual $ Lost Revenue per facility – ACFI scoring changes
13. Average annual $ COPO Shortfall per facility – COPO Shortfall of 1.6%
14. % of residents affected by ADL scoring changes
15. % of residents affected by CHC scoring changes
16. % of residents affected by ACFI scoring changes
17. Changes in domain distribution by %

1. Overall annual # Lost Revenue for the total data set

The total annual $ lost revenue across 275 residential aged care facilities comprising of 18,348 residents is -$34,414,458.74. This figure includes decreases in funding due to both the ACFI Lost Revenue and the1.6% COPO shortfall.

2. Average annual % Lost Revenue for the total data set

The average annual % lost revenue across 275 residential aged care facilities comprising of 18,348 residents is 4.2%. This figure includes decreases in funding due to both the ACFI Lost Revenue and the1.6% COPO shortfall.

3. Average annual $ Lost Revenue per facility for the total data set

The average annual $ lost revenue per facility across 275 residential aged care facilities comprising of 18,348 residents is -$125,143.49. This figure includes decreases in funding due to both the ACFI Lost Revenue and the1.6% COPO shortfall.

4. Total annual $ Lost Revenue in ADL funding for the total data set

The total annual $ lost revenue attributed to ADL funding for the total data set is -$9,028,661.90. This change was calculated from a pre ADL scoring change funding amount of $460,488,836.25 to a post ADL scoring change funding amount of $451,460,174.35. This equates to a daily reduction in ADL funding of -$24,736.06. These figures include ONLY changes in funding due to ACFI scoring downgrades.

5. Annual % Lost Revenue in ADL funding for the total data set

The annual % lost revenue attributed to ADL funding for the total data set is 2.0%. This figure includes ONLY changes in funding due to ACFI scoring downgrades.

6. Total annual $ Lost Revenue in CHC funding for the total data set

The total annual $ lost revenue attributed to CHC funding for the total data set is -$12,204,030.50. This change was calculated from a pre CHC scoring change funding amount of $223,494,252.30 to a post CHC scoring change funding amount of $211,290,221.80. This equates to a daily reduction in CHC funding of -$33,435.70. These figures include ONLY changes in funding due to ACFI scoring downgrades.

7. Annual % Lost Revenue lost revenuein CHC funding for the total data set

The annual % lost revenue attributed to CHC funding for the total data set is 5.5%. This figure includes ONLY changes in funding due to ACFI scoring downgrades.

8. Total annual $ Lost Revenue attributed to ACFI scoring changes for the total data set

The total annual $ lost revenue attributed to funding for the total data set based on scoring changes alone is -$21,232,692.40. This change was calculated from a pre scoring change funding amount of $823,860,396.05 to a post scoring change funding amount of $802,627,703.65. This equates to a daily reduction in funding of -$58,171.76. These figures include ONLY changes in funding due to ACFI scoring downgrades.

9. Annual % Lost Revenue attributed to ACFI scoring changes for the total data set

The annual % lost revenue attributed to funding for the total data set is 2.6%. This figure includes ONLY changes in funding due to ACFI scoring downgrades.

10. Total annual $ COPO Shortfall attributed to COPO Shortfall of 1.6% for the total data set

The total annual $ lost revenue attributed to funding for the total data set based on COPO shortfall of 1.6% is -$13,181,766.34.

11. Average annual $ Lost Revenue per facility – Overall

The average annual $ lost revenue per facility equates to -$125,143.39 per annum. This is calculated from a total $ lost revenue across 275 facilities of -$34,414,458.74, including changes in funding due to both ACFI scoring downgrades and the1.6% funding reduction.

12. Average annual $ Lost Revenue per facility – ACFI scoring changes

The average annual $ lost revenue per facility equates to -$77,209.79 per annum. This is calculated from a total $ lost revenue across 275 facilities of -$21,232,692.40, including changes in funding due to ONLY ACFI scoring downgrades.

13. Average annual $ COPO S per facility – COPO Shortfall of 1.6%

The average annual $ lost revenue per facility equates to -$47,933.60 per annum. This is calculated from a total $ lost revenue across 275 facilities of -$13,181,766.34, including ONLY the1.6% funding reduction.

14. % of residents affected by ADL scoring changes

Of 18,348 residents, 692 would be downgraded in the ADL domain when changes are fully implemented. This represents 3.8% of the surveyed population.

15. % of residents affected by CHC scoring changes

Of 18,348 residents, 1301 would be downgraded in the CHC domain when changes are fully implemented. This represents 7.1% of the surveyed population.

16. % of residents affected by ACFI scoring changes

Of 18,348 residents, 1924 would be downgraded in the ADL domain, the CHC domain or both when changes are fully implemented. This represents 10.5% of the surveyed population.

17. Changes in domain distribution by %

Percentage Breakdown	Original			Proposed			Difference		
	ADL	BEH	COM	ADL	BEH	COM	ADL	BEH	COM
High	43.51%	53.29%	28.91%	43.28%	53.29%	28.91%	-0.23%	0.00%	0.00%
Medium	30.95%	22.83%	31.84%	27.64%	22.83%	24.75%	-3.31%	0.00%	-7.09%
Low	23.89%	16.04%	30.46%	27.43%	16.04%	37.55%	3.54%	0.00%	7.09%
Unfunded	1.66%	7.84%	8.81%	1.66%	7.84%	8.81%	0.00%	0.00%	0.00%

The table above shows domain movement from a surveyed resident population of 18,348.

The ADL domain shows a movement of:

- 0.2% of residents from a High to Medium rating and;
- 3.5% of residents from a Medium to a Low rating.

The CHC domain shows a movement of:

- 7.1% of residents from a Medium to Low rating.

Additionally, the data shows the following changes to the overall High/Low rating for residents:

	Prior to ACFI Scoring Changes	Post ACFI Scoring Changes	Change
High Care Rating	14,703	14,413	-290
Low Care Rating	3645	3935	+290

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