

Aged Care Workforce Remote Accord response to IHACPA Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2025–26

This submission to the Independent Health and Aged Care Pricing Commission (IHACPA) is made by the Aged Care Workforce Remote Accord (Remote Accord) in response to the August 2024 consultation paper on the pricing framework for Australian residential aged care services 2025-26. In giving this response, the Remote Accord wishes to ensure that the unique challenges facing service providers and their clients in remote and very remote Australian communities are given consideration in future pricing decisions. In particular, this paper discusses the important role that the National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP) and Multi-Purpose Service (MPS) program continue to play in the provision of aged care services in rural and remote areas across Australia. The paper also calls for increased consideration of clients presenting with complex needs and comorbidities in remote and very remote areas.

The Aged Care Workforce Remote Accord

The Aged Care Workforce Remote Accord (Remote Accord) is a group of service providers and industry experts delivering aged care services in regional, rural and remote Australia.

The Remote Accord was formed based on the belief that every community—including those in remote and very remote areas of Australia—has an equal right to accessible, high quality aged care services. The Remote Accord saw its genesis in the *'A Matter of Care: Australia's Aged Care Workforce Strategy'* report. Strategic Action 11 recommended that the Government and industry support the establishment of a Remote Accord to provide a voice on behalf of providers in remote and very remote areas.

Key Recommendations:

- As we have stated in previous submissions to IHACPA, the NATSIFACP model remains vital to aged care services providing care to Aboriginal and Torres Strait Islander people in remote and very remote Australia
- The MPS model is also playing an increased role in the provision of aged care in remote Australia, with the recent announcement that the Albanese government is adding an additional 100 residential care places for rural and remote communities through the MPS program

- Specific to the proposed model, we also recommend addressing the significant cost associated with caring for mobile people with comorbidities or dementia in remote communities. Evidence has confirmed that there is an increased incidence of comorbid dependency in remote communities compared with more populous regions while service response is severely impacted by the inability to secure and maintain a local qualified workforce¹.

The critical role of NATSIFACP in remote Australia

The NATSIFACP model plays a vital role in providing culturally appropriate care to First Nations people in remote Australia. There has been uncertainty on the future of NATSIFACP preceding the introduction of the Australian National Aged Care Classification (AN-ACC) model, and services currently operating through NATSIFACP remain concerned about their future funding sustainability and service model security.

The Remote Accord is concerned that the cessation of NATSIFACP would remove the flexibility and stability that this program provides for remote and very remote service providers. Although a relatively small program when compared to the aged care sector as a whole, NATSIFACP is vital for the viability of many providers in remote and very remote areas of Australia. The majority of NATSIFACP places, both for home care and residential care, are located in remote and very remote locations². It must therefore be understood that although a small number nationally, the impact to remote and very remote services of ceasing this program would be substantial.

Recommendations 52 and 53 of the Royal Commission into Aged Care Quality and Safety recognise the importance of block funding and flexibility to the security and sustainability of the Aboriginal and Torres Strait Islander aged care pathway³. NATSIFACP currently fulfills this requirement, and it is anticipated that the Pricing Authority will, as Recommendation 52 suggests, “*annually assess and adjust the block funding on the basis of the actual costs incurred while providing culturally safe and high quality aged care services to Aboriginal and Torres Strait Islander people in the preceding year.*”

Though the AN-ACC funding model does aim to take into account the additional costs of providing services in remote and very remote areas, the long-term impacts and applicability of an assessment-

¹ Hussain MA, Katzenellenbogen JM, Sanfilippo FM, Murray K, Thompson SC. ‘Complexity in disease management: A linked data analysis of multimorbidity in Aboriginal and non-Aboriginal patients hospitalised with atherothrombotic disease in Western Australia,’ PLoS One. 2018 Aug 14;13(8):e0201496. doi: 10.1371/journal.pone.0201496. PMID: 30106971; PMCID: PMC6091927.

