



# Advanced Pharmacy Australia response to the consultation on The Pricing Framework for Australian Residential Aged Care Services 2025-2026

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## Introduction

Formerly known as the Society of Hospital Pharmacists of Australia (SHPA), Advanced Pharmacy Australia (AdPha) is the progressive voice of Australian pharmacists and technicians, built on 80 years of hospital innovation that puts people and patients first. AdPha supports all practitioners across hospitals, transitions of care, aged care and general practice to realise their full potential. We are the peak body committed to forging stronger connections in health care by extending advanced pharmacy expertise from hospitals to everywhere medicines are used.

AdPha welcomes the opportunity to provide feedback to the consultation on The Pricing Framework for Australian Residential Aged Care Services 2025–26 by the Independent Health and Aged Care Pricing Authority (IHACPA).

AdPha convenes various Speciality Practice Leadership Committees including Transitions of Care and Primary Care and Geriatric Medicine who has informed our response to this consultation.

If you have any queries or would like to discuss our submission further, please contact Jerry Yik, Head of Policy and Advocacy at [jyik@adpha.au](mailto:jyik@adpha.au).

## Response to consultation paper questions

### **Question 4. What should be considered in any future refinement to the residential respite classes and AN-ACC funding model?**

Advanced Pharmacy Australia emphasises the essential role of pharmacy services in Residential Aged Care that is not reflected appropriately in The Pricing Framework for Australian Residential Aged Care Services 2025-26. Medicines management is a key component of residential care, particularly given the high prevalence of polypharmacy and the complexity of conditions experienced by aged care residents. Studies show that on average residential aged care residents take between 9-11 regular medications which heightens complications due to polypharmacy and the suite of adverse events that can follow. More concerningly, almost all residents in a residential aged care facility have at least one medication-related problem and 30-73% of residents are prescribed potentially one inappropriate medication.<sup>1</sup>

Prescribing of potentially inappropriate medication is associated with adverse health outcomes, increased hospitalisation and additional resources to provide safe, quality care. A cohort study in Australia which included 11,368 residents showed that 61% were taking psychotropic medications, which were likely to have been prescribed for longer than recommended durations and inappropriate doses. Psychotropic medications have sedative properties increasing the risk of falls and can impair cognition causing confusion.<sup>1</sup>

The absence of dedicated pharmacy services in some facilities increases the risk of medication-related complications, compounding adverse health outcomes and an overall rise in the cost of care provided in Australian Residential Aged Care Services. Poorly managed medicines can exacerbate issues related to cognitive ability, physical ability, behaviour and mental health, all of which are core factors considered in the in the Australian National Aged Care Classification (AN-ACC) assessment tool that aids decisions on aged care services funding.

Currently, the Independent Health and Aged Care Pricing Authority (IHACPA) does not appear to provide sufficient oversight of pharmacy services in the framework as the AN-ACC funding models and classification system fail to recognise the impact pharmacy services have on the cost of care and resources required to provide quality care for residents. Many facilities operate without embedded pharmacy services, and the impact of this absence is not reflected in current funding frameworks. Facilities without pharmacy support face greater risks of medication errors, adverse drug reactions, and hospital admissions, all of which increase overall care reduce resident quality of life. Incorrect medicine management, due to inappropriate medicine dosages and drug interactions can impair cognition and increase agitation and behavioural concerns amongst geriatric populations. Additionally, many medicines used in geriatric populations need dose adjustments as changes in physiological characteristics and pharmacokinetics can

exacerbate the risk of adverse events such as falls, impacting mobility and physical ability. Pharmacists can provide specialised practice to optimise patient medication management by providing their expert knowledge and recommendations. Medicine management significantly impacts the compounding factors and mobility of residents that guides the AN-ACC funding model. The inclusion of pharmacy services within The Pricing Framework for Australian Residential Aged Care Services 2025-26 is essential as it can decrease avoidable costs, but most importantly improve the quality-of-care residents receive.

Research, including findings from the Royal Commission into Aged Care Quality and Safety, has shown the positive impact of pharmacist-led services, which are Commonwealth funded, such as the Aged Care Clinical Pharmacy Service (ACOP) and Residential Medication Management Review (RMMR).<sup>2</sup> Additional jurisdictional specific services such as the Residential Care Outreach Service in South Australia, the Aged Care Rapid Response Team in NSW and varying In-Reach services embedded across Victorian hospitals compound the optimised health outcomes residents receive. These services are proven to reduce hospital admissions and improve patient outcomes by addressing medication-related problems early. Therefore, AdPha seeks clarification regarding how these external services are acknowledged and accounted for in current frameworks established by IHACPA, as their outcomes and impact on care will impact overall pricing of care episodes.

Moreover, funding models needs to consider which facilities provide these Commonwealth funded programs that aim to reduce medication related adverse events, improve safe prescribing of medicines and optimised treatment decisions. Facilities which provide these pharmacy services will have a direct impact on the AN-ACC assessment tool and classification system which considers a patient's cognitive ability, physical ability, behaviour and mental health. However, this is not appropriately reflected in the current IHACPA pricing framework and funding models and tools which must be considered and acknowledgement during these reviews. To ensure an equitable and effective pricing framework, IHACPA must acknowledge pharmacy service provision into its model and recognise the positive outcomes that these services deliver for aged care residents to establish accurate, equitable funding models. This will not only help manage medication risks but also contribute to the sustainability of healthcare resources in aged care.

**While feedback is welcome on any issue, it is of particular value to receive views on the consultation questions asked in this paper. Is there anything further you would like to add to your submission?**

Safety and quality incentives and adjustments must be a feature of the Pricing Framework for Australian Residential Aged Care Services into the future, and AdPha welcomes IHACPA's intentions to revisit this complex area in the future.

Currently hospital pricing provides pricing adjustments for sentinel events, hospital-acquired complications, complex or high-risk patient factors, and these adjustments are adaptable to the aged care setting to incentivise, enhance and improve the safety and quality of care.

The collection of hospital-acquired complications (HACs) data assists to identify areas requiring action to improve quality and safety, and a similar model for Residential Aged Care Services would provide similar benefits and safeguards to aged care. AdPha looks forward to future consultation on these matters, utilising the expertise of our Geriatric Medicine Specialty Practice Committee.

## References

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<sup>1</sup> Kosari, S., Koerner, J., Naunton, M., Peterson, G. M., Haider, I., Lancsar, E., Wright, D., Niyonsenga, T., & Davey, R. (2021). Integrating pharmacists into aged care facilities to improve the quality use of medicine (PIRACF Study): protocol for a cluster randomised controlled trial. *Trials*, 22(1), 390. <https://doi.org/10.1186/s13063-021-05335-0>

<sup>2</sup> Royal Commission into Aged Care Quality and Safety. (2021) Final report: Care, Dignity and Respect. Commonwealth of Australia. Available from: <https://www.royalcommission.gov.au/system/files/2024-03/aged-care-rc-final-report-volume-1.pdf>