² Australian Institute of Health and Welfare, Aged Care Data Snapshot 2023-third release, <https://www.gen-agedcaredata.gov.au/resources/access-data/2023/october/aged-care-data-snapshot%E2%80%94942023>

³ Aged Care Royal Commission Final Report: Part 3, Recommendations, p. 244

based funding model in these areas remain a serious concern. Additionally, the AN-ACC model is structured with the assumption that infrastructure already exists; the flexibility of NATSIFACP allows service providers to transition appropriate infrastructure as and when it is developed. This flexibility is essential to the survival of many small service providers and the care they provide to elderly people in remote and very remote areas.

We recommend maintaining and expanding the NATSIFAC Program to ensure that remote and very remote service providers are able to maintain and improve services for First Nations people living in remote areas as they age, and are able to flex to meet need as it changes.

The growing role of the MPS program in remote Australia

The MPS program plays an important role in the health and aged care sector in remote and very remote Australia. With the recent announcement that the Albanese government will be making more aged care places available through the program it is likely this role will continue to grow⁴.

The MPS Program combines health and aged care services into a single, flexible model. This integration allows remote communities to access a wide range of services that may otherwise be unavailable due to limited infrastructure and resources in these areas. Further, MPS facilities can adapt their services to meet the specific needs of their community. This flexibility allows services to provide a mix of residential aged care, community care, and inpatient health services, catering for the diverse needs of older people in remote areas who may not otherwise be able to access this level of care. By collocating and integrating services, the MPS Program reduces duplication of infrastructure and operational costs, making it a cost-effective solution for delivering both aged and health care in areas where traditional models would be unsustainable. However, residential places under the MPS program are not aligned with the AN-ACC funding model, and providers are instead reliant on a different state and commonwealth funding formula, including a flexible aged care supplement. We note concerns within the sector that due to this misalignment, MPS's could effectively be worse off financially should they have most or all of their aged care beds occupied.

We recommend consideration be given to how the flexible aged care supplement portion of funding provided by the Commonwealth Government to MPS facilities could be better aligned with the levels of funding prescribed by the AN-ACC funding model, which better reflects the real cost of delivering aged care in remote and very remote communities. This is particularly important given the

⁴ Department of Health and aged Care, 02/09/2024, '*100 more residential care places to help rural and remote communities*' - [100 more residential care places to help rural and remote communities | Health Portfolio Ministers | Australian Government Department of Health and Aged Care](#)

government's intention to increase the role of MPS providers in meeting age care needs in rural and remote locations.

The high cost of caring for mobile individuals with complex needs in remote Australia

In remote and very remote Australian communities, caring for mobile individuals with mental health conditions or dementia presents unique and significant challenges that require substantial direct supports. These individuals often experience comorbidities such as chronic disease, substance misuse, or trauma-related issues, which exacerbate the complexity of their care. The proposed pricing model assumes that mobility with dementia or psychiatric conditions indicates a lower level of dependence, but this is not reflective of the realities faced in these communities. In fact, these individuals often require high-dependency care due to behavioural complexities, environmental factors, and the lack of readily available specialist support. In remote Australia, these issues can be further compounded by intergenerational trauma caused by dislocation from country and exacerbated by the earlier onset of age-related conditions common to First Nations People⁵. This results in the need for higher staffing levels, more specialised training, and tailored care delivery, all of which increase the overall cost of care.

Moreover, the higher incidence of comorbidities in these populations necessitates a more integrated, culturally responsive approach to service provision. Providers in remote areas are faced with substantial operational costs due to the requirement for additional staff, travel, accommodation and other logistical requirements. These higher staffing needs are essential to maintaining a standard of care that meets the physical, psychological, social and cultural well-being of consumers, many of whom are navigating complex health needs in environments with limited access to the resources and infrastructure necessary to provide timely and appropriate care. The pricing framework must account for these factors to ensure sustainable and equitable service delivery in remote aged care.

⁵ Quigley, R. et al, 2022, 'Aging Well for Indigenous Peoples: A Scoping Review', Public Health, 10 Feb 2022, Vol. 10